

GLOSSARY

- The Budget procedure** The Community's financial year runs from 1 January to 31 December.
- The rules governing decisions on the Community Budget are set out in Article 272 of the Amsterdam Treaty. These rules have been built on by the Inter-Institutional Agreement. The timetable is as follows:
- establishment of the preliminary draft budget by the Commission, normally by end-April;
 - establishment of the draft budget by the Council in late-July;
 - first reading by the Parliament in late-October;
 - second reading by the Council in mid-November; and
 - second reading by the Parliament and adoption of the budget in mid-December.
- Inter-Institutional Agreement and Financial Perspective** The Inter-Institutional Agreement (IIA) is a political and legally binding, agreement, which clarifies the Community's budgetary procedure. Under the Treaty, the Council and the European Parliament have joint responsibility for deciding the Community Budget on the basis of proposals from the Commission. The IIA sets out the way the three institutions will exercise their responsibilities in accordance with the Treaty, and respecting the revenue ceilings which are laid down in the Own Resources Decision. In particular, it provides for the annual Community budget to be set in the context of a multi-annual financial framework.
- Agenda 2000** The Agenda 2000 package included the new Inter-Institutional Agreement and financial perspective together with reforms to the CAP and structural and cohesion funds, and new pre-accession aid programmes. The main lines of the package were agreed at the Berlin European Council in March 1999. Agreement on the implementing legislation was reached between Council and Parliament in May 1999.
- Commitment and payment appropriations** The Budget distinguishes between appropriations for commitments and appropriations for payments. Commitment appropriations are the total cost of legal obligations, which can be entered into during the current financial year for activities which will lead to payments in the current and future financial years. Payment appropriations are the amount of money, which is available to be spent during the year arising from commitments in the Budgets for the current or preceding years. Unused payment appropriations may, in exceptional circumstances, be carried forward into the following year.
- Compulsory and non-compulsory expenditure** Community expenditure is regarded as either "compulsory" or "non-compulsory". Compulsory expenditure is expenditure necessarily resulting from the Treaty or from acts adopted in accordance with the Treaty. It mainly includes agricultural guarantee expenditure including stock depreciation and the monetary reserve. The Council has the last say in fixing its total.
- The Parliament has the last say in determining the amount and pattern of non-compulsory expenditure. The growth of this expenditure is governed by the "maximum rate". Article 272(9) of the Amsterdam Treaty provides a formula for determining this rate unless an alternative figure is agreed by the budgetary authority. Under the Inter-Institutional Agreement the Council and Parliament agree to accept the maximum rates implied by the financial perspective ceilings.

Agricultural guideline The agricultural guideline is a legally binding limit under which spending on agricultural market support can grow each year by no more than 74 per cent of the change in Community GNP.

Structural Funds, the Cohesion Fund and ISPA At present, there are four Structural Funds through which the European Union grants financial assistance to resolve structural economic and social problems: the European Regional Development Funds (ERDF), which promotes economic and social cohesion within the Union through the reduction of imbalances between regions or social groups; the European Social Fund (ESF), which promotes the EU's employment objectives by providing financial assistance for vocational training, retraining and job creation schemes; the European Agricultural Guidance and Guarantee Fund (EAGGF – Guidance Section), which contributes to the structural reform of the agriculture sector and to the development of rural areas; and the Financial Instrument for Fisheries Guidance (FIFG), the specific Fund for the structural reform of the fisheries sector.

In addition, the EU supports Member States whose GDP is less than 90% of the European average through the Cohesion Fund, which finances projects linked to the environment and trans-European transport systems. The Instrument for Structural Policies for Pre-Accession (ISPA) supports development of infrastructure in the candidate countries.

Own Resources The Own Resources Decision lays down four sources of Community revenue, or 'Own Resources':

- **Customs duties, including those on agricultural products.** These are paid on a range of commodities imported from non-member countries. Following the agreement on agriculture during the Uruguay GATT Round, most agriculture duties are now fixed. However, for some key commodities, they continue to vary in line with changes in world prices;
- **Sugar levies.** These are charged on the production of sugar to recover part of the cost of subsidising the export of surplus Community sugar onto the world market;
- **Contributions based on VAT.** Essentially, the VAT resource is the amount yielded by applying a notional rate of 1% to a VAT base assuming an identical range of goods and services in each Member State. Each Member State's VAT base is, however, subject to a cap of, currently, 50% of 1% of its GNP; and
- **GNP-based contributions.** The amount due is calculated by taking the same proportion of each Member States' Gross National Product. Because the Community is not allowed to borrow, revenue must equal expenditure. The GNP resource is the budget-balancing item; it covers the difference between total expenditure in the budget and the revenue from the other three resources, subject to the overall own resources ceiling.

The first two Own Resources are known collectively as the "Traditional Own Resources" (TOR). The VAT and GNP-based contributions are often referred to as the 'third' and 'fourth' resources.

Fontainebleau abatement The UK's VAT contributions are abated according to a formula set out in the Own Resources Decision. Broadly this is equal to 66 per cent of the difference between what the UK contributes to the Community budget and the UK's receipts, subject to the following points:

- the abatement applies only in respect of spending within the Community. Expenditure outside the Community (mainly aid), amounting to some 7 per cent of total expenditure in 2001, is excluded;

- the UK's contribution is calculated as if the budget were entirely financed by VAT; and
- the abatement is deducted from the UK's VAT contribution a year in arrears.

The formula for the calculation of the abatement is set out in the ORD and in a Working Document first published in 1988 and subsequently revised in 1994 and 2000.

The Commission is directly, and solely, responsible for determining the UK's abatement. It calculates the abatement on the basis of a forecast of payments from the Budget to Member States and of Member States' contributions to the budget. This is subsequently corrected in the light of outturn figures. Corrections may be made up to three years after the year in respect of which the abatement relates, after which a final reckoning is made in the fourth year.

Fraud and irregularity **Fraud** (as defined by the penal convention) covers intentional acts or omissions, in respect of both expenditure and revenue - which involves the use or presentation of false, incorrect or incomplete statements or documents, or specific non-disclosure of information, or misapplication of funds or benefits.

Irregularity (as defined by Council Regulation 2988/95) covers both simple omissions due to errors or negligence, which undermine the Community budget, and also intentional and deliberate acts. Member States are required by Regulations to report irregularities on a quarterly basis, in the three main budget sectors (own resources, agriculture and structural funds)

eg a genuine payment made after the closing date for claims represents an **irregularity**, but import of goods under false papers is definitely **fraud**.

Sterling figures The sterling figures for 1997 to 2001 in this White Paper are based on actual sterling cash receipts or payments where these took place and are known: elsewhere the appropriate average annual sterling/euro exchange rate has been used to convert euro figures into sterling⁴. Generally the 2002 euro figures have been converted into sterling using the sterling/euro exchange rate on 28 December 2001, when the rate was £1=€1.6434 (regulations state that VAT and GNP payments will be made using the exchange rate on the last working day of the preceding year). However, there may be some exceptions, for example where figures have previously been published at a different exchange rate – but these are noted where necessary. Note too that euro has been used for consistency throughout the publication rather than ecu.

Discharge procedure The European Court of Auditors' annual report is subject to consideration by the budgetary authority (Council and European Parliament) under the "discharge procedure" set out in Article 276 of the Treaty. In particular, they consider how the budget for the year in question was implemented. The European Parliament, acting on a recommendation from the Council, considers whether to grant the Commission a discharge in respect of the budget in question, thus bringing the budgetary process for that year to a formal close. The Commission is obliged under Article 276 of the Treaty to take "all appropriate steps" to act on comments made by the European Parliament and by the Council during the discharge process. If so asked, it must also report back on its actions with such reports going to the European Court of Auditors.

⁴ The annual average rate for 1997 is £1 = 1.4510
 The annual average rate for 1998 is £1 = 1.4896
 The annual average rate for 1999 is £1 = 1.5192
 The annual average rate for 2000 is £1 = 1.6410
 The annual average rate for 2001 is £1 = 1.6082

Substantive and formal errors The Court of Auditors has always distinguished between substantive errors and formal errors in its audit reports. A substantive error is a quantifiable error directly affecting the amount of the transactions underlying the payments made from Community funds. A formal error is an infringement of regulatory or control mechanisms such as an overdue but otherwise eligible payment. For both types, some of the errors may represent deliberate fraud, but most will represent genuine misunderstandings made in good faith, perhaps because of ambiguously drafted and complex regulations.

TECHNICAL ANNEX I

Determining the value of the Own Resources Elements

The budgetary process relating to revenue involves a chain of inter-related calculations. These can be summarised as follows:

- at the beginning of the budgetary process, which occurs in the year prior to the budget in question, the amounts due from each Member State are assessed in that Member State's national currency, ie sterling for the UK;
- the initial process involves estimating the amounts due to be received from each Member State in respect of the Traditional Own Resources (TOR), the amount relating to VAT if it were applied at 1 per cent across the Community and the amount of 1 per cent of each Member State's GNP. These estimates rely on the Member States' estimates of their economic activity during the budget year;
- the Member States' national currency estimates are then converted into euro at a rate known as the "budget exchange rate" (this is the exchange rate at the time the estimates are being drawn-up – in recent years an early April exchange rate has been used);
- the amount of VAT-and GNP-based contributions each Member State has to pay to the Community Budget is derived from its share of the total VAT-and GNP-based contributions described above, so that when added to the amounts for the TOR the total does not exceed the value of the Own Resources required to fund the proposed budget for the coming year, subject to ensuring that the value of these Own Resources does not also exceed the Own Resources ceiling for the year in question (eg 1.24% of Community GNI in 2002);
- the sum produced (in euros) is entered into the Preliminary Draft Budget (PDB) for the following budgetary year;
- the sum entered in the PDB is adjusted as necessary during the remainder of the budget process to reflect changes on the expenditure side of the budget, but still on the basis of the budget exchange rate and still respecting the Own Resources ceiling;
- the sterling/euro exchange rate on the last day of quotation before the start of the budget year is established as the rate by reference to which VAT and GNP-based Own Resources contributions will be paid in the budget year, so the amount which a Member State has to pay over in respect of the third and fourth resources in the budget year will be different from its original estimates if the last-day of quotation rate is different from the budget exchange rate;
- during the course of the budget year, the UK pays its VAT and fourth resource contributions to meet its obligations as denominated in euro in the adopted budget. These payments are made in sterling, at the last day of quotation rate. However, TOR payments reflect actual amounts collectible in local currencies, rather than the estimated euro amounts in the budget;

- Member States pay their contributions for a given budget year in monthly instalments (VAT and GNP-based contributions on the first working day of each calendar month, TOR on the first working day following the 19th of each month). The VAT and GNP-based contributions are subsequently adjusted in the light of a number of factors such as outturn figures for GNP. If outturn expenditure is below the amount raised from Member States, excess contributions are refunded in a subsequent budget (a Supplementary and Amending Budget (S&AB) for the year);
- because there are generally differences between the sterling/euro exchange rates (a) used to set up the budget and (b) to make VAT and fourth resource contributions to it, the UK will generally have paid either more or less in sterling than the amount established for them for the budgetary year in question. These differences were, up until 1998, adjusted in December of the year after the budget year. That is, an adjustment had either to be paid by or to the Member States to reflect any over or under payment in the budget year as described above. Thus the UK's gross contribution in the year after the budget year was affected by these adjustments;
- because the system led to large variations in the Member States' gross contributions between EC budgetary years, the Member States accepted a European Commission proposal that effectively led to their making the adjustments during the course of the budgetary year to which their contributions relate. Under the new arrangements, in place since 1998, Member States re-estimate their 1% VAT and GNP bases during the course of the budgetary year and the conversion of their national currency estimates is then carried out at the last day of quotation rate. The revised figures are then included in a S&AB for the budgetary year to which they relate. In practice, converting the revised figures to euro at the last day of quotation rate means that in-year contributions are no longer affected by exchange rate differences. Furthermore, re-estimating the value of the 1% bases using much later information means that any differences between these estimates and the actual outturn for the year are very much reduced. The Member States thus contribute in year virtually what they should on the basis of their national currency obligations. Thus in the year following the budgetary year, any adjustments to correct for any under or overpayment should, from 1998, be relatively small compared to the adjustments made in years prior to 1998;
- numerous small further adjustments are, however, required to be made over several years following the budget year, for example to reflect updates to VAT- and GNP-based statistics.

TECHNICAL ANNEX II

Explanation of the difference between the Government's cashflow outturn for the UK for 2000 and the figures in the European Commission's allocation of 2000 operating expenditure/ European Court of Auditors' (ECA) annual report for that year

- When converted at the average exchange rate for 2000 of £1=1.6410 euro, the figures in the European Commission/ECA publications break down as follows:

	€ million	£ million
UK gross contribution before abatement	17,292	10,537
UK abatement	-3,425	-2,087
UK receipts	-7,686	-4,684
UK net contribution	6,181	3,767

- The Government's figure for the UK's net contribution in 2000 is £4,192 million.
- There appear to be a number of factors that, to a greater or lesser extent, contribute to the difference between these two figures. The probable main causes for the difference are as follows:
 - The UK figure includes only transactions between the Community Budget and the UK public sector, whereas the ECA figure includes private sector receipts. It is estimated that this accounts for around £390 million of the difference;
 - In February 2000 the UK made a payment of £8 million in respect of the 1999 EC Budget and in February 2001 the UK made a payment of £4 million in respect of the 2000 EC Budget. Both payments were in respect of the Loan Guarantee Fund;
 - The late adoption of S&AB No. 5 /1999 meant that associated changes were not implemented until January 2000. The result of which leads to the Government's figures for 2000 being £2 million lower; and
 - The UK's outturn figure is based on cashflow within a calendar year, whereas ECA figures attempt to match transactions to a particular Community Budget. Some payments to and receipts from a Community Budget for a given year take place in the early weeks of the subsequent year. These are scored in the UK to the year in which the transactions happened, and by the ECA to the Budget for the previous year. Up to £61 million of Structural Funds payments to the UK in 2000 may have been in respect of the 1999 Budget and up to £96 million of Structural Funds payments in 2001 may have been in respect of the 2000 Budget.

There may be other factors which cause the two sets of figures to differ.

The table below reconciles the two figures:

	£ million
UK Government cashflow outturn for 2000	4,192
Private sector receipts	-390
Loan Guarantee Fund payments:	
2000 in respect of 1999 Budget	-8
2001 in respect of 2000 Budget	+4
Late implementation, in January 2000, of Supplementary & Amending Budget No. 5/1999	-2
Structural Fund receipts paid in 2000 which may have been from the 1999 Budget	+61
Structural Fund receipts paid in 2001 which may have been from the 2000 Budget	-96
UK cash flow figure adjusted to reflect main differences compared to European Commission/ECA figure	3,761
European Commission/ECA figure for 2000 outturn	3,767
Net difference due to other factors (such as exchange rate)	-6

TECHNICAL ANNEX III

The European Court of Auditors and the Discharge Process The European Court of Auditors (ECA) is the institution of the Community which is responsible for the external audit of the other Community institutions. Article 248 of the Treaty requires the Court of Auditors to make an Annual Report to the European Parliament and the Council on the implementation of the Community budget, together with a Statement of Assurance as to the reliability of the Community's financial accounts and the legality and regularity of the transactions underlying them. The Court of Auditors also looks at whether the amounts of Own Resources which are due have been calculated and paid over correctly. The Court of Auditors scrutinises the expenses of the Community institutions and the direct expenditure on the Community's interventions, which is managed by the Commission (eg humanitarian aid, research and development). Expenditure managed by Member States (some 85% of the Community budget, mainly on agricultural and structural policies) is also scrutinised. The Court of Auditors is also required to look at the "soundness" of the Community's financial management.

The Court of Auditors sets out its findings in the Annual Report, which is specifically required by the Treaty, and in special reports on specific areas, which it may produce from time to time. The Annual Report includes a separate report on the management of the Sixth and Seventh European Development Funds and a statement of assurance on these. The Court of Auditors also produces separate observations on the accounts of various "satellite bodies" set up by the Community, which are subject to separate discharge procedures under the financial regulations governing them.

The Maastricht Treaty introduced a requirement for the Court of Auditors to supplement its annual reports with annual Statements of Assurance as to the reliability of the accounts and the legality and regularity of underlying transactions. To do this, the Court of Auditors examines a sample of transactions selected from the whole budget using statistical sampling techniques, such that the results from the audit of the sample can be used, with a good level of confidence, to form conclusions about the level of errors, and their likely value, in the whole budget. The first annual Statement of Assurance was produced in respect of the 1994 financial year.

The Court of Auditors' findings inform the Council and the European Parliament (the two arms of the Community's budgetary authority) when they come to consider, under Article 276 of the Treaty, whether to "discharge" the Commission from its responsibilities for execution of the budget for the year in question. The discharge granted to the Commission usually includes comments and requests for further action, on which the Commission has to report back.

TECHNICAL ANNEX IV

The European Anti-Fraud Office (OLAF)

The European Anti-Fraud Office (OLAF) succeeded the Commission's Task Force for the Co-ordination of Fraud Prevention (UCLAF) on 1 June 1999. The Director of OLAF, Franz-Hermann Bruener, took up his post on 1 March 2000. OLAF is a service of the Commission, and is also based in Brussels, but has strong safeguards for its independence. OLAF will eventually have 300 staff (around twice that of its predecessor), and although recruitment of the right staff has been a slow process, OLAF had 260 staff on its books in February 2002. OLAF is organized into three main Directorates:

- Policy, Legislation and Legal Affairs;
- Investigations and Operations; and
- Intelligence, Operational Strategy and Information Technology.

It was a key aim in establishing OLAF that it should have access to other institutions and bodies of the EU rather than be limited to fraud, which takes place in the Commission. Because of its position as part of the Commission, this required the other institutions and bodies to implement decisions allowing OLAF such access. Most of them have done so, including the European Court of Auditors, which attaches understandable importance to its independence.

OLAF's procedures are governed by Regulations 1073/9 and 1074/99. All investigations, both external (in Member States) or internal (in EC institutions), are now opened by a decision of the OLAF Director, either on his own initiative or following a request from the Member State or the institution concerned. When external investigations are concluded, OLAF draws up a report, under the Director's authority, which is sent to the relevant Member State administrative or judicial authorities. (If an external investigation is still in progress after nine months, the Director has to inform OLAF's Supervisory Committee of the reasons why it has not been wound up, and the expected completion date.) Reports on concluded internal investigations are sent to the institution concerned, which must then inform the OLAF Director of action taken.

OLAF's activities in the field of co-ordination include supply of information to Member States, direction or co-ordination of operations in transnational cases, bi-lateral or multi-lateral assistance and the provision of forums (Working Parties inherited from UCLAF) for monitoring and co-ordination of investigations in the most sensitive sectors (alcohol, cigarettes and olive oil).

OLAF carries out four principal operational activities:

- gathering and processing operational data;
- administrative investigations;
- co-ordination/ assistance for operational actions by Member States; and
- monitoring information received and operational results.

OLAF gathers information from various sources: irregularities reported by Member States or the European Court of Auditors, from the Commission, from members of the public via a telephone hotline, professional contacts, press, media etc. Information received prompts the opening of an initial file, and OLAF is building up a risk-analysis system.

TABLES

Table I: Expenditure on the Community Budget Commitments and Payments by Type of Expenditure

	Commitments							Payments						
	1997	1998	1999	2000	2001	2002	1997	1998	1999	2000	2001	2002		
1. Agriculture	40 675	38 748	39 876	40 467	44 024	44 255	40 341	38 810	39 780	40 506	44 024	44 255		
2. Structural operations	30 345	33 366	36 821	20 090	32 720	33 838	26 285	28 366	26 664	27 591	31 574	32 129		
3. Internal policies	5 435	5 917	5 891	6 008	6 232	6 558	4 624	4 879	4 473	5 361	5 855	6 157		
4. External action	5 459	5 671	6 156	4 987	4 929	4 803	3 785	4 068	4 586	3 841	4 371	4 665		
5. Administration	4 215	4 267	4 576	4 686	4 939	5 381	3 769	4 219	4 507	4 643	4 939	5 177		
6. Reserves and repayment	498	272	300	186	916	676	498	272	300	186	916	676		
7. Pre accession aid	0	99	0	3 112	3 240	3 328	0	0	0	1 203	2 101	2 595		
Total	86 627	88 340	93 621	79 536	96 999	98 635	79 302	80 713	80 310	83 331	98 512	95 655		

Notes:

1. Because of rounding the column totals do not necessarily equal the sum of the individual items.

2. Sources: 1997-2000: European Court of Auditors – Annual Reports; 2001, 2002: EU documents.

3. Years 1997-2000 represent outturn figures. Year 2001 represents adopted budget + Supplementary and Amending Budgets 1-5. Year 2002 represents adopted budget + Supplementary and Amending Budgets 1 and 2.

Table IA: Expenditure on the Community Budget Commitments and Payments by Type of Expenditure

	Commitments							Payments						
	1997	1998	1999	2000	2001	2002	1997	1998	1999	2000	2001	2002		
1. Agriculture	28 032	26 012	26 248	24 660	27 375	26 929	27 802	26 054	26 185	24 684	27 375	26 929		
2. Structural operations	20 913	22 399	24 237	12 243	20 346	20 590	18 115	19 043	17 551	16 814	19 633	19 551		
3. Internal policies	3 746	3 972	3 878	3 661	3 875	3 991	3 187	3 275	2 944	3 267	3 641	3 747		
4. External action	3 762	3 807	4 052	3 039	3 065	2 923	2 609	2 731	3 019	2 341	2 718	2 839		
5. Administration	2 905	2 865	3 012	2 856	3 071	3 274	2 598	2 832	2 967	2 829	3 071	3 150		
6. Reserves and repayment	343	183	197	113	570	411	343	183	197	113	570	411		
7. Pre accession aid	0	65	0	1 896	2 015	2 025	0	0	0	733	1 306	1 579		
Total	59 702	59 305	61 625	48 468	60 315	60 019	54 653	54 184	52 863	50 781	61 256	58 206		

Notes:

1. Because of rounding the column totals do not necessarily equal the sum of the individual items.

2. Sources: 1997-2000: European Court of Auditors – Annual Reports; 2001, 2002: EU documents.

3. Years 1997-2000 represent outturn figures. Year 2001 represents adopted budget + Supplementary and Amending Budgets 1-5. Year 2002 represents adopted budget + Supplementary and Amending Budgets 1 and 2.

	Agricultural and Sugar Levies					Customs Duties					VAT Contributions										
	1996	1997	1998	1999	2000	2001	2002	1996	1997	1998	1999	2000	2001	2002	1996	1997	1998	1999	2000	2001	2002
Belgium	98	86	94	99	94	89	56	888	963	1,047	1,004	1,133	1,178	1,022	1,072	1,005	978	969	1061	1134	882
Denmark	43	40	41	45	47	39	27	222	248	254	251	270	281	244	695	679	654	636	648	707	555
Germany	461	430	421	464	486	412	302	3,039	3,002	2,840	2,724	2,866	2,980	2,585	11,497	10,504	8,589	8,552	9,459	8,964	6,006
Greece	18	19	19	21	18	19	12	131	145	145	167	184	191	166	610	598	621	595	597	634	522
Spain	84	68	69	94	81	87	53	539	563	667	725	836	870	754	2,574	2,796	2,686	2,783	2,910	3,061	2,472
France	349	333	325	356	362	306	207	1,193	1,218	1,177	1,130	1,283	1,334	1,157	7,139	6,842	6,297	6,258	6,857	6,952	5,486
Ireland	13	11	11	13	12	11	7	194	214	186	162	187	194	169	342	272	445	450	454	506	404
Italy	135	131	166	187	192	168	122	912	989	1,102	1,092	1,292	1,344	1,166	4,997	3,880	4,512	4,340	4,473	4,848	3,813
Luxembourg	0	1	1	1	0	1	0	18	21	21	20	24	25	21	98	89	107	87	85	98	78
Netherlands	192	230	223	234	242	223	179	1,417	1,498	1,467	1,378	1,505	1,565	1,357	1,836	1,826	1,825	1,779	1,961	2,067	1,308
Austria	41	38	40	43	43	38	26	222	216	201	201	228	237	205	1,051	1,118	977	894	930	1,007	606
Portugal	33	37	43	42	30	41	23	103	118	135	143	153	159	138	514	570	496	531	565	574	463
Finland	18	13	15	14	15	13	10	134	131	124	114	111	115	100	500	515	501	518	544	574	452
Sweden	26	33	41	38	37	35	24	357	330	343	318	353	367	318	1,003	1,170	1,066	952	1,099	1,065	611
United Kingdom	309	456	447	501	498	487	373	2,392	2,588	2,445	2,278	2,687	2,794	2,423	2,521	2,367	3,394	1,821	3,478	-1,502	-64
Total	1,821	1,925	1,955	2,152	2,156	1,968	1,419	11,762	12,247	12,156	11,706	13,112	13,633	11,824	36,448	34,230	33,147	31,165	35,122	30,691	23,594

	Fourth Resource Contributions					TOTALS								
	1996	1997	1998	1999	2000	2001	2002	1996	1997	1998	1999	2000	2001	2002
Belgium	685	918	1,012	1,122	1,101	1,066	1,448	2,743	2,972	3,131	3,194	3,389	3,467	3,409
Denmark	400	538	745	723	720	692	995	1,360	1,506	1,695	1,655	1,685	1,719	1,821
Germany	5,770	7,281	8,783	9,318	8,964	8,372	11,421	20,767	21,217	20,633	21,058	21,775	20,728	20,313
Greece	347	416	525	565	535	524	755	1,107	1,178	1,310	1,348	1,334	1,368	1,454
Spain	1,342	1,940	2,330	2,621	2,617	2,538	3,578	4,539	5,368	5,752	6,222	6,445	6,556	6,857
France	3,729	4,793	5,785	6,269	6,009	5,750	8,068	12,411	13,186	13,584	14,014	14,511	14,343	14,918
Ireland	162	190	343	430	422	421	584	710	687	985	1,055	1,074	1,132	1,163
Italy	2,890	3,666	4,802	5,116	5,043	4,841	6,716	8,935	8,667	10,582	10,734	11,000	11,201	11,817
Luxembourg	47	60	88	86	76	82	113	163	171	217	193	185	205	212
Netherlands	990	1,283	1,589	1,704	1,788	1,714	2,445	4,436	4,838	5,104	5,095	5,497	5,569	5,289
Austria	558	738	868	929	893	859	1,149	1,873	2,110	2,086	2,068	2,094	2,141	1,986
Portugal	257	353	431	511	507	476	670	906	1,078	1,104	1,227	1,255	1,251	1,293
Finland	310	405	505	568	556	544	758	961	1,064	1,146	1,214	1,226	1,246	1,320
Sweden	571	793	934	1,058	1,144	964	1,299	1,957	2,326	2,383	2,365	2,633	2,431	2,253
United Kingdom	3,006	3,516	6,252	6,493	7,204	6,310	8,845	8,227	8,926	12,537	11,092	13,867	8,089	11,576
Total	21,064	26,891	34,991	37,512	37,580	35,153	48,845	71,096	75,293	82,249	82,534	87,969	81,445	85,683

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Table 2A:

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	Agricultural and Sugar levies						Customs Duties						VAT Contributions							
	1996	1997	1998	1999	2000	2001	1996	1997	1998	1999	2000	2001	1996	1997	1998	1999	2000	2001	2002	
Belgium	78	59	63	65	57	55	34	712	664	703	661	691	622	860	692	656	638	646	705	537
Denmark	35	28	28	30	28	24	17	178	171	170	165	165	148	557	468	439	419	395	440	338
Germany	370	297	282	306	296	256	184	2,438	2,069	1,906	1,793	1,746	1,573	9,222	7,239	5,766	5,629	5,764	5,574	3,654
Greece	15	13	13	14	11	12	7	105	100	97	110	112	101	490	412	417	392	364	394	318
Spain	67	47	47	62	50	54	32	432	388	448	477	510	459	2,065	1,927	1,803	1,832	1,773	1,904	1,505
France	280	229	218	234	220	190	126	957	839	790	744	782	704	5,726	4,715	4,227	4,120	4,178	4,323	3,338
Ireland	10	8	7	8	7	7	4	155	147	125	107	114	103	274	187	299	296	276	315	246
Italy	109	90	111	123	117	104	74	732	682	740	719	788	709	4,008	2,674	3,029	2,857	2,726	3,015	2,320
Luxembourg	0	0	0	0	0	0	0	15	15	14	13	14	13	78	61	72	57	52	61	47
Netherlands	154	159	150	154	148	139	109	1,137	1,032	985	907	917	826	1,473	1,259	1,225	1,171	1,195	1,285	796
Austria	33	26	27	28	26	24	16	178	149	135	133	139	147	843	771	656	589	567	626	369
Portugal	26	25	29	28	18	26	14	82	82	91	94	93	84	412	393	333	350	344	357	282
Finland	14	9	10	9	9	8	6	107	91	83	75	67	61	401	355	336	341	331	357	275
Sweden	21	23	27	25	22	21	15	287	227	230	209	215	228	805	806	715	626	670	663	372
United Kingdom	248	314	300	330	303	303	227	1,918	1,784	1,641	1,499	1,637	1,474	2,022	1,631	2,279	1,199	2,120	-934	-39
Total	1,461	1,327	1,312	1,416	1,314	1,224	864	9,435	8,440	8,160	7,705	7,990	7,195	29,236	23,591	22,252	20,514	21,403	19,084	14,357
	Fourth Resource Contributions																			
							TOTALS													
	1996	1997	1998	1999	2000	2001	1996	1997	1998	1999	2000	2001	1996	1997	1998	1999	2000	2001	2002	
Belgium	550	633	679	738	671	663	881	2,200	2,048	2,102	2,102	2,065	2,156	2,074						
Denmark	320	371	500	476	439	430	606	1,091	1,038	1,138	1,089	1,027	1,069	1,108						
Germany	4,628	5,018	5,896	6,134	5,462	5,206	6,950	16,658	14,623	13,851	13,861	13,269	12,889	12,361						
Greece	278	287	352	372	326	326	459	888	812	880	887	813	850	885						
Spain	1,077	1,337	1,564	1,725	1,595	1,578	2,177	3,641	3,699	3,862	4,096	3,928	4,076	4,173						
France	2,991	3,303	3,884	4,127	3,662	3,575	4,910	9,955	9,087	9,119	9,225	8,843	8,918	9,078						
Ireland	130	131	230	283	257	262	355	570	473	661	695	655	704	708						
Italy	2,318	2,527	3,223	3,367	3,073	3,010	4,087	7,167	5,973	7,104	7,066	6,703	6,965	7,190						
Luxembourg	38	41	59	57	47	51	69	131	118	146	127	113	128	129						
Netherlands	794	884	1,067	1,122	1,090	1,066	1,488	3,558	3,334	3,427	3,354	3,350	3,463	3,218						
Austria	448	509	583	611	544	534	699	1,502	1,454	1,400	1,361	1,276	1,331	1,209						
Portugal	206	243	289	336	309	296	408	727	743	741	808	765	778	787						
Finland	248	279	339	374	339	338	461	771	733	769	799	747	775	803						
Sweden	458	547	627	696	697	599	791	1,570	1,603	1,599	1,557	1,604	1,511	1,371						
United Kingdom	2,411	2,423	4,197	4,274	4,390	3,924	5,382	6,599	6,152	8,417	7,301	8,450	5,030	7,044						
Total	16,896	18,532	23,490	24,692	22,901	21,859	29,722	57,027	51,890	55,216	54,327	53,607	50,644	52,138						

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Table 3: United Kingdom contribution to and public sector receipts from the Community Budget

	€ million						£ million							
	1996	1997	1998	1999	2000	2001	2002	1996	1997	1998	1999	2000	2001	2002
Gross Contributions														
Agriculture & Sugar Levies	1,2467	1,4510	1,4896	1,5192	1,6410	1,6082	1,6434	250	316	301	331	303	293	227
Customs Duties	312	459	448	502	497	471	373	1,957	1,800	1,641	1,507	1,630	1,637	1,289
VAT Own Resources	2,439	2,612	2,445	2,290	2,676	2,633	2,119	4,442	3,647	3,758	3,921	4,104	3,624	2,720
Fourth Resource payments	5,538	5,292	5,597	5,956	6,734	5,827	4,470	2,489	2,674	3,516	4,409	4,245	3,874	5,269
VAT & Fourth Resource adjustments	3,103	3,880	5,238	6,698	6,966	6,230	8,659	-4	-446	874	120	236	-49	85
United Kingdom Abatement	-6	-647	1,302	183	388	-79	140	-2,412	-1,733	-1,378	-3,171	-2,085	-4,560	-3,099
Total Contributions	-3,007	-2,515	-2,052	-4,817	-3,421	-7,333	-5,092	6,721	6,258	8,712	7,117	8,433	4,819	6,491
Public Sector Receipts														
EAGGF Guarantee	8,379	9,080	12,978	10,812	13,839	7,750	10,668	2,898	3,169	2,908	2,700	2,502	2,482	2,732
EAGGF Guidance	3,613	4,598	4,332	4,101	4,105	3,992	4,489	31	57	56	48	82	25	56
European Regional Development Fund	773	1,178	531	434	1,622	873	1,601	620	812	357	286	989	543	974
European Social Fund	1,002	893	1,167	660	1,081	595	870	804	616	783	434	659	370	530
Other Receipts	25	11	16	17	16	4	43	20	7	11	11	10	2	26
Total Receipts	5,451	6,763	6,130	5,285	6,959	5,505	7,096	4,373	4,661	4,115	3,479	4,241	3,423	4,318
Net Contributions	2,928	2,317	6,848	5,527	6,880	2,245	3,572	2,348	1,597	4,597	3,638	4,192	1,396	2,174

Notes:

1. For all years sterling figures reflect payments made during the year, not payments in respect of particular budgets. The corresponding euro figures have been converted from sterling at the appropriate annual exchange rate (see glossary).
2. Figures for contributions of customs duties, including those on agricultural products, and sugar levies in 2001 are based on UK projections of our sterling payments to be made during the year.
3. Figures for 2002 are forecasts, those for earlier years are outturn.
4. Because of rounding the column totals do not necessarily equal the sum of the individual items.

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