EC Finance

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This paper provides a background to European Community finance. It examines the budgetary procedure; how revenue is raised and spent and the level of gross and net contributions of each Member State. This paper also considers the significance of the EC budget in terms of its size and scope and to what extent contributions to and receipts from the EC budget are distributed equitably between Member States. Parliamentary scrutiny of EC financial matters is also outlined.

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I Expenditure

A. EC Budget 1997

In EC budget documentation, expenditure is shown in five separate sections, each relating to one of the five institutions: Parliament (Section I), the Council, including the Economic and Social Committee (Section II), the Commission (Section III), the Court of Justice (Section IV) and the Court of Auditors (Section V). Appropriations under sections I, II, IV and V are exclusively for administrative expenditure, as is Part A of the Commission section. Part B of the Commission section covers operating appropriations, and is divided into eight subsections, which are outlined briefly below.

- **Subsection B1** is the largest single item of expenditure, which contains all the guarantee expenditure for the European Agricultural Guidance and Guarantee Fund (EAGGF). This is the main budget line for funding the common agricultural policy.

- **Subsection B2** covers structural operations, including the operations under the European Regional Development Fund (ERDF), the European Social Fund (ESF), the Financial Instrument for Fisheries Guidance (FIFG) and, since 1993, the Cohesion Fund. Expenditure on some other regional and agricultural operations, and transport and fisheries, are also included under this heading.

- **Subsection B3** covers expenditure on youth policy, education, training and culture.

- **Subsection B4** is concerned with the environment, energy and nuclear safeguards.

- **Subsection B5** covers consumer protection, the internal market, trans-European networks, industry, and statistical information.

- **Subsection B6** provides for expenditure on research and technological development.

- **Subsection B7** relates to external policies, covering a wide range of activities. These include financial, technical and economic assistance to developing countries and to the former communist states of Eastern Europe; initiatives for democracy and the protection of human rights, and emergency food and humanitarian aid.

- **Subsection, B8**, contains the guarantees and reserves. The budget headings in this subsection will be used in the event of a country defaulting on a loan guaranteed by the Union, or to fund appropriations which had no legal basis when the budget was adopted but which are expected to be required during the course of the year.

Table 1 outlines the amounts payable under each of these headings in respect of the 1997 general budget. Spending on the Common Agricultural Policy reached 68% of total spending in 1985, but has since declined to 50%. It should be noted that within this declining share, actual spending on the CAP has increased over the years. This decline in the share of the EC budget dedicated to agriculture has been accompanied by an increase in the share of the budget devoted to regional and social policies. Currently one third of the EC budget is spent via the Structural Funds, compared to one sixth in 1988. Regional and social spending has thus become the second most important spending category.

Table 1

The 1997 EC Budget: Income and Expenditure

		Million ECU	£ million (a)	% of total
A. Section III - Commission (Part B)				
1 EAGGF Guarantee Section	B1	41,305	30,452	50%
2 Structural operations, other regional and agricultural operations, transport and fisheries	B2	26,635	19,637	32%
3 Training, youth, culture, audiovisual, information and other social operations	B3	780	575	1%
4 Energy, Euratom nuclear safeguards and environment	B4	199	147	0%
5 Consumer protection, internal market, industry and trans-European networks	B5	731	539	1%
6 Research and technological development	B6	3,160	2,330	4%
7 External Action	B7	4,796	3,536	6%
8 Common Foreign and Security Policy	B8	30	22	0%
9 Guarantees, reserves and compensation	B0	445		1%
Section III Part B - sub-total		78,082	57,566	95%
B. Section III - Commission (Part A)		2,798	2,063	3%
Section III - sub-total		80,880	59,628	98%
C. Sections I, II, IV,Vand VI (Other Institutions)		1,486	1,096	2%
TOTAL EXPENDITURE		**82,366**	**60,724**	**100%**
Miscellaneous revenue (titles 4 to 9)		612	451	1%
Appropriations to be covered by the own resources referred to in Article 2 of Decision 94/718/EEC; Euratom		81,754	60,273	99%
of which:				
Net agricultural levies (90%)		786	579	1%
Net sugar and isoglucose levies (90%)		1,229	906	1%
Net customs duties (90%)		12,203	8,997	15%
VAT own resources at uniform rate		34,588	25,500	42%
GNP own resources not including reserves		31,789	23,436	39%
GNP own resources (reserves)		1,158	854	1%
TOTAL INCOME		**82,366**	**60,724**	**74%**

Notes: (a) converted to sterling at rate prevailing at end of December 1996 (£1 = 1.3564 ecu)

Source: Final adoption of the general budget for the European Union for the financial year 1997 (97/105/ECSC, EC, Euratom)

Internal policies, especially research, and external actions have both become important under the present agreement where they each account for about 6% of the 1997 budget.

II Revenue

A. The Four Own Resources

The Community budget is currently financed almost exclusively by what are known as *own resources* as agreed by the European Council in June 1988.[1] These four own resources are as follows:

Agricultural and sugar levies - agricultural levies are charges on imports of certain agricultural products from non-Community countries. Following the conclusion of the GATT Uruguay round, most agricultural levies are now fixed. The most common form of levy is a fixed charge in ecu per tonne of product. The other form is for the levy to be set at a fixed percentage of the price per tonne of product. It is also possible for a combination of these two types of levies to be used. However, for some commodities, levies continue to vary in line with changes in world prices to offset the difference between world and Community price levels. Charges are also levied on EU sugar producers to ensure that they contribute towards market support expenditure, and also to finance the storage cost equalisation system, which ensures a regular flow of sugar onto the market. In 1997 this resource will account for 2½% of the Community's own resources.

Customs duties - these derive from the application of the Common Customs Tariff to imports of goods from non-Community countries. In 1997 this resource will account for about 15% of the Community's own resources.

VAT based contributions - these are not a proportion of VAT receipts, as some believe. VAT contributions are payments up to a level equivalent to 1.4% of a common, harmonised VAT base.[2] This hypothetical base is, in turn, capped so as not to exceed 52% of any country's GNP.[3] In 1997 VAT-based contributions will account for just over 42% of the Community's own resources. The UK receives abatement on its VAT-based contribution. This is described in more detail below.

GNP based contributions ("the fourth resource") - this is based on the application of a common rate to the aggregate GNP of all Member States. It was introduced as a variable resource to ensure that revenue and expenditure balance in the budget, and is intended to cover the amounts not yielded by other budget revenue.

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1 Council Decision 88/376

2 i.e. national expenditure on a harmonised range of goods and services

3 The figure of 52% applies to the eleven Member States not in receipt of Cohesion Fund money, for 1997 only. In 1998 the cap will be reduced to 51%, and in 1999 to 50%. It will remain at 50% until the structure of own

In 1997 this resource will account for 40% of the Community's own resources but, as it is effectively a *top up* facility to make sure that income is sufficient to meet expenditure, this proportion can alter considerably from year to year.

VAT and GNP based contributions are calculated on the basis of estimated data for the forthcoming year. Adjustments are made in later years to reflect out-turn data, which may be different from the earlier forecasts because of changes in, say, economic growth or exchange rates. For 1997 there is a ceiling on own resources of 1.24% of Community GNP.

Almost all of the European Union's revenue (99.3% in 1997) is obtained through the appropriation of own resources as described above. Other revenue is raised through the deductions of taxes and social security contributions from the salaries of Community officials; interest on late payments; fines; and revenue generated from the operations of the Community institutions (such as the sale of publications).

Own resources are usually paid to the Commission within two months of the entitlement being established. In the case of agricultural and sugar levies and customs duties, 10% is deducted to cover the Member States' collection costs. VAT and GNP-based resources are paid every month when one-twelfth of the amount given in the budget for the year in question is transferred. An adjustment is then made after the year-end in line with the actual bases determined for that year.[4]

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resources is renegotiated. For the four Cohesion countries the cap was reduced straight from 55% to 50% in 1995 rather than being tapered down over a five-year period.

4 *The Community Budget: the facts in figures*, European Commission, 1995 (SEC (95) 1400 - EN)

III Financial Perspective

The medium term plans for EC spending and the level of the EC's own resources are set out in the so-called Financial Perspective. The Financial Perspective is simply EC jargon for a table showing expenditure projections and own resource ceilings for the years ahead. It also forms part of the Inter Institutional Agreement (IIA) on budgetary discipline and improvement of budgetary procedures. The Financial Perspective has two very important lines: Own Resources, which represents the overall spending ceilings and the line for payments appropriations.

Of the separate spending lines shown in the Financial Perspective, only agricultural spending is directly related to the increase in GNP in that the growth of agricultural spending is limited to 74% of the increase in the GNP. Other areas of spending are planned in money terms at 1992 prices and are so not formula related. Spending levels agreed as part of the annual EC budgetary process must be within the levels agreed in the Financial Perspective. If the outturn for growth of GNP is less than that assumed at the time of the plans and spending plans can not be accommodated with the overall spending ceiling which is set by the Own Resources Decision, then spending plans will need to be reduced. The Financial Perspective is then a convenient way of summarising the main features of the EC's budgetary plan.

A. The Financial Perspective 1993 to 1999 and Own Resources Decision 1994

The current Financial Perspective covers the period 1993 to 1999 and was originally agreed at the Edinburgh Summit in 1992. The Edinburgh European Council asked the Commission to prepare a new Own Resources Decision (ORD) incorporating the changes agreed at the summit for the Council to approve and recommend for adoption in all Member States by 1995.[5] The agreement sought to make the following changes to the calculation of own resource payments:

- to increase the own resource ceiling from 1.20% of Community GNP in 1994 to 1.21% in 1995 and by stages to 1.27% in 1999. Based on expected levels of GNP a ceiling of 1.27% would increase potential revenue by some £4 billion by 1999 compared with the previous ceiling of 1.20%;

- from 1995 the ceiling on the uniform rate of VAT would be reduced from 1.4% to 1.0% of the value of the notional VAT base;

5 Conclusions of the Presidency, Edinburgh, 12 December 1992, Part C, A(v)

- it was agreed that the VAT base would be capped at 50% of GNP rather than the previous 55%. For the four poorest Member States - Greece, Portugal, Spain and Ireland - the cap of 50% on GNP would be introduced in 1995. For the other Member States the reduction will be phased in between 1995 and 1999;

- no change in the UK abatement.[6,7]

The overall effect of the changes was to increase the aggregate level of own resources but to reduce the importance of the VAT-based resource in favour of the GNP-based fourth resource. As a result of the changes, contributions will become more income-related. The UK will tend to make higher gross contributions due to the raising of the ceiling but will benefit from the shift to GNP-based contributions. In both cases the effects will be ameliorated by the operation of the UK abatement. The effect of the new ORD on the UK will depend on the total size of the EC budget and the precise pattern of expenditure during the period 1995 to 1999. However, it was expected to add around £75 million to the UK's net contribution in 1995/96, rising to around £250 million a year by the end of the decade, in comparison to what the net contribution would have been under the existing Decision of 1988.[8]

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[6] HM Treasury Press Notice, 122/94 "EC Finance Bill: Chancellor writes to MPs"
[7] Bill 1 of 1994/95; Explanatory and Financial Memorandum, paragraph 4
[8] HC Deb 28th November 1994 c932

The original Financial Perspective (1993-1999) has been adjusted from time to time. For example to take account of changes in EC inflation and growth and agreed transfers from one year to another.[9] [10] The current Financial Perspective is reproduced in table 2.

Table 2
Financial perspective 1993-99 (ecu millions)

	1993	1994	1995	1996	1997	1998	1999
Agricultural guideline	36,657	34,465	37,944	40,828	41,805	43,335	44,136
Structural Operations	22,192	23,176	26,329	29,131	31,477	33,461	36,618
Structural Funds	20,627	21,323	24,069	26,579	28,620	30,482	33,673
Cohesion Fund	1,565	1,853	2,152	2,444	2,749	2,871	2,945
EEA Financial mechanism	0	0	108	108	108	108	0
Internal policies	4,109	4,370	5,060	5,337	5,603	6,003	6,231
External action	4,120	4,311	4,895	5,264	5,622	6,201	6,703
Administrative expenditure	3,421	3,634	4,022	4,191	4,352	4,541	4,609
Reserves	1,522	1,530	1,146	1,152	1,158	1,176	1,176
Monetary reserve	1,000	1,000	500	500	500	500	500
External action							
emergency aid	209	318	323	326	329	338	338
loan guarantees	313	212	323	326	329	338	338
Compensation	0	0	1,547	701	212	99	0
Total appropriations for commitments	72,021	73,486	80,943	86,604	90,229	94,816	99,473
Appropriations for payments required	**68,611**	**70,352**	**77,229**	**82,223**	**85,807**	**90,653**	**94,104**
Appropriations for payments (% of GNP)	**1.20**	**1.20**	**1.20**	**1.20**	**1.22**	**1.23**	**1.25**
Margin for unforseen expenditure (% of GNP)	0.00	0.00	0.01	0.02	0.02	0.03	0.02
Own resources ceiling (% of GNP)	**1.20**	**1.20**	**1.21**	**1.22**	**1.24**	**1.26**	**1.27**

Sources:
Commission, SEC (97) 708 Final
Figures for 1993 and 1994 are taken from the website address: "http://europa.eu.int.en/comm/dg19/graphfr/persfince.htm

9 Commission communication to the Council and Parliament on the technical adjustment of the financial perspective for 1998 in line with movements in GNP and prices in accordance with paragraph 9 of the Inter-Institutional Agreement of 29 October 1993 on budgetary discipline and improvement of the budgetary procedure. Financial perspective annexed to the Inter-Institutional Agreement on budgetary discipline and improvement of the budgetary procedure (OJ C 331, 7.12.1993; Bull. 10-1993, point 1.5.1), previous adjustment: OJ L 141, 13.5.1996; Bull. 4-1996, point 1.6.1 Adopted on 28 February.

10 Agreed by the Council and endorsed by Parliament on 24 April. Parliament and the Council approved the compromise proposed by the Commission. Under the terms of the agreement between the two arms of the budgetary authority, the ceiling for appropriations for commitments under the Structural Funds will be lowered by ecu 500 million in 1998 and raised by ecu 1 045 million in 1999, while the ceiling for appropriations for payments will be lowered by ecu 300 million in 1998 and raised by the same amount in 1999. The ceiling for appropriations for commitments under the Cohesion Fund will be raised by ecu 17 million in 1999. [OJ C 150, 19.5.1997]

B. Financial Perspective 2000 to 2006

A new Financial Perspective is likely to cover the years 2000 to 2006. The Commission's proposals were set out on 16 July 1997 when the President of the Commission, Jacques Santer, published its communication *Agenda 2000: For a stronger and wider Europe.* The Commission considers that its objectives can be met in budget terms within the ceiling on own resources that will be reached in 1999, i.e. 1.27% of the Union's GNP.

The European Council (meeting in Luxembourg in December 1997) agreed that these proposals formed a working basis for further negotiations. The Conclusions of the EU Presidency stated:

> The European Council considers that the Commission proposals contained in Agenda 2000 are an appropriate working basis for further negotiations for an agreement on the Union's policies and the financial framework. It invites the Commission to submit its proposals on all of these questions as soon as possible in the light of the initial discussions and these guidelines. The European Council takes note of the Commission's intention to submit its report on the functioning of the system of own resources by autumn 1998 at the latest.[11]

In *Agenda 2000* the Commission notes that the system of financing the Budget has operated adequately in recent years, and concludes that it will continue to do so from 2000 to 2006. In 1998 the Commission will be presenting a report on the operation of the ORD. The 1998 report will also look at the possibility of introducing a new own resource, although the Commission believes that there are no arguments in favour of an early change to the present arrangements.

The Commission does not foresee changes in the budget positions of the Member States that would be so far-reaching as to necessitate special corrections. However, new accessions to the European Union will inevitably mean deterioration in the budgetary position of the current Member States. The Commission suggests that a fundamental review of own resources would be required once expenditure meets the own resources ceiling of 1.27% of EU GNP.

In *Agenda 2000* the Commission suggested that the UK correction mechanism (the VAT abatement) should be reviewed as soon as the first new countries join. Such a review would be based on the UK's prosperity in relation to the EU average. But if major changes occurred in the budget positions of Member States then a generalised system of corrections could be considered.

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[11] EU Presidency Conclusions 12 and 13 December 1997.

According to the President of the European Parliament, the agreement of a new Financial Perspective for 2000 to 2006 is one of the big issues facing the EC, the other being the single currency. The President said he was convinced that change would not be possible unless a solution was found to these two major areas of uncertainty in the European Union.

> As long as these two questions remained unresolved it would be very difficult to make progress on sensitive subjects such as new weighting of votes in the Council or extension of qualified majority voting.[12]

The provisional Financial Perspective is shown in table 3. As can been seen, the Commission are proposing no increase beyond 1.27% of EU15 GNP in the own resource ceiling. Within this ceiling, the Commission has budgeted for some ecu 75bn to be provided between years 2000 and 2006 to meet the costs of EU enlargement.[13] In his speech to the European Parliament, President Santer described this as "a real Marshall Plan for the countries of Central and Eastern Europe".[14]

Table 3

Overview of the new financial framework 2000-2006

ecu billion -1997 prices

Appropriations for commitments	1999	2000	2001	2002	2003	2004	2005	2006
Agriculture (guideline)	43.3	44.1	45.0	46.1	47.0	48.0	49.0	50.0
Structural operations	36.1	35.2	36.0	38.8	39.8	40.7	41.7	42.8
of which past adjustments	1.8							
Internal policies	6.1	6.1	6.4	7.3	7.5	7.7	7.9	8.1
External Action	6.6	6.6	6.8	7.0	7.1	7.3	7.5	7.6
Adminstration	4.5	4.5	4.6	5.1	5.2	5.3	5.4	5.5
Reserves	1.2	1.0	1.0	0.8	0.5	0.5	0.5	0.5
Appropriations for commitments- total	**97.8**	**97.5**	**99.8**	**105.1**	**107.1**	**109.5**	**112.0**	**114.5**
Appropriations for payments - total	92.5	94.1	96.6	101.1	103.9	106.5	108.9	111.4
Appropriations for payments - total	1.25%	1.24%	1.24%	1.22%	1.22%	1.22%	1.22%	1.22%
Margin	0.02%	0.03%	0.03%	0.05%	0.05%	0.05%	0.05%	0.05%
Own Resource ceiling	**1.27%**	**1.27%**	**1.27%**	**1.27%**	**1.27%**	**1.27%**	**1.27%**	**1.27%**

Source: Agenda 2000, COM(97) 2000 final VOL 1

12 23 September 97 EP President José María GIL-ROBLES, discusses single currency, financial perspective: European Commission Press Releases.

13 Estimates are that ecu 56 bn will be provided for the 5 new members and ecu 17 bn for the other applicant members.

14 16 July 1997, President Santer's speech to European Parliament, 97/161

C. VAT Abatement

The UK receives an abatement under the Fontainbleau arrangement. The abatement is calculated through a rather complex formula, which, in broad terms, is equivalent to 66% of the difference between, on the one hand, what the UK would have paid if the Community had been financed entirely by VAT and, on the other, UK receipts from the budget. The abatement applies only in respect of spending within the Community (it excludes expenditure outside the Community - mainly development assistance, which amounts to 6 to 7 per cent of the total Budget); and is deducted from the UK's VAT contribution a year in arrears.

The Commission is entirely responsible for determining the level of the abatement each year. It is calculated on the basis of forecasts of Member States' contributions to the Budget and payments from the Budget to Member States. It is then corrected in the light of out-turn figures, and corrections can be made up to three years in arrears. As noted above Agenda 2000 stated:

> The uncertainties surrounding the future relative prosperity situation of the United Kingdom, however, lead the Commission to propose postponing a re-examination of the rebate mechanism until immediately after the first enlargement.
>
> At that moment, it will be possible to proceed to an assessment of the situation on the basis of more reliable data. If the relative prosperity of this country were to be above the Union's average, it would be appropriate to review the current arrangements and to foresee a gradual reduction of the current rebate.

And later

> At the time of the enlargement, it will be necessary to adapt the definition of the expenditure on which the calculation of the rebate is based to avoid an unjustified increase in its amount due to purely statistical changes. This is made necessary by the fact that with enlargement some expenditure flows directed to the new Member States, which are now considered "external expenditure" and therefore do not enter into the calculation, will be replaced by payments under internal policies, which enter into the calculation.[15]

[15] Agenda 2000, For a Stronger and Wider Union, part III, (COM(97) 2000).

IV Net Contributions for 1996

A. All Member States

Publications relating to the EC budgetary process provide estimates of Member States' gross contributions, but do not give a breakdown of each member state's expected receipts from the budget. This information only becomes available after the year in question, in the annual Court of Auditors' report on the implementation of the budget.[16] Table 4 shows Member States total and net contributions for the latest year available, 1996.

Table 4

Net Contributions to the EC, 1996 (a)

	Own Resources £ million	Operating Expenditure (c) £ million	Net Contribution £ million	Net Contribution £ per capita
Belgium	2,200.2	1,601.7	598.5	59
Denmark	1,090.8	1,245.9	-155.1	-29
Germany	16,657.5	7,918.5	8,739.0	107
Greece	888.0	4,042.5	-3,154.5	-301
Spain	3,640.7	8,431.1	-4,790.4	-122
France	9,955.0	9,586.2	368.8	6
Ireland	569.7	2,382.7	-1,813.0	-501
Italy	7,167.1	6,042.3	1,124.8	20
Luxembourg	130.9	67.3	63.6	152
Netherlands	3,558.0	1,595.3	1,962.6	127
Austria	1,502.0	1,283.7	218.3	27
Portugal	726.8	2,952.1	-2,225.3	-224
Finland	771.1	792.8	-21.7	-4
Sweden	1,570.1	966.5	603.6	68
UK	6,599.1	4,773.5	1,825.6	31
Unallocated (d)		4,706.6		
Total	57,027.1	58,388.8	-1,361.7	-4

Notes: (a) Payment appropriations from the 1996 budget plus expenditure carried over from the 1995 budget.
(b) Converted to sterling using the annual average market exchange rate for 1996 (£1 = 1.2467 ecu).
(c) Figures refer to a geographical breakdown of expenditure, not necessarily the disbursements to each Member State.
(d) Includes items such as development assistance, research & development but excludes central administration.

Sources: Court of Auditor's Report for the financial year 1996
OECD Main Economic Indicators, October 1997
Eurostatistics, 11/97 (Eurostat)

[16] HC Deb 13.1.94 c246W

Table 4 shows Member States' total contributions, payments to Member States from the budget and net contributions for 1996. Net contributions to or receipts from the EC budget are calculated as the difference between own resources and operating expenditure incurred in each Member State. The own resource contributions to the 1996 budget were considerably swelled by a surplus of some 9.2 billion ecu from the 1995 budget. For this reason, expenditure exceeded the own resources contributions from the Member States.

The measure for payments to Member States used is that of operating expenditure spent in each Member State (but not necessarily allocated to the government of that country). Operating expenditure includes all main headings – CAP spending, Structural Funds, environmental and energy projects, research & development etc – but not administration. Payments made in 1996 include payments against appropriations in the 1996 budget plus payments against carryovers from 1995.

Payments not allocated to Member States consist mainly of external actions such as development assistance (spent outside the EU) and also other internal policies, although not administration. In 1997 the payments for administration (on the same basis as figures given in table 1) amounted to 4.3 billion ecu or £3.2 billion – 5% of total payments in 1997.

In terms of the budgetary positions for 1996, Germany was the largest net contributor in absolute terms, followed by the Netherlands, with the United Kingdom in third position. Spain was the largest net recipient in absolute terms, followed by Greece and then Portugal. In per capita terms Luxembourg was the biggest net contributor, followed by the Netherlands and then Germany. The UK ranked sixth in terms of net contributions, with Sweden and Belgium lying fourth and fifth respectively. In 1996 there was an average net *receipt* of £4 per head – largely due to the surplus carried over from 1995.

B. The United Kingdom

The figures given in the EC Court of Auditors Report (described in Part A above) refer to the payments to and receipts from a particular year's Budget. They also include total disbursements (i.e. both public and private sector receipts from the Budget). Figures published by the UK Government, however, usually refer to the **flows** of cash moving between the UK and EC institutions during a particular time period, and not payments arising out of a specific year's EC Budget. In many cases, payments and receipts occurring in one year will arise from the Budget commitments of a number of different years. Data showing the UK's contributions to and receipts from the EC Budget are given in a number of publications, since they affect different areas of Government policy and impact upon different aspects of economic statistics.

The figures in table 4 differ from those shown in UK sources (especially the Treasury's *Annual Statement on the Community Budget*) on the net public sector contribution.[17] In the statement on the EC Budget, a breakdown of the UK's contributions to, and public sector receipts from, the Budget is given. These are expressed in sterling terms and show the contributions to each of the own resources, the VAT abatement, and the receipts from each of the main funds.

Figures for UK net contributions vary considerably from year to year – particularly for UK financial years – and also differ significantly depending on whether they are shown for specific Budgets or on a cash flow basis. The main reasons for this are outlined below.

- The UK uses a financial year running from April to March, whilst the EC Budget is based on calendar years.

- VAT and GNP based contributions are calculated on the basis of estimated data for the forthcoming year. Adjustments are made in later years to reflect out-turn data, which may be different from the earlier forecasts because of changes in, say, economic growth or exchange rates.

- The figures published by the Commission each year relate to commitments arising under the next year's Budget, even if they are not made until the year after that. UK public expenditure estimates however are made in terms of cash flows occurring in particular years. The interaction of different financial years, coupled with payments being made on the basis of estimates and then corrected subsequently, means that cash flow figures can differ substantially from Budget data. Some transactions in respect of a particular Budget for a given year occur in the first few weeks of the subsequent year, which complicates matters still further.

- The operation of the UK's VAT abatement causes the pattern of net contributions to be erratic. For example, a low net contribution in one year leads to a fall in the abatement and a high net contribution in the next year, and vice versa. In 1995 the abatement (in cash flow terms) was £1.2 billion; in 1996 it was £2.4 billion and in 1997 is expected to be £1.7 billion.

- Comparisons between the sterling value of UK contributions in different years will be affected by movements in the sterling / ecu exchange rate. The Budget is denominated in Ecu. Cash flows however will be converted to sterling at the exchange rate prevailing at the time of each payment or receipt. Any estimates of contributions (whether gross or net) will therefore incorporate assumptions about future exchange rates, which may or may not turn out to be correct.

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[17] *European Community Finances: Statement on the 1997 EC Budget and measures to counter fraud and financial mismanagement*; HM Treasury, July 1997 (Cm 3700)

Table 5 shows the components of the UK's net contributions to the EC Budget for each year since accession in 1973.

Table 5

UK contributions to/receipts from EC budget

£ million, cash terms

Calendar year	Gross contribution after adjustments, but before abatement, refunds and public sector receipts	Abatement	Negotiated refunds	Public sector receipts	of which: *from CAP (a)*	Net contribution after adjustments, abatement, refunds and public sector receipts
1973	181	0	0	76	*63*	105
1974	179	0	0	149	*112*	30
1975	341	0	0	396	*342*	-55
1976	463	0	0	295	*207*	168
1977	737	0	0	368	*181*	369
1978	1,348	0	0	526	*329*	822
1979	1,606	0	0	658	*371*	948
1980	1,767	0	98	964	*550*	705
1981	2,174	0	693	1,084	*683*	397
1982	2,862	0	1,019	1,240	*791*	603
1983	2,976	0	807	1,521	*1,082*	648
1984	3,201	0	528	2,017	*1,353*	656
1985	3,555	166	61	1,483	*1,151*	1,845
1986	4,493	1,701	0	2,216	*1,385*	576
1987	5,203	1,153	0	2,345	*1,345*	1,705
1988	4,507	1,595	0	1,569	*1,379*	1,343
1989	5,587	1,156	0	2,116	*1,315*	2,315
1990	6,355	1,697	0	2,184	*1,496*	2,474
1991	5,805	2,497	0	2,766	*1,761*	542
1992	6,737	1,881	0	2,823	*1,813*	2,033
1993	7,982	2,540	0	3,291	*2,257*	2,151
1994	7,188	1,726	0	3,254	*2,297*	2,208
1995	8,890	1,208	0	3,665	*2,441*	4,017
1996	9,131	2,411	0	4,368	*2,929*	2,352
1997 (b)	7,813	1,733	0	4,738	*3,138*	1,342
Total	**101,081**	**21,464**	**3,206**	**46,112**	***30,771***	**30,299**

Notes: (a) The two sections of the EAGGF.
(b) Based on data in the UK Statement on the 1997 EC Budget.

Sources: HC Deb 11th July 1983 c256W
ONS Database
European Community Finances: Statement on the 1997 EC Budget and measures to counter fraud and financial mismanagement; HM Treasury, July 1997 (Cm 3700)

There are a number of large changes in the gross and/or net contributions paid by the UK in some years. Obviously, when gross contributions increase but receipts remain largely unchanged, the net contribution will grow. The large increase in gross contributions between 1977 and 1978 reflected growth in the size of the budget generally; most of the additional revenue available to the Community was absorbed by agricultural spending. The increase in the contributions during the early 1980s again reflected a step increase in the size of the budget; this time being absorbed mainly by increased structural fund expenditure. Later in the 1980s, the overall size of the budget increased again - by almost 25 per cent between 1985 and 1986. This caused the UK's gross contributions to increase again, although in 1986 the effects of the VAT abatement began to be felt and the net contribution was very small. Both of these step increases in the size of the budget coincided with new accessions to the Community: Greece in 1981 and Spain and Portugal in 1986.

More latterly the pattern of gross contributions, VAT abatement and net contributions has followed a somewhat erratic path. A large net contribution in one year causes the abatement in the following year to be larger, reducing the net contribution once more. For instance, a large net contribution in 1995 (£4 billion) was followed by a much larger abatement in 1996 (£2.4 billion as opposed to £1.2 billion) resulting in a lower net contribution of £2.3 billion.

Changes in the level of gross contributions obviously reflect the size of the budget overall. In more recent years it also reflects the relative economic strengths of the Member States. A country with an economy more buoyant than other Member States will tend to contribute more, since the structure of own resources is now more closely related to economic performance than previously.

V The Significance of the EC Budget

A. The Size of the EC Budget

In terms of its absolute size, the EC budget is certainly very large. For example, in each of the three years from 1995 to 1997 the EC budget (appropriations for payments) amounted to ecu 77,229 million[18], ecu 82,223 million[19] and ecu 85,807 million[20] respectively. On present plans, the figures for 1998 and 1999 are ecu 90,581[21] million and ecu 94,032 million respectively.[22] Even on some relative measures the EC budget can also seem very significant. For example, in 1996 the EC budget was bigger than the GDP of either Portugal, Luxembourg or Ireland and was nearly one-tenth of the level of the UK's GDP.[23]

However, on a number of other relative measures, the EC budget seems less significant than these figures suggest. For example, as a percentage of the GNP of the EU15, the budget for the three years from 1995 to 1997 represented only 1.20%, 1.20% and 1.22% respectively. On present plans, the figures for 1998 and 1999 are 1.23% and 1.25% of EU15 GNP respectively.[24] In this sense the budget represents a relatively small share of the EC economy. Moreover, the level of general government spending of Member States dwarfs the EC budget. According to the OECD, general government total outlays by the EC countries in 1995 and 1996 represented about 50% of nominal GDP.[25] With the EC budget representing only 1.2% of EU15 GNP, the EC budget spends about 2½ pence for every pound sterling of Member States' general government spending.

B. The role of the EC budget in areas of public policy

It may be useful to comment on why the EC budget is small compared to Member States' own expenditure. One explanation is that the EC has very limited involvement in policy areas such as social security, education, health and defence that invariably attract very high levels of public spending in Member States. Moreover, where the EC is involved in public policy, its involvement is often exercised more through regulations and directives than expenditure. Of course, EC spending is significant in some areas such as agriculture and

---

18 £63,302 million at 1.22 ecu to £

19 £66,308 million at 1.24 ecu to £

20 £69,093 million at 1.36 ecu to £, estimated using the rate on 31 December 1996.

21 £66,603 million at 1.36 ecu to £, estimated using the rate on 31 December 1996.

22 The figures for 1995 to 1998 are in current prices whereas the figure for 1999 is in 1998 prices. Source: Commission, Preliminary Draft Budget of the EC for the Financial Year 1998, Figure 1,COM(97) 280-EN

23 The UK's GDP in 1995 was ecu 841.5 bn and the EC budget was ecu 81 bn. Source: Eurostat and Commission.

24 The legal limit on the size of the EC budget (the so called Own Resource Ceiling) for the five years to 1999 has been agreed as 1.20%, 1.21%, 1.22%. 1.24%, 1.26% and 1.27% of EU15 GNP respectively.

25 OECD, *Economic Outlook*, December 1996, table 28

regional policies but such high levels of spending are more the exception than the rule. Central government budgets also differ from the EC budget in that the former are engaged in substantial interregional transfers. The transfers reduce disparities in income between regions by 30%-40%.[26] The redistributive effect is, of course, larger in some countries than in others. In short, the comparatively small size of the EC budget and the limited base for its revenue reflects the relatively limited scope that policy makers have given the EC budget in the past. However, the scope of the EC budget is likely to widen with the completion of the single market, further EC enlargement and the establishment of economic and monetary union.

26 Commission, Stable money-sound finances: Community public finance in the perspective of EMU, European economy, No. 53

VI Budgetary fairness

As part of the discussions surrounding the Commission's *Agenda 2000* proposals on deepening and enlargement, the Commission published a short note entitled: *Budget contributions, EU expenditure budgetary balances and relative prosperity of the Member States*. This note considered five themes: section one recalled the context in which the *Agenda 2000* proposals were formulated; section two reviewed and discussed recent trends in Member States' contribution to the EC budget; section three reviewed trends in EU expenditure and discussed some implications of enlargement for budgetary balances; section four reviewed some methodological questions relating to the concept of budgetary balance; and section five discussed trends in the Member States' contributive capacity and in their relative prosperity in recent years. The main findings were:

> Following the reforms of 1988 and 1992 the contributions of the Member States have become more "equitable".
>
> And after a significant increase between 1990 and 1996, are now increasing more slowly.
>
> The individual contributions of each Member State have increased above or below the general trend depending on the changes in their rate of growth.
>
> The contributions of the Member States to the EC budget are roughly proportional to their GNP and they ought therefore to be seen as broadly "fair".
>
> Currently EU spending is shaped by the decision taken in 1992 (increase in structural spending and CAP reform). Over the period covered by *Agenda 2000*, enlargement and the proposed reforms of Community policies will modify expenditure. Current and prospective EC budgetary imbalances of the Member States are the result of the explicit political choices made when determining the most important Community policies.
>
> There is no single definition of budgetary balance. This ambiguity inevitably makes possible the design of various methods of approximating the budgetary benefits from Membership in the EC, and the choice of particular method often reflects the desire to highlight a particular point of view or to defend a specific issue.

The purpose of the following analysis is to set out some material on the budgetary position of individual Member States and to assess to what extent their position can be explained in terms of their level of GDP. In this way, the extent that contributions to and receipts from the EC budget are distributed equitably can be assessed.

From the outset, it should be noted that it is unreliable to generalise about the budgetary positions of Members States on the basis of figures for one year. This is because the EC budgetary position of any Member State can swing widely from year to year for a number of reasons. For example, on the contributions side, economic growth (and hence consumption and the VAT base) can deviate upwards (downwards) from the general trend leading to higher (lower) contributions. Changes in exchange rates can also influence the level of contributions when expressed in a common currency. In its note on budget contributions, the Commission give the example of Germany, which saw its contributions to the EC budget increase by some 20 per cent a year on average between 1990 and 1994 whereas between 1994 and 1996 they practically stagnated. Italy's gross payments to the EC budget in ecu declined by 24 per cent in 1994, declined again by 17 per cent in 1995 and increased by 40 per cent in 1996. On average, overall contributions for all Members increased some 12 per cent a year between 1990 and 1994 and is expected to increase by almost 6½ per cent a year between 1994 and 1999.[27] Receipts also vary considerably from year to year.

To reduce the problem of widely fluctuating annual figures the following analysis uses data for a five year period, showing annual figures and the average for the period. The following section considers contributions to, receipts from the EC budget and the net budgetary position of each Member State over the five-year period. The section concludes by commenting on some of the more notable features.

Austria, Sweden and Finland are included in the analysis on the basis of two years' figures for 1995 and 1996. Their inclusion does not affect the overall picture significantly.

[27] Budget contributions, EU expenditure Budgetary balances and relative prosperity of the Member States, October 1997

A. Gross Contributions to the EC budget

Table 6 shows gross contributions (after the VAT abatement in the case of the UK) to the EC in ecu for each Member State for each of the five years to 1996 and an average for the period as a whole. For example, on average the UK has contributed ecu 7.6 bn annually, making the UK the fourth largest annual contributor after Germany, France and Italy.

Table 6
Gross Contributions (After Abatement)*
(ecu millions)

	1992	1993	1994	1995	1996	**Average** (1992-96)
Belgium	2,239.1	2,394.9	2,822.1	2,680.1	2,743.0	2,575.8
Denmark	1,034.8	1,206.5	1,296.2	1,295.4	1,359.9	1,238.6
Germany	16,997.5	19,076.4	21,366.3	21,324.1	20,766.9	19,906.2
Greece	728.6	1,011.2	992.3	985.2	1,107.1	964.9
Spain	4,828.0	5,172.6	4,718.1	3,645.2	4,538.9	4,580.6
France	10,493.4	11,545.5	12,550.9	11,876.8	12,410.9	11,775.5
Ireland	462.3	567.4	638.9	664.8	710.2	608.7
Italy	8,279.9	10,265.0	7,759.6	6,413.7	8,935.2	8,330.7
Luxembourg	123.5	167.0	165.4	167.8	163.2	157.4
Netherlands	3,534.0	4,030.6	4,245.9	4,349.6	4,435.7	4,119.2
Austria	-	-	-	1,762.9	1,872.6	1,817.8
Portugal	838.1	909.6	1,215.6	864.9	906.1	946.9
Finland	-	-	-	887.4	961.3	924.4
Sweden	-	-	-	1,658.3	1,957.4	1,807.9
United Kingdom	6,702.4	7,626.6	6,417.4	9,251.6	8,227.1	7,645.0
EU15	-	-	-	67,827.8	71,095.5	69,461.7
EU12	56,261.6	63,973.3	64,188.7	63,519.2	66,304.2	62,849.4

* Own Resources

Source: Court of Auditors Annual Report, Successive editions

Table 7 shows that over the period 1992-96 Germany contributed 31% followed by France (18%), Italy (13%) and the UK (12%). These average percentages have been broadly similar to the annual figures. These four Members contributed nearly three quarters (74%) of the Community's own resources throughout the period. Spain, Netherlands and Belgium contributed a further 17%. The final 9% of total own resources was contributed by Austria, Finland, Sweden, Greece, Ireland, Denmark, Portugal and Luxembourg.

Table 7

Gross Contributions (After Abatement)*

(Percentage of total gross contributions)

	1992	1993	1994	1995	1996	**Average** (1992-96)
Belgium	4.0%	3.7%	4.4%	4.0%	3.9%	4.0%
Denmark	1.8%	1.9%	2.0%	1.9%	1.9%	1.9%
Germany	30.2%	29.8%	33.3%	31.4%	29.2%	30.8%
Greece	1.3%	1.6%	1.5%	1.5%	1.6%	1.5%
Spain	8.6%	8.1%	7.4%	5.4%	6.4%	7.2%
France	18.7%	18.0%	19.6%	17.5%	17.5%	18.2%
Ireland	0.8%	0.9%	1.0%	1.0%	1.0%	0.9%
Italy	14.7%	16.0%	12.1%	9.5%	12.6%	13.0%
Luxembourg	0.2%	0.3%	0.3%	0.2%	0.2%	0.2%
Netherlands	6.3%	6.3%	6.6%	6.4%	6.2%	6.4%
Austria	-	-	-	2.6%	2.6%	2.6%
Portugal	1.5%	1.4%	1.9%	1.3%	1.3%	1.5%
Finland	-	-	-	1.3%	1.4%	1.3%
Sweden	-	-	-	2.4%	2.8%	2.6%
United Kingdom	11.9%	11.9%	10.0%	13.6%	11.6%	11.8%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

* Own Resources

Source: Court of Auditors Annual Report, Successive editions

Table 8 expresses the figures for gross contributions for each Member State for each of the five years to 1996 on a per capita basis. For example, the UK's annual average contribution to the EC is ecu 131 per capita.

Table 8

Gross Contributions (Own Resources) per capita

(ecu)

	1992	1993	1994	1995	1996	**Average** (1992-96)
Belgium	223	237	279	264	270	255
Denmark	200	233	249	248	259	238
Germany	211	235	262	261	254	245
Greece	71	97	95	94	105	93
Spain	124	132	121	93	116	117
France	183	200	217	204	213	203
Ireland	130	159	178	185	196	170
Italy	146	180	136	112	156	146
Luxembourg	315	419	410	410	390	389
Netherlands	233	264	276	281	286	268
Austria	-	-	-	219	232	225
Portugal	85	92	124	88	92	96
Finland	-	-	-	174	188	181
Sweden	-	-	-	188	221	205
United Kingdom	116	131	110	158	140	131
Memo:						
EU15	-	-	-	182	191	187
EU12	163	184	184	182	189	180

Sources: EC Court of Auditors Reports, various years

Table 9 shows gross contributions as percentages of each Member's GDP for each of the last five years. For example, the UK's gross contribution for the five year period as a whole is calculated as 0.9% of the UK's GDP per capita, which is slightly below the EC12 average of 1.1%. During the period the UK's gross contributions have been growing, as a proportion of GDP and in 1995 were the same as the EC12 average. The figures for the EC12 average and the standard deviation suggest that over time the Member States' gross contributions to the EC budget are generally moving more in line with GDP and are converging over time around the EC average of 1.1% of GDP per capita.[28] This suggests that contributions as a share of GDP per capita are becoming more equitable between Members over time.

Table 9

Gross contributions (after abatement) as percentage of GDP

	1992	1993	1994	1995	1996	**Average** (1992-96)
Belgium	1.3%	1.3%	1.5%	1.3%	1.3%	1.3%
Denmark	0.9%	1.0%	1.1%	1.0%	1.0%	1.0%
Germany	1.1%	1.2%	1.2%	1.2%	1.1%	1.2%
Greece	1.0%	1.3%	1.2%	1.1%	1.1%	1.1%
Spain	1.1%	1.3%	1.2%	0.9%	1.0%	1.1%
France	1.0%	1.1%	1.1%	1.0%	1.0%	1.1%
Ireland	1.1%	1.4%	1.4%	1.4%	1.3%	1.3%
Italy	0.9%	1.2%	0.9%	0.8%	0.9%	0.9%
Luxembourg	1.3%	1.5%	1.3%	1.3%	1.2%	1.3%
Netherlands	1.4%	1.5%	1.5%	1.4%	1.4%	1.5%
Austria	-	-	-	1.0%	1.1%	0.4%
Portugal	1.2%	1.3%	1.7%	1.1%	1.1%	1.3%
Finland	-	-	-	0.9%	1.0%	0.4%
Sweden	-	-	-	0.9%	1.0%	0.4%
United Kingdom	0.8%	0.9%	0.7%	1.1%	0.9%	0.9%
EU15	-	-	-	1.1%	1.1%	1.1%
EU12	1.0%	1.2%	1.1%	1.1%	1.1%	1.1%
Standard Deviation (*)	0.2%	0.2%	0.3%	0.2%	0.1%	0.2%

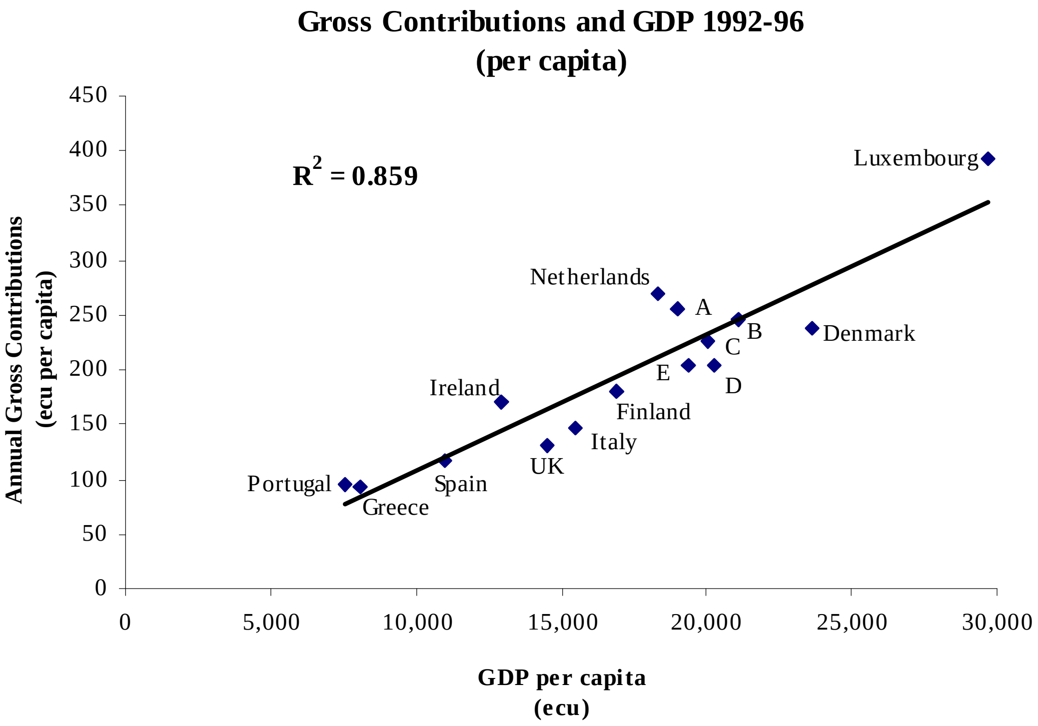
* Based on EU12

Sources: EC Court of Auditors Reports, various years

28 The standard Deviation is a statistical measure of dispersion. The smaller the number for the standard deviation, the lower the spread from the average.

Taking 1992-96 as a whole, the relationship between gross contributions and GDP is illustrated in chart 1. Each point plots a particular Member State's annual gross contribution against its GDP per capita for the five-year period. A glance at the distribution of points and the line of best fit reveals that, although there is not a perfect fit, there is nevertheless a fairly high correlation between a Member's gross contributions and its GDP. Gross contributions per capita tend to increase as GDP increases. In statistical terms this is reflected in the fairly high R squared figure (0.86), which indicates that 86% of the variation in gross contributions is explained by variations in GDP. In short, there is a tendency for gross contributions to vary with the level of the Member's GDP. The correlation is not 100% because the calculation of own resources is not strictly proportional to income but is in part dependent on a Member's expenditure patterns, specifically within the (harmonised) VAT base and the propensity to import from outside the Union.

Chart 1



Notes:
A - Belgium C - Austria E - France
B - Germany D - Sweden

As noted above, the Commission's own study, looking at GNP, found that contributions were proportional to GNP and concluded that they ought therefore to be seen as broadly "fair".[29] This general conclusion is to be expected since various reforms have been implemented

[29] Budget contributions, EU expenditure Budgetary balances and relative prosperity of the Member States, October 1997, page 6

which have tended to make EC contributions more equitable (i.e. more correlated to national income). For example:

- a fourth resource based on GNP was introduced under the 1988 reforms;
- under the 1992 reforms the relative weight of the VAT resource, which is less proportional to income generally, will be reduced from 1.4% in 1994 to 1.0% in 1999.
- and a system of upper limits on the harmonised VAT base will eventually limit it to a maximum of 50% of a country's GNP.

One effect of these reforms has been to provide some protection to the poorest Members while allowing a Member's gross contributions to rise as its prosperity rises. As the relative importance of the VAT resource continues to decrease in favour of GNP based contributions, gross contributions should become even more closely related to income. The shift in the composition of own resources has been continuing for some time. Over the period from 1988 to 1996 the traditional own resources (customs and duties and sugar levies) declined from 27.6% to 19.7% of total own resources.[30] Over the same period the VAT resource declined from 58.9% to 50.5% of the total. However the GNP resource has increased from 13.5% to 29.8%. In 1997 the VAT resource is expected to account for less than 50% of total resources with further reductions in future years.[31]

By 1999 the Commission expects the GNP resource to provide more than 50% and the VAT resource to provide just 30% of total resources.[32] The Commission also make the point that if the EC budget had increased in line with the maximum set out in the Financial Perspective, then the trend towards proportionality would have been somewhat higher simply because any additional revenue would have been financed through the GNP resource.

The Commission's note also comments:

> In coming years, EC spending and its distribution among Member States, will be significantly affected by enlargement. Given that the applicant countries all have low levels of relatively prosperity, they should be expected to be large beneficiaries of spending under the Structural Funds. At the same time, the proposed reform of structural actions will lead to a concentration of interventions, which may affect the distribution of spending among the current 15 Members States.

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30 ibid.
31 ibid.
32 ibid.

> Less significant on the distribution of spending among Member States will be the effects of the CAP reforms which has been proposed by the Commission in its Agenda 2000 communication, but which is independent of enlargement.[33]

B. Receipts from the EC budget

As the Commission states:

> "EU expenditure reflects priorities in the following areas:
>
> i) the structural operations which is explicitly redistributive between countries and should therefore result in large differences between the relative size of each Member States' economy (and therefore its share in financing of the EC budget) and its share in this type of expenditure; and
>
> ii) the Common Agricultural Policy which is redistributive between sectors of the economy and produces a distribution of budgetary spending among countries which depends on the choices made by the Union in this sector and bears little resemblance with the financing shares."[34]

These two categories of spending dominate the EC budget. In 1996 structural spending represented 32 per cent of total spending and CAP spending represented 51 per cent. So-called "internal policies" (research and development, energy, transport, education etc.) accounted for 6 per cent. External and administrative expenditure represented about 5 per cent each. The Commission comments that:

> Given the predominance of the two main categories of expenditure, EC spending is distributed very unevenly across Member States and this naturally influences budgetary positions. The uneven distribution of spending is the implicit result of deliberate policy decisions.[35]

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33 Budget Note, Commission, p7.
34 Budget Note, Commission, p6
35 ibid.

Table 10 shows receipts from the EC in ecu for each Member State for each of the five years to 1996 and an average for the period as a whole. For example, on average the UK received annually ecu 4.9 bn, making it the fifth largest annual recipient after France, Spain, Germany, and Italy.

Table 10

Gross receipts

(ecu millions)

	1992	1993	1994	1995	1996	**Average** 1992-96
Belgium	2,405	2,455	2,513	2,369	1,997	2,348
Denmark	1,311	1,583	1,495	1,601	1,553	1,509
Germany	7,300	7,246	7,729	7,893	9,872	8,008
Greece	4,333	5,148	4,844	4,474	5,040	4,768
Spain	7,568	8,263	7,835	10,863	10,511	9,008
France	9,050	10,526	9,925	10,150	11,951	10,320
Ireland	2,602	2,939	2,391	2,552	2,971	2,691
Italy	7,776	8,740	5,219	5,800	7,533	7,013
Luxembourg	288	357	419	123	84	254
Netherlands	2,705	2,704	2,416	2,345	1,989	2,432
Austria	-	-	-	858	1,600	1,229
Portugal	2,978	3,418	3,043	3,246	3,680	3,273
Finland	-	-	-	723	988	856
Sweden	-	-	-	721	1,205	963
United Kingdom	4,315	4,501	5,259	4,531	5,951	4,911
Total of above	52,629	57,879	53,087	58,248	66,926	57,754
Unallocated (a)	5,944	6,329	7,218	4,793	5,868	6,030
Total budget	58,573	64,208	60,305	63,041	72,793	63,784

(a) Expenditure on administration, aid etc which cannot be allocated to an individual member state

Source: Court of Auditors Annual Report, Successive editions

Table 11 shows the share of total receipts going to each Member over the last five years. Over the five-year period as a whole, France received 17.9% of allocated receipts, followed by Spain (15.6%), Germany (13.9%), Italy (12%) and the UK (8.5%). These average percentages have been broadly similar to the annual figures. These five Members receive 68% of allocated receipts. Belgium, Greece, Ireland, Netherlands and Portugal receive a further 27%. The final 5% of total (allocated) receipts go to Sweden, Finland, Austria, Luxembourg and Denmark.

Table 11

Gross receipts

(Percentage of total allocated receipts)

	1992	1993	1994	1995	1996	**Average** 1992-96
Belgium	4.6%	4.2%	4.7%	4.1%	3.0%	4.1%
Denmark	2.5%	2.7%	2.8%	2.7%	2.3%	2.6%
Germany	13.9%	12.5%	14.6%	13.6%	14.8%	13.9%
Greece	8.2%	8.9%	9.1%	7.7%	7.5%	8.3%
Spain	14.4%	14.3%	14.8%	18.7%	15.7%	15.6%
France	17.2%	18.2%	18.7%	17.4%	17.9%	17.9%
Ireland	4.9%	5.1%	4.5%	4.4%	4.4%	4.7%
Italy	14.8%	15.1%	9.8%	10.0%	11.3%	12.1%
Luxembourg	0.5%	0.6%	0.8%	0.2%	0.1%	0.4%
Netherlands	5.1%	4.7%	4.6%	4.0%	3.0%	4.2%
Austria	-	-	-	1.5%	2.4%	2.1%
Portugal	5.7%	5.9%	5.7%	5.6%	5.5%	5.7%
Finland	-	-	-	1.2%	1.5%	1.5%
Sweden	-	-	-	1.2%	1.8%	1.7%
United Kingdom	8.2%	7.8%	9.9%	7.8%	8.9%	8.5%
Total of above	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Unallocated (a)	11.3%	10.9%	13.6%	8.2%	8.8%	10.4%
Total budget	111.3%	110.9%	113.6%	108.2%	108.8%	110.4%

(a) Expenditure on administration, aid etc which cannot be allocated to an individual member state

Source: Court of Auditors Annual Report, Successive editions

Table 12 shows receipts per capita for each Member for each of the five years to 1996 and table 13 expresses these figures as percentages of each Member's GDP. For example, the UK's receipts for the five year period averaged 0.6% of its GDP, which although below the EC12 average of 1%, is nevertheless within one standard deviation. This suggests that the level of UK receipts is not too far out of line compared with all Members. The apparent shortfall in the UK's level of receipts, as measured against the EC average is fairly consistent over the five-year period.

Table 12

Receipts per capita

ecu

	1992	1993	1994	1995	1996	**Average** (1992-96)
Belgium	239	243	248	234	196	232
Denmark	254	305	287	306	295	289
Germany	91	89	95	97	121	98
Greece	420	496	465	428	480	458
Spain	194	211	200	277	268	230
France	158	183	171	175	205	178
Ireland	732	823	667	709	820	750
Italy	137	153	91	101	131	123
Luxembourg	732	896	1,038	300	200	633
Netherlands	178	177	157	152	128	158
Austria	-	-	-	107	198	152
Portugal	303	347	309	330	373	332
Finland	-	-	-	142	193	167
Sweden	-	-	-	82	136	109
United Kingdom	75	78	90	78	102	84
Memo:						
EU15	-	-	-	157	179	168
EU12	152	166	152	166	191	166

Sources: EC Court of Auditors Reports, various years

Table 13

Receipts as percentage of GDP

	1992	1993	1994	1995	1996	**Average** (1992-96)
Belgium	1.4%	1.4%	1.3%	1.2%	1.0%	1.2%
Denmark	1.2%	1.4%	1.2%	1.2%	1.1%	1.2%
Germany	0.5%	0.4%	0.4%	0.4%	0.5%	0.5%
Greece	5.7%	6.5%	5.9%	5.1%	5.2%	5.7%
Spain	1.7%	2.0%	1.9%	2.5%	2.3%	2.1%
France	0.9%	1.0%	0.9%	0.9%	1.0%	0.9%
Ireland	6.4%	7.1%	5.3%	5.2%	5.4%	5.8%
Italy	0.8%	1.0%	0.6%	0.7%	0.8%	0.8%
Luxembourg	2.9%	3.2%	3.4%	0.9%	0.6%	2.1%
Netherlands	1.1%	1.0%	0.9%	0.8%	0.6%	0.9%
Austria	-	-	-	0.5%	0.9%	0.8%
Portugal	4.2%	4.9%	4.3%	4.2%	4.5%	4.4%
Finland	-	-	-	0.8%	1.0%	1.0%
Sweden	-	-	-	0.4%	0.6%	0.5%
United Kingdom	0.5%	0.6%	0.6%	0.5%	0.7%	0.6%
EU15	-	-	-	0.9%	1.0%	1.0%
EU12	1.0%	1.0%	0.9%	1.0%	1.1%	1.0%
Standard Deviation (*)	2.1%	2.4%	2.0%	1.8%	1.9%	2.0%

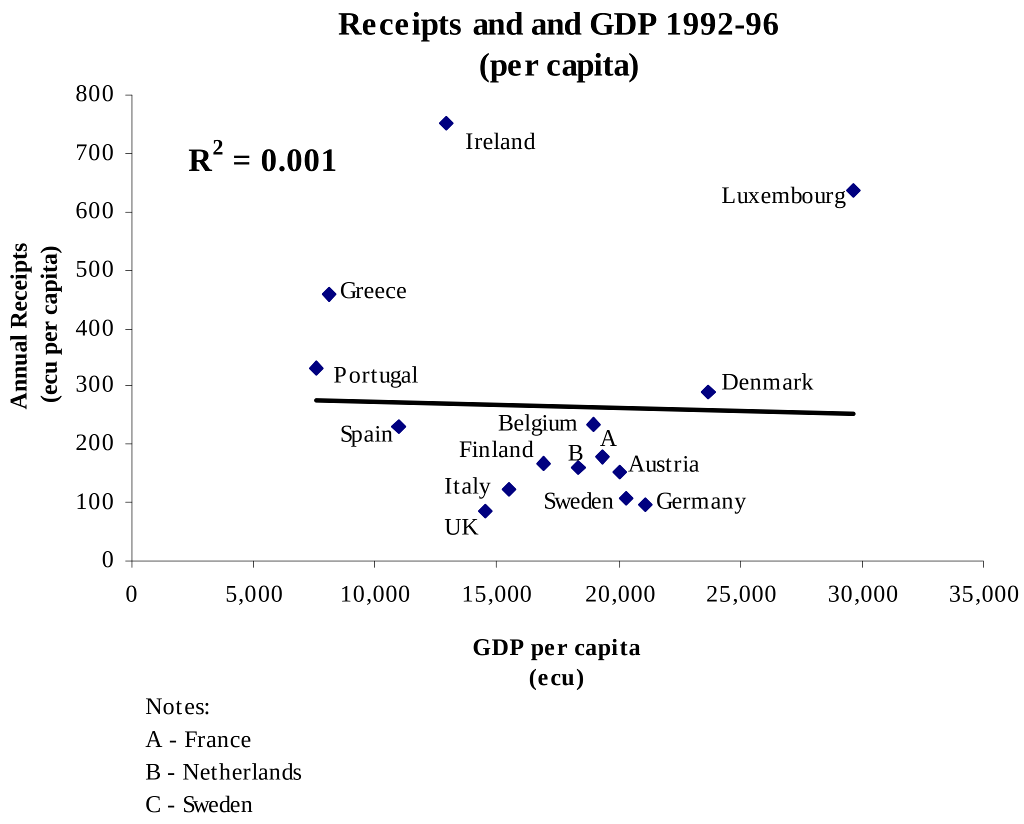
* Based on EU12 *Sources: EC Court of Auditors Reports, various years*

The general pattern is that receipts from the EC budget are unevenly distributed. However, the figures for the EC average and the standard deviation shown in tables 9 and 10, suggest that over the three years to 1996, the distribution of receipts expressed as a percentage of GDP is converging slightly towards the EC average of 1% of GDP, although wide margins remain.

Perhaps more importantly than whether the receipts per capita are distributed unevenly between Members is whether there is a negative relationship between receipts and national income. In other words, one would expect Member States with lower national incomes to receive more receipts than richer Members. One would expect, for example, a poor Member State's level of receipts to be boosted by assistance from the structural and cohesion funds.

The relationship between receipts and GDP for 1992-96 as a whole is illustrated in chart 2. This chart plots the position of a particular Member State in terms of receipts and GDP over the five-year period. The points are spread around the chart revealing an uneven distribution of receipts and very little evidence of any correlation between receipts per capita and GDP per capita. A best-fit line has been imposed but the R squared figure (0.001) confirms practically no correlation. In short, receipts per capita are unevenly distributed between Members with almost no regard for GDP.

Chart 2

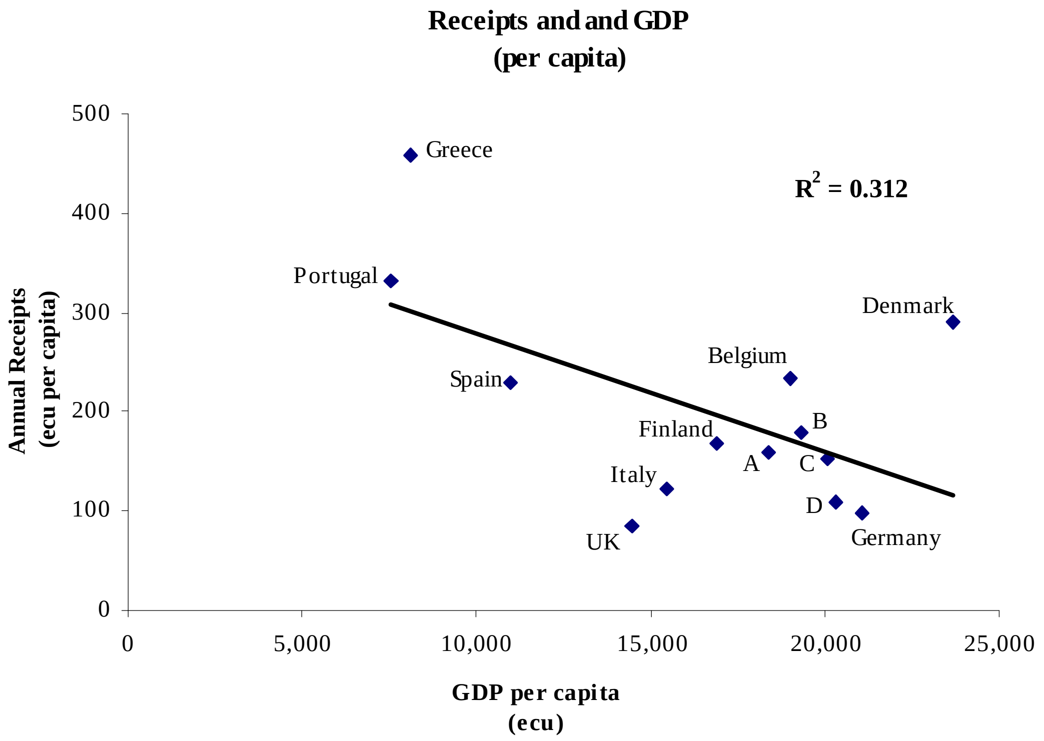


However, the chart reveals that two Members (Ireland and Luxembourg) particularly receive relatively large amounts of receipts per capita, far above what one would expect considering their levels of income. When these two extreme cases are excluded from the calculations, a clearer relationship between receipts and GDP per capita becomes established.[36] This is shown in chart 3, which contains the same data as chart 2 except Ireland and Luxembourg are both excluded. This shows that receipts per capita and GDP per capita are more closely correlated than previously. A downward sloping best-fit line indicates that receipts are lower

[36] It is important to note that more than 70 per cent of Luxembourg's receipts result from European institutions being located there.

in countries with higher incomes, as one would expect. A significantly higher R squared figure (0.31) is shown. In other words, when all Member States are examined, GDP per capita could not explain the variation in receipts per capita (chart 2) but when Ireland and Luxembourg are both excluded some 31% of the variation is explained by the level of GDP per capita. This analysis suggests that the distribution of receipts is inequitable.

Chart 3



Notes:
A - Netherlands C - Austria
B - France D - Sweden

The distribution of receipts is likely to become more equitable as spending on structural operations increases relative to spending on the CAP. It is useful to be reminded that the CAP works through providing support to farmers' prices and has very little relationship with farmers' incomes, whereas spending on structural operations is more closely related to national income and so is more proportional to GDP. As the balance of EC spending moves towards structural fund and cohesion policies the equitable relationship between receipts and GDP is likely to become more established.

C. Net contributions to the EC budget

Net contributions are of course the difference between gross contributions and receipts. Table 14 shows net contributions to the EC in ecu for each Member State for each of the five years to 1996 and an average for the period as a whole. For example, on average the UK's annual net contributions to the EC budget amounted to ecu 2.7 bn, making it the second largest net contributor after Germany (Ecu 11.9 bn). Indeed Germany provided 57% of all net contributions over the period, which was by far the largest share, followed by the UK (13%), Netherlands (8%) and France (7%).

Table 14
Net Contributions
(ecu millions)

	1992	1993	1994	1995	1996	**Average** (1992-96)
Belgium	-166	-60	309	311	746	228
Denmark	-277	-377	-199	-306	-193	-270
Germany	9,698	11,830	13,637	13,431	10,895	11,898
Greece	-3,604	-4,137	-3,852	-3,489	-3,933	-3,803
Spain	-2,740	-3,090	-3,117	-7,218	-5,972	-4,427
France	1,444	1,020	2,626	1,727	460	1,455
Ireland	-2,140	-2,372	-1,752	-1,887	-2,260	-2,082
Italy	504	1,525	2,540	614	1,402	1,317
Luxembourg	-164	-190	-254	45	79	-97
Netherlands	829	1,327	1,830	2,005	2,447	1,687
Austria	-	-	-	905	272	589
Portugal	-2,140	-2,508	-1,827	-2,381	-2,774	-2,326
Finland	-	-	-	165	-27	69
Sweden	-	-	-	937	753	845
United Kingdom	2,388	3,126	1,159	4,720	2,276	2,734
Total	-2,312	-234	3,884	4,787	-1,698	885

Notes: (a) converted using annual average market exchange rates
Sources: EC Court of Auditors Reports, various years

The largest net recipients over the same period were Spain (Ecu 4.4 bn), Greece (Ecu 3.8 bn), Portugal (Ecu 2.3 bn) and Ireland (Ecu 2.1 bn), which collectively have been referred to as the "poor four".

Table 15 shows net contributions per capita for each Member for each of the five years to 1996 and table 11 expresses these figures as percentages of each Member's GDP. Over the period 1992 to 1996, Germany, the largest net contributor in per capita terms, made an average payment of ecu 146, followed by the Netherlands (Ecu 110), Sweden (Ecu 96) Austria (Ecu 73) and the UK (Ecu 47).

Table 15

Net Contributions per capita
(ecu)

	1992	1993	1994	1995	1996	**Average** (1992-96)
Belgium	-16	-6	31	31	73	22
Denmark	-53	-73	-38	-58	-37	-52
Germany	120	146	167	164	133	146
Greece	-349	-399	-369	-334	-374	-365
Spain	-70	-79	-80	-184	-152	-113
France	25	18	45	30	8	25
Ireland	-602	-664	-489	-524	-624	-581
Italy	9	27	44	11	24	23
Luxembourg	-418	-476	-628	110	189	-245
Netherlands	55	87	119	130	158	110
Austria	-	-	-	113	34	73
Portugal	-218	-255	-186	-242	-281	-236
Finland	-	-	-	32	-5	13
Sweden	-	-	-	106	85	96
United Kingdom	41	54	20	81	39	47
EU15	-	-	-	13	-5	4
EU12	-7	-1	11	14	-5	3

Sources: EC Court of Auditors Reports, various years

Table 16 shows the figures for net contributions as percentages GDP for each Member State for the last five years. A minus figure indicates that the Member State was a net recipient. As one would expect, average net contributions for all Member States is close to zero. There is wide variation between Member States. For example, Germany's net contributions to the EC budget have amounted to 0.7% of its GDP over the period 1992 to 1996. Germany's net contributions have consistently been at or above 0.6% of the German GDP, reaching 0.8% in 1994. Over the five year period the UK average has been 0.3% of UK GDP. In 1996 the UK's net contribution was 0.3% of the UK GDP. At the other end of the scale, Ireland's net contribution over the period from 1992 to 1996 was (minus) 4.5% of its national income.

Table 16

Net contributions (after abatement) as percentage of GDP

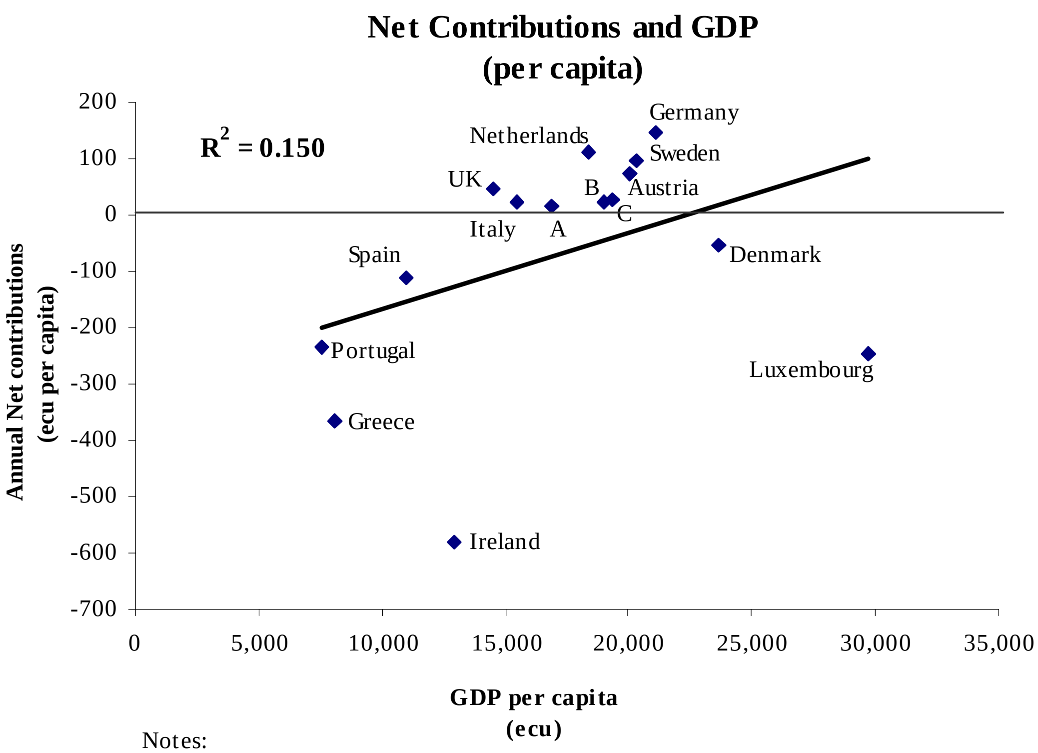
	1992	1993	1994	1995	1996	**Average** (1992-96)
Belgium	-0.1%	0.0%	0.2%	0.2%	0.4%	0.1%
Denmark	-0.3%	-0.3%	-0.2%	-0.2%	-0.1%	-0.2%
Germany	0.6%	0.7%	0.8%	0.7%	0.6%	0.7%
Greece	-4.8%	-5.3%	-4.7%	-4.0%	-4.1%	-4.5%
Spain	-0.6%	-0.8%	-0.8%	-1.7%	-1.3%	-1.0%
France	0.1%	0.1%	0.2%	0.1%	0.0%	0.1%
Ireland	-5.3%	-5.7%	-3.9%	-3.8%	-4.1%	-4.5%
Italy	0.1%	0.2%	0.3%	0.1%	0.1%	0.1%
Luxembourg	-1.7%	-1.7%	-2.1%	0.3%	0.6%	-0.8%
Netherlands	0.3%	0.5%	0.6%	0.7%	0.8%	0.6%
Austria	-	-	-	0.5%	0.2%	0.4%
Portugal	-3.0%	-3.6%	-2.6%	-3.1%	-3.4%	-3.1%
Finland	-	-	-	0.2%	0.0%	0.1%
Sweden	-	-	-	0.5%	0.4%	0.5%
United Kingdom	0.3%	0.4%	0.1%	0.6%	0.3%	0.3%
EU15	-	-	-	0.1%	0.0%	0.0%
EU12	0.0%	0.0%	0.1%	0.1%	0.0%	0.0%
Standard Deviation (*)	2.1%	2.3%	1.9%	1.8%	1.9%	2.0%

* EU12

Sources: EC Court of Auditors Reports, various years

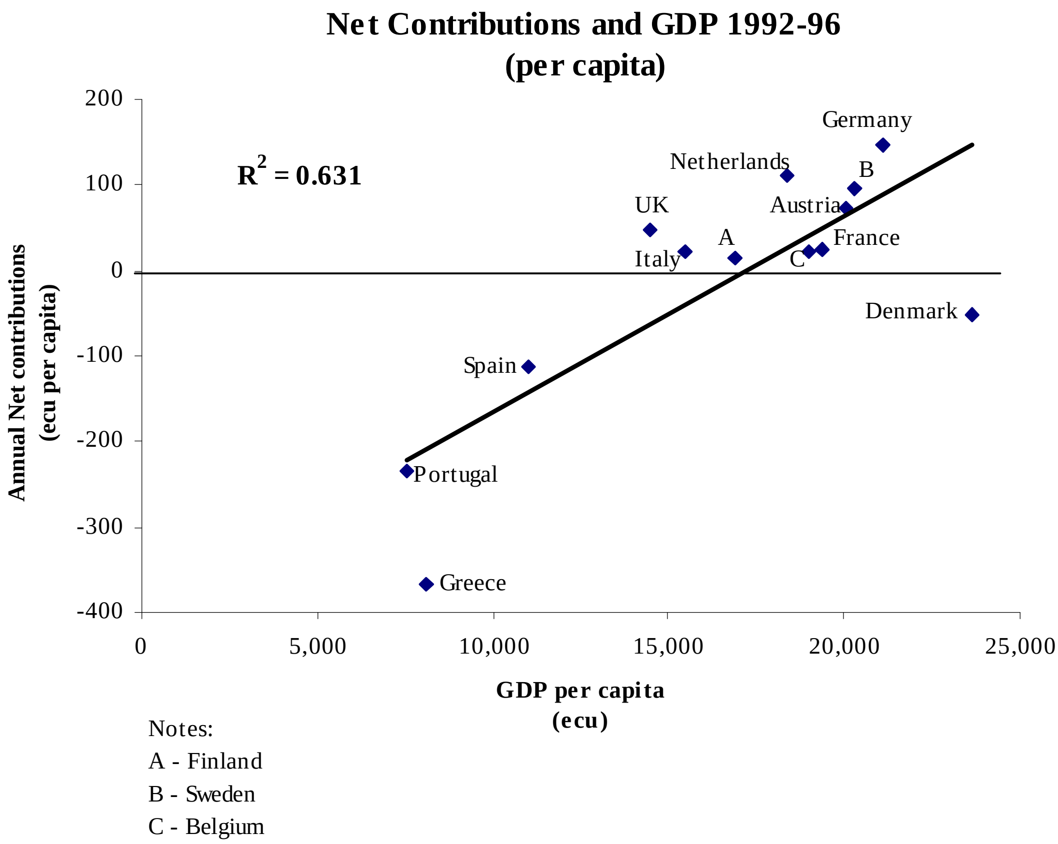
The distribution of net contributions is clearly very uneven, but is it related to GDP per capita? Chart 4 suggests that there is very little correlation between net contributions per capita and GDP per capita. A best-fit line has been imposed but the R squared figure (0.15) indicates that there is very little correlation between net contributions per capita and GDP per capita. In short, net contributions per capita are unevenly distributed between Members with very little regard for a Member's GDP. However, as in the previous section, Luxembourg and Ireland stand out as extreme cases in the lower half of the chart. As in the previous section, when these two countries are excluded, a clearer pattern between net contributions and GDP is discernible. The pattern is shown in chart 5. This reveals a closer correlation which is reflected in the fairly high R-squared figure (0.63), which suggests that 63% of the variation in net contributions is explained by variation in the GDP per capita once Ireland and Luxembourg are excluded.

Chart 4



Notes:
A - Finland
B - Belgium
C - France

Chart 5



D. Conclusions

Over the period 1992 to 1996, six Members were net contributors although Luxembourg switched in 1995 from being a net recipient to a net contributor. In very broad terms richer countries are likely to be net contributors and poorer countries are likely to be net recipients. However, within this broad pattern there are some notable features.

- While the four poorest countries, Portugal, Greece, Spain and Ireland are all net beneficiaries the overall impact on Portugal and Spain is very limited compared with the benefit given to Ireland and to a lesser extent Greece. For example, Ireland, which is the richest of the four poor, is the largest beneficiary per capita, attracting more than 5% of its GDP in some years and receiving 7 times as much per capita as Spain. In short, in terms of their GDP per capita, the EC budget seems very generous towards Ireland and to a lesser extent Greece.

- The UK is the fifth poorest Member but the fifth largest net contributor, suggesting that it is paying a relatively high contribution even after its rebate. Overall, the UK, whose position on charts 4 and 5 is some distance above the best fit line, continues to be somewhat disadvantaged by the budgetary arrangements, even with the benefit of its abatement mechanism.

- The two richest countries, Denmark and Luxembourg, should be obvious net contributors but are instead significant beneficiaries. Luxembourg with the highest GDP per head has for a number of years been one of the largest net beneficiaries, attracting a larger amount per capita than even Portugal and Greece which are the poorest Members of the Community.

- Finland, Sweden and Austria are all relatively rich Members and are also net contributors. On a per capita basis, Austria and Sweden are treated less generously than Finland. However, on the basis of two years of figures the budgetary positions of Austria and Sweden are broadly similar to that of Germany.

- Over the period 1992 to 1996, Germany is ranked the fifth richest Member State but the largest net contributor in absolute terms and on a GDP per capita basis, which underlines its complaint that it finances a disproportionately large share of the EC budget. However, if the anomalies associated with Ireland, Luxembourg and Denmark (which is also a net recipient despite its high GDP) are corrected, then Germany's net contribution does not seem excessively out of line to its economic strength compared with the other Members, especially the newer Members. The degree of unfairness for Germany (see chart 5) as shown by the distance from the best-fit line is about the same as that for the UK and the Netherlands. However, the German perception of unfairness may be influenced by the fact that substantial amounts of German resources are being transferred to former East Germany.

- In future, the distribution of net contributions is expected to change further. When the latest European Communities (Finance) Bill was going through the Commons in 1994 the then Chancellor, Kenneth Clarke, wrote to all MPs about the UK's position on contributions in relation to other Member States. He wrote:

> "In terms of net contributions per head, Germany already pays much more than we do and France and the Netherlands are expected to pass us by the end of the century. Italy will pay significantly more than in the past and will become a serious net contributor for the first time. And Austria (and Sweden and Norway if they join) will also be bigger contributors to the Community Budget than us."[37]

The approach adopted here shows in a straightforward way how individual Members compare in their gross contributions, receipts and net contributions and to what extent their unequal budgetary positions are explained by the level of their GDP. This approach is not, of course, beyond criticism. In its note on budget contributions, the Commission set out some

[37] HM Treasury Press Notice, 122/94 "EC Finance Bill: Chancellor writes to MPs"

of the definitional problems inherent in trying to assess the budgetary positions of individual Members. In the Commission's view the "financial aspects alone provides a narrow and distorted view of the Community". Clearly a Member's net financial position can not capture all the effects of EC Membership. For example, such a narrow view omits the benefits that farmers throughout the EC enjoy from CAP purchases that are made in any one country. A narrow view also ignores the potential dynamic effects of being associated with a large and relatively prosperous European market. A narrow approach can also be distorted by the "Rotterdam effect"; so-named since the Dutch contribution to the EC is exaggerated by customs levied on goods shipped through Rotterdam even though they are destined for customers in other Member States.

However, despite the weaknesses in calculating precise budgetary positions, the view that inequitable shares can be ignored is unlikely to carry much weight throughout the EC for the simple reason that there are now more net contributors to the EC than previously. In 1995 ten out of the 15 Members were net contributors whereas as recently as 1993 only five out of 12 Members were net contributors. There is an obvious incentive to enjoy the benefits of EC Membership while escaping the burden of high net contributions. Reducing the share of the burden of net contributions is likely to remain a main concern for some Member States.

This analysis suggests that the way that receipts are distributed between Members (rather than gross contributions) is likely to be the cause of what seems to be an inequitable sharing of the burden of net contributions.

VII The Budgetary Procedure

A. Draft budgets; Commission/Council/Parliament

Each year a preliminary draft budget, which reflects the constraints, contained in the Financial Perspective is prepared by the Commission. This is essentially a 'statement of estimates' which incorporates the requests of all its spending departments together with those of other institutions (the Parliament, Court of Auditors etc), and forms the overall forecast of revenue and expenditure for the year in question. The preliminary draft for the forthcoming year is adopted by the Commission in early May and is sent to the budgetary authority (the Council and European Parliament) by 15 June. The preliminary draft can subsequently be amended by the Commission by means of a letter of amendment to allow for new information that was not available earlier.

The Council conducts its first reading of the preliminary draft budget, and, on this basis and after a meeting with a delegation from the European Parliament, establishes (before 31 July) the draft budget. The draft budget is then sent to the Parliament in the first half of September.

The European Parliament conducts its first reading of the draft budget in October. Amendments to non-compulsory expenditure require the votes of an absolute majority of members.[38] Proposed modifications to compulsory expenditure (most expenditure on agriculture - around half of the budget - is compulsory) require an absolute majority of the votes cast.

The budget is then passed back to the Council for their second reading of the budget, which usually occurs during the second week in November, after a conciliation meeting with a delegation from the European Parliament. The draft budget is amended to take account of the European Parliament's amendments and proposed modifications. As a rule, the Council's decisions on compulsory expenditure at the time of second reading determine the final amount (unless the whole budget is subsequently rejected by the European Parliament). The amended draft budget is then returned to the European Parliament in late November.

At its December sitting the European Parliament reviews the non-compulsory expenditure, for which it can accept or reject the proposals from the Council. For the European Parliament to

[38] The distinction between compulsory and non-compulsory expenditure is essentially a political one: the European Parliament has the last say over non-compulsory expenditure, and the Council has the last say over compulsory expenditure. The somewhat vague definition of the two concepts contained in the Treaty was clarified in 1982 stating that compulsory expenditure is that which the budgetary authority is obliged to undertake to meet its obligations (both within and beyond the Community) under the Treaties and acts adopted. All other expenditure is non-compulsory.

pass the budget, the threshold is a majority of its members and three-fifths of the votes cast. The budget is then adopted and can then be implemented on 1 January.

In the event of unavoidable, exceptional or unforeseen circumstances the Commission may propose during the year that the budget should be amended. A preliminary draft supplementary and amending budget is then submitted. These are subject to the same rules and procedures described above. In 1997 a supplementary and amending budget was produced. The main purposes of this were to allocate the 1996 cash surplus of around £3.2 billion to Member States and to adjust the calculation of the UK's abatement using new information.

B. The Court of Auditors Report

The European Court of Auditors is responsible for the external audit of the EC Budget each year. It examines the expenses of the Institutions and the Community expenditure undertaken by the Commission either directly (e.g. on development assistance) and that administered by the Member States (principally agricultural and structural programmes). It is also concerned with ensuring that contributions by Member States have been calculated and paid correctly.

In addition to this role the Court of Auditors looks at whether the accounts drawn up by the Commission are accurate; whether the transactions are legal and the soundness of the financial management employed by the Commission in discharging the Budget. The findings of the Court of Auditors are published in a report each year. The reports do not cover every aspect of the Budget in detail each year; they tend to focus on particular spending programmes in turn.

One of the provisions of the Maastricht Treaty was that the Court of Auditors should produce a separate Statement of Assurance as to the reliability and legality of transactions. The latest Statement, relating to the 1996 Budget, found that the estimate of the rate of substantive errors concerning the transactions underlying payments from the budget was about 5.4% of the total. In a number of cases, estimated to be about 4.3% of total payments, the Court found it impossible to obtain evidence to reach a firm conclusion as to the correct use of Community funds.

VIII Parliamentary Scrutiny in the UK

A. Incorporation of 1994 Own Resources Decision (ORD) into law

A change to the Own Resources Decision (ORD) under Article 201[39] requires ratification in each member state according to its own constitutional rules. The incorporation of the 1994 ORD into UK law, for example, required legislation to include the new ORD within the scope of the European Communities Act 1972 s1(2)(e) as a "Community Treaty" as defined by the Act. This was achieved by means of the European Communities (Finance) Act 1995. The new Act also repealed the previous Act of 1988. This made the ORD effective within UK law and provided for financial obligations incurred under it to be met from the Consolidated Fund.

B. The EC Budget

Parliament has a number of opportunities to scrutinise the expenditure of the European Community and the UK's contributions to it. Each year the Treasury publishes a statement on the Community Budget (in the form of a Command Paper). This provides a useful overview of the main budgetary negotiations during the course of the year, together with tables showing the contributions made by the UK and the other Member States.

From time to time the Chancellor of the Exchequer (and other Treasury Ministers) will report to Parliament on the progress of budget negotiations in the Council of Ministers. This is usually done in the form of Parliamentary answers (either oral or written).[40] Increasingly, details of votes taken at such meetings are also given.

As each stage of the budget is completed the documents (starting with the preliminary draft budget) are examined by the Select Committee on European Legislation of each House. If the Commons Select Committee so recommends, then the substance and merits of the budget proposals may be considered in European Standing Committee or on the floor of the House.

On the occasions when the principal documents relating to the EC Budget are considered on the floor of the House this will normally be in the form of a "take note" motion. The 1995 budget was debated on the floor of the House in November 1994.[41] This received rather more attention

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39 Treaty establishing the European Economic Community 1957 (Treaty of Rome)
40 A definitive account is usually provided in Council press releases.
41 HC Deb 28 November 1994 c1035-1049

than usual because it was considered on the same day as the second reading of the European Communities (Finance) Bill.

Contributions to the EC Budget do not form part of the Supply Estimates that are voted on by the UK Parliament each year, since they arise *de facto* out of meeting Treaty obligations (referred to as a Consolidated Fund standing service).

Section 2(3) of the 1972 Act states that:

> "There shall be charged on and issued out of the Consolidated Fund or, if so determined by the Treasury, the National Loans Fund the amounts required to meet any Community obligation to make payments to any of the Communities or Member States . . ."

Each time the Community makes a request for payment of part of the UK's contribution the orders for payment are checked by the National Audit Office before the monies are released from the Consolidated Fund. This ensures that (a) the right amounts are being released under proper authority and (b) that they are transferred to the correct account.

Recent Research Papers have been:

97/127	Local Government Finance	28.11.97
97/128	The Human Genome Project, gene therapy and patenting	01.12.97
97/129	The *Government of Wales Bill*: Devolution and the National Assembly	04.12.97
97/130	The *Government of Wales Bill*: The National Assembly's Partners	04.12.97
97/131	Aspects of the Coal Industry	02.12.97
97/132	*Government of Wales Bill*: Operational Aspects of the National Assembly	04.12.97
97/133	National Minimum Wage Bill [Bill 90 1997/98]	04.12.97
97/134	Defence Employment: 1995-96	08.12.97
97/135	Defence Statistics 1997	08.12.97
97/136	Schools Standards Framework Bill [Bill 95 of 1997-98]	12.12.97