



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 13.10.2004  
COM(2004) 666 final

Proposal for a

**DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

**on the revision of the financial perspective 2000-2006**

(presented by the Commission)

## EXPLANATORY MEMORANDUM

### **Heading 1 'Agriculture'**

The reform of the common agricultural policy (CAP) adopted by the Council in September 2003<sup>1</sup> foresees a reduction in direct payments ('modulation') to finance rural development policy. That will entail a system of progressive reductions in direct payments to be introduced on a compulsory Community-wide basis for the years 2005 to 2012, to achieve a better balance between policy tools designed to promote sustainable agriculture and those designed to promote rural development and to finance the additional rural development measures.

All direct payments above € 5,000 will be reduced by a given percentage each year. The resulting savings will be used to finance additional measures under rural development policy and allocated to Member States according to objective criteria. The modulation rate will start in 2005 at 3% of amounts to be granted to farmers, rising to 4% in 2006 and reaching 5% for the period 2007-2012.

As a result, part of the commitment appropriations currently foreseen for direct payments under subheading 1a 'Common agricultural policy' of the financial perspective will be transferred to subheading 1b 'Rural development'. This transfer, however, will have no effect on the overall ceiling of heading 1 'Agriculture' since modulation simply implies a zero-sum game between its two subheadings.

The first year (calendar year 2005 = budget year 2006) of this transfer of appropriations coincides with the last year of the current financial perspective.

Modulation will not apply in the new Member States during the period of phasing in of the direct payments.

Current estimates for the commitment appropriations to be transferred from subheading 1a to subheading 1b for the budget 2006 point to a figure of about € 655 million.

Point 10 of the Interinstitutional Agreement (IIA) of 1999 stipulates that "The 2000 to 2006 financial perspective establishes, for each of the years and for each heading or subheading, amounts of expenditure in terms of appropriations for commitments." Point 11.1 adds that "The institutions acknowledge that each of the absolute amounts shown in the 2000 to 2006 financial perspective represents an annual ceiling on expenditure under the general budget of the European Communities."

The introduction of modulation therefore requires the financial perspective to be revised in accordance with the procedure set out in points 19 to 21 of the IIA.

Since the overall ceiling of heading 1 will not change, the Commission proposes to insert the following footnote in the financial perspective tables for the year 2006 for heading 1:

"The respect of the ceilings of the financial perspective does not prevent, in 2006, the transfer of appropriations under subheading 1a to subheading 1b, on account of modulation, under the conditions and within the limits laid down in Article 10 of Council Regulation No 1782/03."

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<sup>1</sup> Regulation (EC) No 1782/2003.

With this modification of the financial perspective, the Commission will then be able to establish the 2006 preliminary draft budget in accordance with the provisions of the 2003 CAP reform.

## **Heading 2 ‘Structural actions’**

The consolidation of the peace process in Northern Ireland, to which the PEACE programme has made an essential and original contribution during the period 2000-2004, still requires some financial support from the European Union for the remaining period of the financial perspective 2000-2006. In this regard, the European Council of 17 and 18 June 2004 notably invited the Commission to examine the possibility of aligning the PEACE II interventions with other structural actions which come to an end in 2006, including their financial implications.

Due to the specific nature of subheading 'Structural funds' in the financial perspective and the absence of margin under this subheading, the supplementary expenditure for PEACE II for the years 2005 and 2006 entails raising the ceiling for commitment appropriations of the subheading 'Structural funds' by the relevant amounts. These amounts are foreseen in the Council Regulation No [...] modifying the EC Regulation No 1260/1999 of 21 June 1999 laying down general provisions on the Structural funds and should be added to the commitment appropriations currently foreseen for the subheading 'Structural funds'.

In accordance with Article 2 of Council Regulation (EC) No 1164/94 establishing a Cohesion Fund, the Commission conducted an eligibility mid-term review. The Regulation stipulates that any Member State whose gross national product (GNP) per capita, measured in purchasing power parities, exceeds 90% of the Community average shall lose its entitlement to assistance from the Fund for new projects. On this basis, the mid-term review concluded that Ireland was no longer eligible to the Cohesion Fund as from 2004. The financial implications of this loss of eligibility are explained in a Communication from the Commission to the Council and the European Parliament<sup>2</sup>.

Article 4 of that regulation stipulates that, in the event of a Member State becoming ineligible, resources for the Cohesion Fund will be reduced accordingly. The commitment appropriations set out for the subheading 'Cohesion fund' in heading 2 of the financial perspective should therefore be reduced by the corresponding amounts.

The Commission therefore proposes the following adjustments necessary to the continuation of the PEACE programme and to the loss of eligibility of Ireland to the Cohesion Fund:

- to increase the ceiling for commitment appropriations of subheading 'Structural funds', decrease that of subheading 'Cohesion fund', and adjust the ceiling of heading 2 'Structural actions' accordingly for the years 2005 and 2006, at 1999 prices;
- to make the technical adjustment of these amounts for the year 2005, in line with the evolution of prices and GNI (gross national income).

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<sup>2</sup> COM(2004) 191 final, 24.3.2004: communication from the Commission to the Council and the European Parliament on the results of the eligibility mid-term review in accordance with article 2 of the Council Regulation (EC) No 1164/94 establishing a Cohesion Fund.

Proposal for a

**DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

**on the revision of the financial perspective 2000-2006**

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community,

Having regard to the Interinstitutional Agreement (IIA) of 6 May 1999 between the European Parliament, the Council and the Commission on budgetary discipline and improvement of the budgetary procedure, and in particular to points 19, 20 and 21 thereof<sup>3</sup>,

Having regard to the proposals from the Commission<sup>4</sup>,

Acting in accordance with the procedure laid down in the fifth subparagraph of Article 272(9) of the Treaty<sup>5</sup>,

Whereas:

- (1) The reform of the common agricultural policy adopted by the Council in September 2003<sup>6</sup> provides for a reduction in direct payments ('modulation') to finance rural development policy to achieve a better balance between policy tools designed to promote sustainable agriculture and those designed to promote rural development and to finance additional rural development measures. The financial perspective set out in Annex I to the Interinstitutional Agreement on budgetary discipline and improvement of the budgetary procedure as revised by Decision 2003/430/EC of the European Parliament and of the Council<sup>7</sup>, hereinafter referred to as the "financial perspective", should therefore be modified to take into account the effect of 'modulation' for the year 2006. As a consequence, commitment appropriations from subheading 1a 'Common Agricultural Policy' can be used to finance additional measures under subheading 1b 'Rural development', with no change in the ceiling of heading 1 'Agriculture'.
- (2) The PEACE programme set up in accordance with Council Regulation (EC) No 1260/1999 of 21 June 1999 laying down general provisions on the Structural Funds<sup>8</sup> has brought an essential contribution to the peace process in Northern Ireland during the period 2000-2004. The consolidation of that process continues to require financial support from the Community for the remaining period of the financial perspective. Due to the specific nature of subheading 'Structural funds' in the financial perspective

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<sup>3</sup> OJ C 172, 18.6.1999, p. 1.

<sup>4</sup> OJ C [...], [...], p. [...].

<sup>5</sup> Decision of the European Parliament of [...] and Decision of the Council of [...]

<sup>6</sup> Regulation (EC) No 1782/2003.

<sup>7</sup> OJ L 147, 14.6.2003, p. 31.

<sup>8</sup> OJ L 161, 26.6.1999, p. 1, Regulation as last amended by Regulation (EC) No [...]

and the absence of margin under this subheading, the supplementary expenditure for the PEACE programme requires an increase in the ceiling for commitment appropriations corresponding to the amounts laid down in Regulation No 1260/1999 as amended by Regulation (EC) No [...]. This adjustment should be reflected also in the ceilings of heading 2 'Structural actions'.

- (3) In accordance with Article 2 of the Council Regulation (EC) No 1164/94 of 16 May 1994 establishing a Cohesion Fund<sup>9</sup>, the Commission conducted an eligibility mid-term review and concluded that Ireland was no longer eligible for the Cohesion Fund as from 2004. The financial implications of that ineligibility are that the total resources for commitments in the period 2004 to 2006 will be reduced by € 164 million (1999 prices)<sup>10</sup>. The financial perspective should therefore be revised by reducing the commitment appropriations under the sub-heading 'Cohesion fund', accordingly. This adjustment should be reflected also in the ceilings of heading 2 'Structural actions'.

HAVE DECIDED AS FOLLOWS:

*Article 1*

The financial perspective set out in Annex I to the Interinstitutional Agreement on budgetary discipline and improvement of the budgetary procedure as revised by Decision 2003/430/EC is revised as follows:

- (1) In heading 1 'Agriculture' of Table 1a, Table 1b, Table 2a and Table 2b the following footnote shall be added to the column for the year 2006:

*"The respect of the ceilings of the financial perspective does not prevent, in 2006, the transfer of appropriations under subheading 1a to subheading 1b, on account of modulation, under the conditions and within the limits laid down in Article 10 of Council Regulation No 1782/2003."*

- (2) The annual ceilings for appropriations for commitments subheading 'Structural funds' in heading 2 of Table 1a, Table 1b, Table 2a and Table 2b shall be amended as follows:

- (a) the figure for the subheading 'Structural funds' shall be raised in 2005 and 2006 by the amount corresponding to the continuation of the PEACE programme;

Additional amounts in <i>structural funds</i> for PEACE II programme	<b>2005</b>	<b>2006</b>
€ million at 1999 prices	+53	+52
€ million at 2005 prices	+60	+59

<sup>9</sup> OJ L 130, 25.5.1994, p. 1. Regulation last amended by the Act of Accession 2003.

<sup>10</sup> COM(2004) 191 final.

- (b) the figure for the subheading 'Cohesion fund' shall be reduced in 2005 and 2006 by the amounts corresponding to the loss of eligibility of Ireland for the Cohesion Fund as from 2004:

Reduced amounts for <i>cohesion fund</i> for Ireland	<b>2005</b>	<b>2006</b>
€ million at 1999 prices	-55	-54
€ million at 2005 prices	-61	-60

- (c) the resulting consolidated change in commitment appropriations for heading 2 'Structural actions' shall be as follows:

Change in heading 2 <i>structural actions</i>	<b>2005</b>	<b>2006</b>
€ million at 1999 prices	-2	-2
€ million at 2005 prices	-1	-1

#### *Article 2*

1. The financial perspective for the European Union, in 1999 prices, is set out in Tables 1a and 1b in the Annex.
2. The corresponding financial perspective resulting from the technical adjustment for 2005, in line with movements in Gross National Income (GNI) and prices, is set out in Tables 2a and 2b in the Annex.

Done at Brussels,

*For the European Parliament*  
*The President*

*For the Council*  
*The President*

## ANNEX

### TABLE 1a: REVISED FINANCIAL PERSPECTIVE (EU-25) AT 1999 PRICES

(EUR million)							
<b>COMMITMENT APPROPRIATIONS</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
<b>1. AGRICULTURE</b>	<b>40.920</b>	<b>42.800</b>	<b>43.900</b>	<b>43.770</b>	<b>44.657</b>	<b>45.677</b>	<b>45.807</b> <sup>(1)</sup>
1a Common Agricultural Policy	36.620	38.480	39.570	39.430	38.737	39.602	39.612
1b Rural development	4.300	4.320	4.330	4.340	5.920	6.075	6.195
<b>2. STRUCTURAL ACTIONS</b>	<b>32.045</b>	<b>31.455</b>	<b>30.865</b>	<b>30.285</b>	<b>35.665</b>	<b>36.500</b>	<b>37.938</b>
Structural funds	29.430	28.840	28.250	27.670	30.533	31.888	32.660
Cohesion fund	2.615	2.615	2.615	2.615	5.132	4.612	5.278
<b>3. INTERNAL POLICIES</b>	<b>5.930</b>	<b>6.040</b>	<b>6.150</b>	<b>6.260</b>	<b>7.877</b>	<b>8.098</b>	<b>8.212</b>
<b>4. EXTERNAL ACTIONS</b>	<b>4.550</b>	<b>4.560</b>	<b>4.570</b>	<b>4.580</b>	<b>4.590</b>	<b>4.600</b>	<b>4.610</b>
<b>5. ADMINISTRATION</b> <sup>(2)</sup>	<b>4.560</b>	<b>4.600</b>	<b>4.700</b>	<b>4.800</b>	<b>5.403</b>	<b>5.558</b>	<b>5.712</b>
<b>6. RESERVES</b>	<b>900</b>	<b>900</b>	<b>650</b>	<b>400</b>	<b>400</b>	<b>400</b>	<b>400</b>
Monetary reserve	500	500	250				
Emergency aid reserve	200	200	200	200	200	200	200
Guarantee reserve	200	200	200	200	200	200	200
<b>7. PRE-ACCESSION STRATEGY</b>	<b>3.120</b>	<b>3.120</b>	<b>3.120</b>	<b>3.120</b>	<b>3.120</b>	<b>3.120</b>	<b>3.120</b>
Agriculture	520	520	520	520			
Pre-accession structural instrument	1.040	1.040	1.040	1.040			
PHARE (applicant countries)	1.560	1.560	1.560	1.560			
<b>8. COMPENSATION</b>					<b>1.273</b>	<b>1.173</b>	<b>940</b>
<b>TOTAL APPROPRIATIONS FOR COMMITMENTS</b>	<b>92.025</b>	<b>93.475</b>	<b>93.955</b>	<b>93.215</b>	<b>102.985</b>	<b>105.126</b>	<b>106.739</b>
<b>TOTAL APPROPRIATIONS FOR PAYMENTS</b>	<b>89.600</b>	<b>91.110</b>	<b>94.220</b>	<b>94.880</b>	<b>100.800</b>	<b>101.600</b>	<b>103.840</b>
<b>Ceiling, appropriations for payments as % of GNI (ESA 95)</b>	<b>1,07%</b>	<b>1,07%</b>	<b>1,10%</b>	<b>1,11%</b>	<b>1,11%</b>	<b>1,08%</b>	<b>1,07%</b>
<b>Margin for unforeseen expenditure</b>	<b>0,17%</b>	<b>0,17%</b>	<b>0,14%</b>	<b>0,13%</b>	<b>0,13%</b>	<b>0,16%</b>	<b>0,17%</b>
<b>Own resources ceiling</b>	<b>1,24%</b>	<b>1,24%</b>	<b>1,24%</b>	<b>1,24%</b>	<b>1,24%</b>	<b>1,24%</b>	<b>1,24%</b>

(1) The respect of the ceilings of the financial perspective does not prevent, in 2006, the transfer of appropriations under subheading 1a to subheading 1b, on account of modulation, under the conditions and within the limits laid down in Article 10 of Council Regulation No 1782/03.

(2) The expenditure on pensions included under the ceiling for this heading is calculated net of staff contributions to the pension scheme, up to a maximum of 1 100 million euros at 1999 prices for the period 2000-2006.

**TABLE 1b: REVISED FINANCIAL PERSPECTIVE (EU-25) AT 1999 PRICES  
(including budgetary implications of a political settlement in Cyprus)**

(EUR million)							
<b>COMMITMENT APPROPRIATIONS</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
<b>1. AGRICULTURE</b>	<b>40.920</b>	<b>42.800</b>	<b>43.900</b>	<b>43.770</b>	<b>44.650</b>	<b>45.675</b>	<b>45.805</b> <sup>(1)</sup>
1a Common Agricultural Policy	36.620	38.480	39.570	39.430	38.740	39.611	39.622
1b Rural development	4.300	4.320	4.330	4.340	5.910	6.064	6.183
<b>2. STRUCTURAL ACTIONS</b>	<b>32.045</b>	<b>31.455</b>	<b>30.865</b>	<b>30.285</b>	<b>35.718</b>	<b>36.577</b>	<b>38.050</b>
Structural funds	29.430	28.840	28.250	27.670	30.571	31.952	32.755
Cohesion fund	2.615	2.615	2.615	2.615	5.147	4.625	5.295
<b>3. INTERNAL POLICIES</b>	<b>5.930</b>	<b>6.040</b>	<b>6.150</b>	<b>6.260</b>	<b>7.891</b>	<b>8.112</b>	<b>8.226</b>
<b>4. EXTERNAL ACTIONS</b>	<b>4.550</b>	<b>4.560</b>	<b>4.570</b>	<b>4.580</b>	<b>4.590</b>	<b>4.600</b>	<b>4.610</b>
<b>5. ADMINISTRATION</b> <sup>(2)</sup>	<b>4.560</b>	<b>4.600</b>	<b>4.700</b>	<b>4.800</b>	<b>5.403</b>	<b>5.558</b>	<b>5.712</b>
<b>6. RESERVES</b>	<b>900</b>	<b>900</b>	<b>650</b>	<b>400</b>	<b>400</b>	<b>400</b>	<b>400</b>
Monetary reserve	500	500	250				
Emergency aid reserve	200	200	200	200	200	200	200
Guarantee reserve	200	200	200	200	200	200	200
<b>7. PRE-ACCESSION STRATEGY</b>	<b>3.120</b>	<b>3.120</b>	<b>3.120</b>	<b>3.120</b>	<b>3.120</b>	<b>3.120</b>	<b>3.120</b>
Agriculture	520	520	520	520			
Pre-accession structural instrument	1.040	1.040	1.040	1.040			
PHARE (applicant countries)	1.560	1.560	1.560	1.560			
<b>8. COMPENSATION</b>					<b>1.273</b>	<b>1.173</b>	<b>940</b>
<b>TOTAL APPROPRIATIONS FOR COMMITMENTS</b>	<b>92.025</b>	<b>93.475</b>	<b>93.955</b>	<b>93.215</b>	<b>103.045</b>	<b>105.216</b>	<b>106.863</b>
<b>TOTAL APPROPRIATIONS FOR PAYMENTS</b>	<b>89.600</b>	<b>91.110</b>	<b>94.220</b>	<b>94.880</b>	<b>100.800</b>	<b>101.600</b>	<b>103.840</b>
<b>Ceiling, appropriations for payments as % of GNI (ESA 95)</b>	<b>1,07%</b>	<b>1,07%</b>	<b>1,10%</b>	<b>1,11%</b>	<b>1,11%</b>	<b>1,08%</b>	<b>1,07%</b>
<b>Margin for unforeseen expenditure</b>	<b>0,17%</b>	<b>0,17%</b>	<b>0,14%</b>	<b>0,13%</b>	<b>0,13%</b>	<b>0,16%</b>	<b>0,17%</b>
<b>Own resources ceiling</b>	<b>1,24%</b>	<b>1,24%</b>	<b>1,24%</b>	<b>1,24%</b>	<b>1,24%</b>	<b>1,24%</b>	<b>1,24%</b>

(1) The respect of the ceilings of the financial perspective does not prevent, in 2006, the transfer of appropriations under subheading 1a to subheading 1b, on account of modulation, under the conditions and within the limits laid down in Article 10 of Council Regulation No 1782/03.

(2) The expenditure on pensions included under the ceiling for this heading is calculated net of staff contributions to the pension scheme, up to a maximum of 1 100 million euros at 1999 prices for the period 2000-2006.



**TABLE 2a: REVISED FINANCIAL PERSPECTIVE (EU-25) AT CURRENT PRICES**

(EUR million)	Current prices						2005 prices
	2000	2001	2002	2003	2004	2005	2006
<b>COMMITMENT APPROPRIATIONS</b>							
<b>1. AGRICULTURE</b>	<b>41.738</b>	<b>44.530</b>	<b>46.587</b>	<b>47.378</b>	<b>49.305</b>	<b>51.439</b>	<b>51.587</b> <sup>(1)</sup>
1a Common Agricultural Policy	37.352	40.035	41.992	42.680	42.769	44.598	44.610
1b Rural development	4.386	4.495	4.595	4.698	6.536	6.841	6.977
<b>2. STRUCTURAL ACTIONS</b>	<b>32.678</b>	<b>32.720</b>	<b>33.638</b>	<b>33.968</b>	<b>41.035</b>	<b>42.440</b>	<b>43.700</b>
Structural funds	30.019	30.005	30.849	31.129	35.353	37.307	37.827
Cohesion fund	2.659	2.715	2.789	2.839	5.682	5.133	5.873
<b>3. INTERNAL POLICIES</b>	<b>6.031</b>	<b>6.272</b>	<b>6.558</b>	<b>6.796</b>	<b>8.722</b>	<b>9.012</b>	<b>9.138</b>
<b>4. EXTERNAL ACTIONS</b>	<b>4.627</b>	<b>4.735</b>	<b>4.873</b>	<b>4.972</b>	<b>5.082</b>	<b>5.119</b>	<b>5.130</b>
<b>5. ADMINISTRATION</b> <sup>(2)</sup>	<b>4.638</b>	<b>4.776</b>	<b>5.012</b>	<b>5.211</b>	<b>5.983</b>	<b>6.185</b>	<b>6.356</b>
<b>6. RESERVES</b>	<b>906</b>	<b>916</b>	<b>676</b>	<b>434</b>	<b>442</b>	<b>446</b>	<b>446</b>
Monetary reserve	500	500	250				
Emergency aid reserve	203	208	213	217	221	223	223
Guarantee reserve	203	208	213	217	221	223	223
<b>7. PRE-ACCESSION STRATEGY</b>	<b>3.174</b>	<b>3.240</b>	<b>3.328</b>	<b>3.386</b>	<b>3.455</b>	<b>3.472</b>	<b>3.472</b>
Agriculture	529	540	555	564			
Pre-accession structural instrument	1.058	1.080	1.109	1.129			
PHARE (applicant countries)	1.587	1.620	1.664	1.693			
<b>8. COMPENSATION</b>					<b>1.410</b>	<b>1.305</b>	<b>1.046</b>
<b>TOTAL APPROPRIATIONS FOR COMMITMENTS</b>	<b>93.792</b>	<b>97.189</b>	<b>100.672</b>	<b>102.145</b>	<b>115.434</b>	<b>119.418</b>	<b>120.875</b>
<b>TOTAL APPROPRIATIONS FOR PAYMENTS</b>	<b>91.322</b>	<b>94.730</b>	<b>100.078</b>	<b>102.767</b>	<b>111.380</b>	<b>114.060</b>	<b>116.555</b>
<b>Ceiling, appropriations for payments as % of GNI (ESA 95)</b>	<b>1,07%</b>	<b>1,08%</b>	<b>1,11%</b>	<b>1,09%</b>	<b>1,11%</b>	<b>1,09%</b>	<b>1,08%</b>
<b>Margin for unforeseen expenditure</b>	<b>0,17%</b>	<b>0,16%</b>	<b>0,13%</b>	<b>0,15%</b>	<b>0,13%</b>	<b>0,15%</b>	<b>0,16%</b>
<b>Own resources ceiling</b>	<b>1,24%</b>	<b>1,24%</b>	<b>1,24%</b>	<b>1,24%</b>	<b>1,24%</b>	<b>1,24%</b>	<b>1,24%</b>

(1) The respect of the ceilings of the financial perspective does not prevent, in 2006, the transfer of appropriations under subheading 1a to subheading 1b, on account of modulation, under the conditions and within the limits laid down in Article 10 of Council Regulation No 1782/03.

(2) The expenditure on pensions included under the ceiling for this heading is calculated net of staff contributions to the pension scheme, up to a maximum of 1 100 million euros at 1999 prices for the period 2000-2006.

**TABLE 2b: REVISED FINANCIAL PERSPECTIVE (EU-25) AT CURRENT PRICES  
(including budgetary implications of a political settlement in Cyprus).**

(EUR million)	Current prices						2005 prices
	2000	2001	2002	2003	2004	2005	2006
<b>COMMITMENT APPROPRIATIONS</b>							
<b>1. AGRICULTURE</b>	<b>41.738</b>	<b>44.530</b>	<b>46.587</b>	<b>47.378</b>	<b>49.297</b>	<b>51.437</b>	<b>51.584</b> <sup>(1)</sup>
1a Common Agricultural Policy	37.352	40.035	41.992	42.680	42.772	44.608	44.621
1b Rural development	4.386	4.495	4.595	4.698	6.525	6.829	6.963
<b>2. STRUCTURAL ACTIONS</b>	<b>32.678</b>	<b>32.720</b>	<b>33.638</b>	<b>33.968</b>	<b>41.094</b>	<b>42.527</b>	<b>43.826</b>
Structural funds	30.019	30.005	30.849	31.129	35.395	37.379	37.934
Cohesion fund	2.659	2.715	2.789	2.839	5.699	5.148	5.892
<b>3. INTERNAL POLICIES</b>	<b>6.031</b>	<b>6.272</b>	<b>6.558</b>	<b>6.796</b>	<b>8.737</b>	<b>9.027</b>	<b>9.154</b>
<b>4. EXTERNAL ACTIONS</b>	<b>4.627</b>	<b>4.735</b>	<b>4.873</b>	<b>4.972</b>	<b>5.082</b>	<b>5.119</b>	<b>5.130</b>
<b>5. ADMINISTRATION</b> <sup>(2)</sup>	<b>4.638</b>	<b>4.776</b>	<b>5.012</b>	<b>5.211</b>	<b>5.983</b>	<b>6.185</b>	<b>6.356</b>
<b>6. RESERVES</b>	<b>906</b>	<b>916</b>	<b>676</b>	<b>434</b>	<b>442</b>	<b>446</b>	<b>446</b>
Monetary reserve	500	500	250	0	0	0	0
Emergency aid reserve	203	208	213	217	221	223	223
Guarantee reserve	203	208	213	217	221	223	223
<b>7. PRE-ACCESSION STRATEGY</b>	<b>3.174</b>	<b>3.240</b>	<b>3.328</b>	<b>3.386</b>	<b>3.455</b>	<b>3.472</b>	<b>3.472</b>
Agriculture	529	540	555	564			
Pre-accession structural instrument	1.058	1.080	1.109	1.129			
PHARE (applicant countries)	1.587	1.620	1.664	1.693			
<b>8. COMPENSATION</b>					<b>1.410</b>	<b>1.305</b>	<b>1.046</b>
<b>TOTAL APPROPRIATIONS FOR COMMITMENTS</b>	<b>93.792</b>	<b>97.189</b>	<b>100.672</b>	<b>102.145</b>	<b>115.500</b>	<b>119.518</b>	<b>121.014</b>
<b>TOTAL APPROPRIATIONS FOR PAYMENTS</b>	<b>91.322</b>	<b>94.730</b>	<b>100.078</b>	<b>102.767</b>	<b>111.380</b>	<b>114.060</b>	<b>116.555</b>
<b>Ceiling, appropriations for payments as % of GNI (ESA 95)</b>	<b>1,07%</b>	<b>1,08%</b>	<b>1,11%</b>	<b>1,09%</b>	<b>1,11%</b>	<b>1,09%</b>	<b>1,08%</b>
<b>Margin for unforeseen expenditure</b>	<b>0,17%</b>	<b>0,16%</b>	<b>0,13%</b>	<b>0,15%</b>	<b>0,13%</b>	<b>0,15%</b>	<b>0,16%</b>
<b>Own resources ceiling</b>	<b>1,24%</b>	<b>1,24%</b>	<b>1,24%</b>	<b>1,24%</b>	<b>1,24%</b>	<b>1,24%</b>	<b>1,24%</b>

(1) The respect of the ceilings of the financial perspective does not prevent, in 2006, the transfer of appropriations under subheading 1a to subheading 1b, on account of modulation, under the conditions and within the limits laid down in Article 10 of Council Regulation No 1782/03.

(2) The expenditure on pensions included under the ceiling for this heading is calculated net of staff contributions to the pension scheme, up to a maximum of 1 100 million euros at 1999 prices for the period 2000-2006.