

COMMISSION OF THE EUROPEAN COMMUNITIES

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COMMUNICATION FROM THE COMMISSION TO THE COUNCIL
AND THE EUROPEAN PARLIAMENT

ADJUSTMENT OF THE FINANCIAL PERSPECTIVE WITH A VIEW TO ENLARGEMENT OF THE EUROPEAN UNION

PROPOSAL FOR THE ADJUSTMENT OF THE FINANCIAL PERSPECTIVE

annexed to the Interinstitutional Agreement of 29 October 1993 on budgetary
discipline and improvement of the budgetary procedure

IN CONNECTION WITH THE ENLARGEMENT OF THE EUROPEAN UNION

Presented by the Commission to Parliament and the Council in accordance with
paragraph 24 of the Interinstitutional Agreement

COMMUNICATION FROM THE COMMISSION TO THE COUNCIL AND
PARLIAMENT

ADJUSTMENT OF THE FINANCIAL PERSPECTIVE WITH A VIEW TO
ENLARGEMENT OF THE EUROPEAN UNION

In anticipation of the accession of four new Member States to the European Union next January, the Commission is sending the budgetary authority this communication on the adjustment of the financial perspective in accordance with paragraph 24 of the Interinstitutional Agreement of 29 October 1993.¹ This paragraph states that "should the Community be enlarged to include new Member States, the institutions, acting on a proposal from the Commission, will adjust the financial perspective to take account of the new requirements and resources of the enlarged Community".

If possible, the institutions should take a decision on this adjustment of the financial perspective before the start of the 1995 financial year so that the budget for that year can be brought into line as soon as possible with the new financial framework laid down for the enlarged Community.

¹ OJ C 331, 7.12.1993, p.1.

METHOD PROPOSED FOR UPDATING THE FINANCIAL PERSPECTIVE1. Updating macroeconomic data: 1995 base

1. The adjustment exercise concerns the financial perspective agreed by the Edinburgh European Council in December 1992 and annexed to the Interinstitutional Agreement. The financial perspective was last adjusted in March to determine the financial framework to be used as a reference in the 1995 budgetary procedure in the twelve-member Community.² In accordance with Community practice, any technical adjustment ahead of the budgetary procedure is not subsequently called into question. The expenditure ceilings set for the current 1995 budgetary procedure cannot therefore be changed for the present Member States.
2. However, accession of new Member States requires a new financial framework which will be binding on the enlarged Community for the next five years. Adjustment of the financial perspective therefore means that the total resources available over the whole of this period have to be accurately determined in order to ensure that the expenditure ceilings chosen are compatible with the Community resources ceiling. For this purpose, the underlying economic parameters must be updated from 1995 onwards and the latest GNP figures must be used for all the present or acceding Member States. The objective is twofold: to take account of the new resources generated by enlargement and of the changes brought about by economic developments in relation to the initially forecast level of resources in the twelve-member Community.
3. The proposals contained in this communication are expressed in 1995 prices. This makes for easy comparison between the new financial framework and the draft budget now being adopted. The 1995 base is also being used in the negotiations on the budgetary consequences of enlargement; in particular, the appropriations allocated to the Structural Funds were fixed in 1995 prices in the Act of Accession. The Commission therefore proposes that the financial perspective for the enlarged Community for 1995-99 be produced in 1995 prices.³

² Commission communication to the Council and Parliament: SEC(94)340 final, 10.3.1994.

³ As the basic regulations for the Structural Funds and the Cohesion Fund were drawn up in 1992 prices, the Commission will continue to use 1992 prices for the annual technical adjustment of the Structural Actions allocations for the twelve present Member States.

This choice of a new base means that for 1996-99 the expenditure ceilings for the twelve-member Community have to be updated on the basis of the most reliable estimate of deflators -- and of GNP in the case of the agricultural guidelines -- in order to ensure compliance with the institutions' policy guidelines, which have so far been set at 1992 prices in the financial perspective annexed to the Interinstitutional Agreement.

Annex I sets out the financial perspective for the Twelve for 1995-99, updated on the basis of the May 1994 economic forecasts but also allowing for an economic recovery that is now clearly more sustained than originally expected. This updated version is compared with the financial perspective following last March's technical adjustment. The Commission has based all its proposals for adjustment on this new updated financial perspective. Annex I also contains the macroeconomic reference data.

2. Implications of the updating of the financial perspective for the Twelve for 1996-99

According to the latest economic forecasts, the rate of economic growth needs to be revised upwards and the rise in the GNP deflator, expressed in ecus, will slow down.

1. This appreciable improvement in the economic situation will have a favourable influence on the financing of the financial perspective. If miscellaneous revenue is included, the balance between the ceiling on the Community's total resources and the ceiling on payment appropriations proposed in the financial perspective will be easily restored over the entire period 1996-99.⁴ The threat which has been hanging over the proper functioning of the Edinburgh financial perspective since last winter has thus disappeared, as the following table shows.

⁴ This improvement in economic growth will not be felt as strongly in 1995 since the ceilings of the financial perspective will, by definition, remain unchanged. However, the balance between the total resources (1.21% of GNP) and the ceiling on payment appropriations should also be restored in 1995 when miscellaneous revenue is incorporated.

ECU million (1995 prices)	1996		1997		1998		1999	
	March 94	Sept 94	March 94	Sept. 94	March 94	Sept. 94	March 94	Sept 94
OWN RESOURCES - PAYMENTS ⁵	-625	128	-926	-108	-641	236	-1015	-80
MISCELLANEOUS REVENUE (estimate)	522	522	522	522	522	522	522	522
TOTAL RESOURCES - PAYMENTS ⁴	-103	650	-404	414	-119	758	-493	442

2. As a result of the fall in the deflator, the ceilings for headings 2 to 6, with the exception of the monetary reserve, which is expressed in current prices, are reduced by around 1% in terms of constant purchasing power over the period as a whole compared with those shown as a guide for 1996-99 in last March's technical adjustment. The ceiling for heading 1, on the other hand, is hardly affected. While the estimated agricultural guideline for 1996-99 is adversely affected by the fall in the deflator, it is boosted by the upward revision of the economic growth rate.

⁵ Estimate based on an assumed growth rate of 2.5% from 1996.

II.

THE NEW RESOURCES OF THE EUROPEAN UNION

While the new resources generated by the improvement of the economic situation will restore the balance between the ceiling on payment appropriations and the total resources of the twelve-nation Community from 1995 onwards, the accession of the four new Member States will increase the Community's maximum financial capacity by ECU 6 209 million in 1995⁶ with an own resources ceiling set at 1.21% of GNP in accordance with the Interinstitutional Agreement and the conclusions of the Edinburgh European Council. A medium-term growth rate of 2.5% has been assumed for the enlarged Community after 1995. The table below sets out the estimated increase in the amount of own resources available over this period.

1995 prices	1995	1996	1997	1998	1999
Own resources ceiling (% of GNP)	1.21%	1.22%	1.24%	1.26%	1.27%
GNP (ECU billion)	513.2	526.0	539.1	552.6	566.4
Increase in own resources ceiling (ECU million)	6209	6417	6685	6963	7194

The Commission proposes that these new financial resources should be allocated to the following objectives:

- (a) raising the ceilings over the entire period in order to cover the new requirements resulting from enlargement;
- (b) boosting various operations for which requirements have been updated;
- (c) restoring and enlarging the margins for unforeseen expenditure which were originally planned at Edinburgh but which have now been taken up by the effects of the past recession.

⁶ The GNP of the acceding countries for 1995 has been revised, in relation to the May 1994 economic forecasts, in the same proportion as for the Twelve.

III.

UTILIZATION OF NEW RESOURCES

1. Assessment of new requirements resulting from enlargement

The Commission has examined the new requirements arising for the Community budget as a result of the accession of new Member States. The amounts laid down in the Act of Accession for the Structural Funds and compensation simply have to be entered in the financial perspective. In most other cases, however, requirements have had to be evaluated.

This evaluation of additional appropriations has been conducted in terms of commitment appropriations. However, an orderly relationship must be maintained between commitment appropriations and payment appropriations. In the light of experience, the overall ceiling on payment appropriations has therefore been estimated on the basis of the ratios between commitments and payments used in drawing up the current financial perspective.

All the budgetary requirements resulting from accession of the new Member States are set out heading by heading in the table in Annex 2.

(a) Common agricultural policy

The Commission is proposing the principle that the agricultural guideline be raised by 74% of the increase in Community GNP resulting from enlargement. This is the approach opted for by the Council in its statement last March⁷ and fits in with the mechanism of the guideline which limits the increase in agricultural expenditure by reference to the level of economic activity in the Community as a whole. This course is appropriate in the current situation since it raises the ceiling of heading 1 in line with the estimate of enlargement-induced additional agricultural expenditure for the four acceding States, as the following table shows.

⁷ Council document 5658/94, p.2; Council minutes (5807/94).

Heading 1 (ECU million) 1995 prices	1995	1996	1997	1998	1999
Increase in guideline ⁸	1310 ⁹	2258	2300	2343	2387
Estimated agricultural expenditure ¹⁰	920	2212	2193	2193	2193

It is proposed that the 1988 base hitherto used as the reference for the calculation of the guideline should be replaced by a new 1995 base for the enlarged Community. The procedure for determining the guideline is described in Annex 3.

The Commission will therefore be proposing in due course that the changes required to adjust the base figure for the agricultural guideline and determine the specific guideline figure for 1995 be incorporated in the decision on budgetary discipline.

(b) Structural operations

1. The ceiling for heading 2 needs to be raised to accommodate the financing of the structural operations provided for in the Act of Accession for the four new Member States. These operations cover not only Objectives 1 to 5b but also the new Objective 6, which is specifically intended for regions with a population density of eight persons per km² or less and for which the rules are laid down in Protocol No 6 to the Accession Treaty.

2. A third subheading also needs to be inserted in heading 2 to cover the commitments entered into by the acceding countries under the EEA financial mechanism in accordance with the procedure set out in Annex 4. It is proposed that ECU 130 million a year at current 1995-98 prices be entered in this new subheading. As the exact amount of payments could fluctuate slightly over the next four years, it is proposed that the Commission should be allowed, if necessary, to make the necessary corrections to the ceiling for this subheading during the annual technical adjustment.

⁸ Based on assumed annual growth of 2.5% a year between 1996 and 1999.

⁹ An increase of ECU 2 217 million, less ECU 907 million in respect of compensations (see Annex 3).

¹⁰ Including accompanying measures from 1995 onwards.

3. The table below sets out the increases required in the ceilings in heading 2.

Heading 2 (ECU million) 1995 prices	1995	1996	1997	1998	1999
OBJECTIVE 1	32	34	37	39	42
OTHER OBJECTIVES	876	900	919	939	957
OBJECTIVE 6	196	207	220	237	249
STRUCTURAL FUNDS – TOTAL	1104	1141	1176	1215	1248
EEA MECHANISM ¹¹	130	130	130	130	0
HEADING 2 – TOTAL	1234	1271	1306	1345	1248

(c) Internal policies

1. The acceding countries are already participating in a number of Community programmes under the EEA agreement and paying a financial contribution which is added to the allocation in the general budget.¹² Following enlargement these amounts must be included under the ceilings of the financial perspective.
2. After this, two different methods have been employed to assess the development of internal policies following enlargement.
 - (a) Where the budgetary requirements for a given policy can be identified accurately in the light of the specific features of this policy within the framework of enlargement, the Commission has taken this evaluation as its basis.
 - (b) Otherwise, since accession to the Community entails full participation in all the internal policies, the allocations must as a rule be increased to avoid any dilution in Community policies to the detriment of the present Member States. The Commission has accordingly assessed the new requirements on the basis of a number of proportionality factors such as GNP or population.

¹¹ At current prices.

¹² In 1995 the contributions from the four acceding countries account for 8.64% of the appropriations entered in the relevant headings of the general budget.

3. In future, the research expenditure entered in the general budget will of course have to include the 8.64% contribution currently made by the acceding countries under the EEA Agreement and extended to the entire framework programme.¹³
4. A major effort will have to be made to develop the trans-European networks in the enlarged Community, particularly in the transport sector, in view of the volume of transit traffic in the Alps and the outlying position of the Scandinavian countries. Reference should be made in this connection to the undertakings given during negotiations on transit through the Alpine range and set out in Protocol No 9 on road, rail and combined transport in Austria. Apart from the need to establish trans-European networks on the territory of the acceding countries and take account of new cross-border links with non-member countries, enlargement will also affect the development of trans-European networks in the present Community. Integration of the new Member States will create new traffic flows in the present Community, underlining the need to speed up development of networks there as well. The Commission is therefore proposing an average increase of 25% in the total budget allocation for trans-European networks over the period 1995-99. In view of the time needed to select projects, the increase would be smaller at first and more substantial at the end of the period.
5. The allocations for a number of specific budget headings for other internal policies will have to be increased substantially to cope with specific situations such as when the national factor (representations and offices, Matthaeus programme, statistics) or the language factor (S series of the Official Journal, Systran programme) plays a special role after the number of countries and languages has been increased by one third. Furthermore, the relative importance of fisheries in Norway justifies a substantial increase in the appropriations allocated to participation in inspection activities in this sector. Finally, at the start of the period, a specific effort must be made in connection with veterinary checks at the Community's external frontiers, particularly in Austria.

¹³ The amount applied for enlargement has been calculated on the basis of an allocation of ECU 13 billion for 1995-98 and an estimate for 1999.

For all the other internal policies, however, GNP and population size would appear to be the two most suitable proportionality factors to be taken into account. Some budget headings could register smaller increases or remain stable (e.g. aid for reconstruction). Of course, subject to this overall constraint, the programmes which now receive contributions from the acceding countries under the EEA Agreement must not suffer any cut in the total funds made available.

An increase of ECU 150 million is therefore considered necessary in 1995 for the other internal policies; this is 10.5% more than the amount entered in the preliminary draft for 1995. This amount should rise over the period at the same rate as the current ceiling for heading 3.

6. This evaluation would lead to an increase of 9.2% in the ceiling for heading 3 in 1995. As the specific outlay on trans-European networks will pick up gradually, the ceiling for heading 3 in the enlarged Community should rise faster than in the present Community. This rise would be an average of 11% over the period 1995-99. As there are no sub-ceilings in this heading, the reasons set out above are intended merely as a guide and do not prejudice the annual budgetary options or legislative decisions, even as regards the research framework programme.

The table below sets out the increase needed in the ceiling for heading 3. As a specific growth path has been proposed for the various policies, the table also gives an indicative breakdown between the three main categories of expenditure financed under heading 3.

Heading 3 (ECU million) 1995 prices	1995	1996	1997	1998	1999
Increase in ceiling	430	483	565	629	679
Research	244	260	277	290	290
Trans-European networks	36	68	126	170	214
Other policies	150	155	162	169	175

7. Furthermore, in accordance with the Act of Accession, the Community budget will have to finance the remaining payments to be made as a result of the acceding countries' participation in certain internal policies in 1994 under the EEA Agreement, as explained in Annex 4. These amounts must be taken into account in the calculation of the overall ceiling for payment appropriations but do not of course count towards the ceiling for commitment appropriations in heading 3.

(e) External action

Enlargement of the Community must not lead to a relative decline in its external action. Expenditure on external action as a proportion of Community GNP must therefore remain constant after enlargement, which means that the ceiling for heading 4 must be increased in proportion to the GNP share of the new Member States.

This method will also allow the Community and its Member States to maintain the same overall level of external aid since the new Member States will probably want to adjust their national aid by the amount of their contribution towards the financing of the Community's external aid. It is also the only way to prevent enlargement from affecting the level and structure (national aid as opposed to aid passing through the Community budget) of the Twelve's external aid. Any other solution would change the Twelve's total outlay or would oblige them to adjust their national aid to maintain the same level of aid overall.

The ceiling for heading 4 should therefore be raised by 8.6% as a result of enlargement alone. Since the development of heading 4 would remain unchanged over the period 1995-99, the following growth path for expenditure should be envisaged.

Heading 4 (ECU million) 1995 prices	1995	1996	1997	1998	1999
Increase in ceiling	394	416	440	472	510

(f) Administrative expenditure

The Commission has conducted a rigorous evaluation of the new costs which enlargement will entail for its administration. The administrative departments of the other institutions, on the authority of the heads of administration, have evaluated their own requirements. Should the institutions revise these estimates, account would have to be taken of the revised figures during the negotiations.

The findings for each institution are analysed in Annex 5. In every case, the language factor plays a decisive role in this evaluation of new tasks. These estimates suggest, as far as the Commission is concerned, that there will be a gradual rise, with moderate amounts in the first two years, since recruitment will be spread over time. The increase in the 1995 Commission budget would thus be 5.1% (5.9% if pensions are not taken into account). For all the other institutions, the increase for 1995 is put at 10.3%.

Eventually, some ECU 410 million should be required for all the institutions together and, the increase for heading 5 would thus average 8.7% over the period 1995-99. Half of the large increase for 1997 is accounted for by the fact that part of Parliament's building programme is to be financed under cover of enlargement, as explained in Annex 5.

The following table shows how the ceiling for heading 5 will rise.

Heading 5 (ECU million)	1995	1996	1997	1998	1999
Increase in ceiling	259	289	381	399	411

(g) Reserves

An increase in the two reserves for external action (the reserve for emergency aid and the guarantee reserve) would maintain the current breakdown between the various financial resources provided for the external action of the European Union. For the same reasons as used in connection with heading 4, the two reserves should be increased in line with the relative share of the GNP of the new Member States, bringing them to ECU 350 million at 1995 prices for the enlarged Community.

The Commission is also proposing an increase in the monetary reserve of ECU 40 million a year at current prices. The ceiling for heading 6 would thus be increased by a total of ECU 100 million a year as a result of enlargement.

(h) Compensation

The Act of Accession provides for the introduction of temporary and gradually declining budgetary compensation for the four new Member States. The amounts for each year and country are laid down in Articles 66, 81, 109 and 134 of the Act of Accession. In order to incorporate these amounts in the financial perspective, the Commission proposes a new heading -- heading 7 -- to be expressed at current prices. The following table breaks down this compensation.

Heading 7 (ECU million) Current prices	1995	1996	1997	1998	TOTAL 95-99
AUSTRIA	583	106	71	35	795
NORWAY	201	128	52	26	407
SWEDEN	488	432	76	31	1027
FINLAND	476	163	65	33	737
TOTAL COMPENSATION (FOUR COUNTRIES)	1748	829	264	125	2966

2. The Community's updated requirements

This evaluation of requirements directly resulting from enlargement shows that financial resources will remain available under the resources ceiling for the enlarged Community. The Community's priority objective must be to use these new resources to restore the margin for unforeseen expenditure as soon as possible and subsequently to widen it.

The Commission has nevertheless pinpointed a number of specific requirements within headings 3 and 4 for which the financing should be carefully reviewed when the financial perspective is adjusted.

1. Heading 3

The ceiling for this heading will have to be raised because of the additional finance for the framework programme for research and, possibly, the programme for the modernization of the Portuguese textile and clothing industry.

○ *Framework programme for research*

Full financing of the new framework programme,¹⁴ including the additional ECU 700 million, the principle of which was agreed at the Brussels European Council in December 1993 and for which a decision is expected in 1996, will entail an increase of around ECU 450 million in the heading 3 ceiling. In this way the relative balance of expenditure in heading 3 would be preserved.

○ *Programme for the modernization of the Portuguese textile and clothing industry*¹⁵

The Commission has proposed that this programme be financed under heading 2 as a Community initiative and it upholds its position. However, if the budgetary authority were to decide to finance the programme under heading 3, the ceiling for this heading would have to be raised by an equivalent amount in order not to crowd out the other policies under heading 3. The total allocation for the programme over the period 1994-99 comes to ECU 400 million.¹⁶

The following table sets out the additional commitment appropriations required for heading 3. These increases in the ceiling do not prejudge the annual budget appropriations, but they must cover the total multiannual allocations planned for the two programmes mentioned above.

Heading 3 -- 1995 prices (ECU million)	1995	1996	1997	1998	1999
Increase in ceiling	75	175	255	260	95

¹⁴ The total amount for the new framework programme has been set at ECU 12.3 billion, to which a maximum additional amount of ECU 700 million may be added.

¹⁵ OJ C 180, 1.7.1994 (94/C180/4), p.15.

¹⁶ This ECU 400 million is expressed at 1994 prices, i.e. ECU 410 million at 1995 prices.

2. Heading 4

In the years ahead the Community budget will have to satisfy three new requirements whose impact could be much bigger than initially envisaged when the financial perspective was prepared in December 1992.

● *Common foreign and security policy (CFSP)*

The way thinking in the institutions has been developing recently on this subject would suggest that the Community budget contribution to the development of CFSP should play a decisive role. But the present financial perspective will allow only a small part of the CFSP to be financed. This adjustment of the financial perspective provides an opportunity to set aside an appropriate volume of resources.

● *Assistance to countries of central and eastern Europe*

It would now appear that a further enlargement to allow in certain central and eastern European countries could be closer than originally thought. The financial perspective must therefore provide the possibility of stepping up assistance programmes in preparation for this eventuality.

● *Support for economic reforms in the Mediterranean countries*

In the years ahead the Mediterranean countries are going to have to make major efforts to reform their economies, something which is already essential if they are eventually to become full members of a wide free trade area. It is in the European Union's interest that a stable social and political climate should exist for this process, the prospect of which has already been opened up by the negotiation of the new agreements. The financial perspective must therefore also offer the possibility of boosting the critical mass to ensure that the Union can provide adequate backing for the economic reform process.

The Commission therefore proposes the following increases in the ceiling for heading 4 from 1997 to 1999.

Heading 4 -- 1995 prices (ECU million)	1997	1998	1999
Increase in ceiling	100	300	300

3. Restoring and widening the margin for unforeseen expenditure

When the requirements linked to enlargement and the additional requirements described above have been taken into account, there is still a substantial safety margin below the own resources ceiling. The 0.01% margin for unforeseen expenditure contained in the initial financial perspective adopted at Edinburgh should be restored in 1995. It would widen gradually to over 0.02% of GNP by the end of the period.

The enlarged Community will thus be far better equipped to contend with any unexpected economic developments and to react to unforeseen events in future years. Recent experience has also shown that it can be useful to have a margin available beneath the own resources ceiling so that any negative balances from earlier years can be financed.

The attached table gives full details of the new financial perspective for the enlarged Community which takes into account the new requirements and resources resulting from enlargement. A second table compares the proposed ceilings with those which would apply in the twelve-nation Community following the latest updating of the financial perspective.

The proposal for the adjustment of the financial perspective, which the Commission is presenting in accordance with the Interinstitutional Agreement and is required in order to give effect to this communication, is attached.

The Commission will also be sending in due course a proposal relating to the Decision concerning budgetary discipline, which will be needed to determine the new level of the guideline and the monetary reserve.

FINANCIAL PERSPECTIVE
FOR THE ENLARGED COMMUNITY

APPROPRIATIONS FOR COMMITMENTS
ECU MILLION - 1995 PRICES

	1995	1996	1997	1998	1999
1. COMMON AGRICULTURAL POLICY	38304	39936	40641	41365	42106
2. STRUCTURAL OPERATIONS	26498	27885	29557	31421	33198
Structural Funds	24216	25359	26764	28575	30429
Cohesion Fund	2152	2396	2663	2716	2769
EEA Financial mechanism	130	130	130	130	
3. INTERNAL POLICIES	5157	5472	5836	6118	6206
4. EXTERNAL ACTION	4999	5272	5684	6289	6774
5. ADMINISTRATION	4111	4219	4428	4499	4565
6. RESERVES	1240	1240	1240	1240	1240
Monetary reserve	540	540	540	540	540
Guarantee	350	350	350	350	350
Emergency aid	350	350	350	350	350
7. COMPENSATION	1748	829	264	125	
8. TOTAL APPRS. FOR COMMITMENTS	82057	84853	87650	91057	94089
9. TOTAL APPRS. FOR PAYMENTS	78316	80443	83630	86716	89488
Appropriations for payments as % of GNP	1,20	1,21	1,22	1,24	1,25
Margin as % of GNP	0,01	0,01	0,02	0,02	0,02
Own resources ceiling as % of GNP	1,21	1,22	1,24	1,26	1,27

FINANCIAL PERSPECTIVE

DIFFERENCE EUR/16 - EUR/12

APPROPRIATIONS FOR COMMITMENTS ECU MILLION - 1995 PRICES

	1995	1996	1997	1998	1999
1. COMMON AGRICULTURAL POLICY	1310	2258	2300	2343	2387
2. STRUCTURAL OPERATIONS	1234	1271	1306	1345	1248
Structural Funds	1104	1141	1176	1215	1248
Cohesion Fund					
EEA Financial mechanism	130	130	130	130	
3. INTERNAL POLICIES	505	658	820	889	774
4. EXTERNAL ACTION	394	416	540	772	810
5. ADMINISTRATION	259	289	381	399	411
6. RESERVES	94	100	100	100	100
Monetary reserve	40	40	40	40	40
Guarantee	27	30	30	30	30
Emergency aid	27	30	30	30	30
7. COMPENSATION	1748	829	264	125	
8. TOTAL APPRS. FOR COMMITMENTS	5544	5821	5711	5974	5730
9. TOTAL APPRS. FOR PAYMENTS	5392	5601	5418	5604	5364
Appropriations for payments as % of GNP	-0,01	-0,01	-0,02	-0,02	-0,03
Margin as % of GNP	0,01	0,01	0,02	0,02	0,03

ANNEX 1: Updating of the financial perspective of the twelve-nation Community

1. Table A sets out the macroeconomic framework chosen for this updating of the financial perspective. This framework is based on the latest figures for 1993-95 which the Commission used when producing its economic forecasts in May 1994. In the light of the most recent developments, however, the growth prospects for the Community as a whole have been revised.

The nominal GNP forecast for 1995 (expressed in ecus) has risen by around 0.5% in relation to the figure used for last March's adjustment (economic forecasts of November 1993). In addition, the relative movement of the deflator in ecus and real growth have changed quite appreciably over the period 1993-95. The cumulative growth rate has risen by almost 1.6% in relation to the November 1993 forecasts while the cumulative deflator has fallen by a little over 1% as a result of the fall of the deflators expressed in national currencies and exchange rate movements.

2. On the basis of the method traditionally used for the technical adjustment, the various ceilings in the financial perspective for the period 1996-99 have been calculated by applying the change in the GNP deflator (expressed in ecus) from 1992 to 1995, except in the case of the subheading for the monetary reserve in heading 6, which was fixed from the start at current prices.

In the case of heading 1, the forecast level of the updated agricultural guideline for 1996-99 was recalculated in the light of the latest economic data and estimates available for 1988-95¹⁷ in accordance with the principles contained in the Council Decision concerning budgetary discipline and on the basis of an annual growth rate of 2.5% beyond 1995.

3. In Table B the updated financial perspective used by the Commission as a basis for drawing up the proposals in this communication is compared with the financial perspective resulting from last March's technical adjustment.

¹⁷ The economic data for 1988-95 are set out in Table A of Annex 3 (Agricultural guideline).

TABLE A
Community GNP - Figures and forecasts (EUR 12)

	1992	1993	1994	1995
Real growth rate				
% change per year				
-Adjustment for 1993		1,4		
-Adjustment for 1994		0,6	1,8	
-Adjustment for 1995		-0,7	1,2	2,1
-Economic forecasts, may 1994		-0,5	1,6	2,5
-Updated figures		-0,5	2,0	2,7
GNP deflator in ecus				
% change per year				
-Adjustment for 1993		4,3		
-Adjustment for 1994		2,3	3,5	
-Adjustment for 1995		1,5	2,8	3,1
-Updated figures		1,4	2,4	2,6
GNP at current prices				
ECU billion				
-Adjustment for 1993	5410	5720		
-Adjustment for 1994	5398	5558	5855	
-Adjustment for 1995	5405,4	5449,7	5668,5	5963,8
-Updated figures	5403,2	5449,1	5690,4	5995,2

TABLE B: TWELVE-MEMBER COMMUNITY

**NEW UPDATED FINANCIAL PERSPECTIVE
APPROPRIATIONS FOR COMMITMENTS**

ECU million	1995 PRICES				
	1995	1996	1997	1998	1999
COMMON AGRICULTURAL POLICY	36994	37678	38341	39021	39719
STRUCTURAL OPERATIONS	25264	26614	28251	30076	31950
Structural Funds	23112	24218	25588	27360	29181
Cohesion Fund	2152	2396	2663	2716	2769
INTERNAL POLICIES	4652	4814	5016	5229	5432
EXTERNAL ACTION	4605	4856	5144	5517	5964
ADMINISTRATION	3852	3930	4047	4100	4154
RESERVES	1146	1140	1140	1140	1140
Monetary reserve	500	500	500	500	500
Guarantee	323	320	320	320	320
Emergency aid	323	320	320	320	320
TOTAL APPRS. FOR COMMITMENTS	76513	79032	81939	85083	88359
TOTAL APPRS. FOR PAYMENTS	72924	74842	78212	81112	84124
Appropriations for payments as % of GNP	1,22	1,22	1,24	1,26	1,27
Margin as % of GNP	-0,01	0,00	0,00	0,00	0,00
Own resources ceiling as % of GNP	1,21	1,22	1,24	1,26	1,27

**FINANCIAL PERSPECTIVE (MARCH 1994 - 1995 ADJUSTMENT)
APPROPRIATIONS FOR COMMITMENTS**

ECU million	1995 PRICES				
	1995	1996	1997	1998	1999
1. COMMON AGRICULTURAL POLICY	36994	37660	38343	39043	39760
2. STRUCTURAL OPERATIONS	25264	26889	28542	30386	32280
Structural Funds	23112	24468	25852	27642	29482
Cohesion Fund	2152	2421	2690	2744	2798
3. INTERNAL POLICIES	4652	4864	5068	5283	5488
4. EXTERNAL ACTION	4605	4907	5197	5574	6026
5. ADMINISTRATION	3852	3970	4089	4143	4196
6. RESERVES	1146	1146	1146	1146	1146
Monetary reserve	500	500	500	500	500
Guarantee	323	323	323	323	323
Emergency aid	323	323	323	323	323
8. TOTAL APPRS. FOR COMMITMENTS	76513	79436	82385	85575	88896
9. TOTAL APPRS. FOR PAYMENTS	72924	75202	78621	81563	84618
Appropriations for payments as % of GNP	1,22	1,23	1,25	1,27	1,29
Margin as % of GNP	-0,01	-0,01	-0,01	-0,01	-0,02
Own resources ceiling as % of GNP	1,21	1,22	1,24	1,26	1,27

ANNEX 2: Direct enlargement-induced requirements

1. The first table below sets out the necessary increases in the ceilings of the financial perspective as a result of the accession of the four new Member States. However, this increase in the ceilings concerns the Community as a whole and does not prejudice the allocation of expenditure pursuant to budgetary decisions. The figure for heading 1 corresponds to the increase in the guideline.

2. A second table contains a number of basic data about the four acceding countries.

FINANCIAL PERSPECTIVE
APPROPRIATIONS FOR COMMITMENTS
ECU MILLION - 1995 PRICES

4 ACCEDING COUNTRIES					
	1995	1996	1997	1998	1999
1. COMMON AGRICULTURAL POLICY	1310	2258	2300	2343	2387
2. STRUCTURAL OPERATIONS	1234	1271	1306	1345	1248
Structural Funds	1104	1141	1176	1215	1248
Cohesion Fund					
EEA Financial mechanism	130	130	130	130	
3. INTERNAL POLICIES	430	483	565	629	679
4. EXTERNAL ACTION	394	416	440	472	510
5. ADMINISTRATION	259	289	381	399	411
6. RESERVES	94	100	100	100	100
Monetary reserve	40	40	40	40	40
Guarantee	27	30	30	30	30
Emergency aid	27	30	30	30	30
7. COMPENSATION	1748	829	264	125	
8. TOTAL APPRS. FOR COMMITMENTS	5469	5646	5356	5413	5335
9. TOTAL APPRS. FOR PAYMENTS	5321	5443	5114	5141	5044

ACCEDING COUNTRIES: SOME BASIC DATA

	A	N	S	SF	E/4	E/12	E/16
GNP (*)	169,89	93,81	171,74	77,72	513,2	5995,2	6508,4
GNP SCALE (**)	2,83%	1,56%	2,86%	1,30%	8,56%	100%	
POPULATION	8006	4334	8808	5068	26216	347597	373813
POPULATION SCALE	2,30%	1,25%	2,53%	1,46%	7,54%	100%	
AREA	84	324	380	337	1125	2261	3386
AREA SCALE	3,71%	14,34%	16,81%	14,91%	49,77%	100%	
GDP 1993 (USD)	181,2	103,2	185,3	81,8	552	6234	
EEA SCALE (***)	2,82%	1,63%	2,89%	1,30%	8,64%		

(*) The GNP of the acceding countries for 1995 has been revised, in relation to the May 1994 economic forecasts, in the same proportion as for the Twelve.

(**) 1995 GNP forecasts in ecus

(***) Figure used for the preliminary draft 1995 budget (1993 GDP in USD)

ANNEX 3: Procedure for calculating the agricultural guideline in the enlarged Community

1. With a view to the forthcoming enlargement, the Commission is proposing a new reference base for the agricultural guideline in a bid to enhance transparency.

Like the method chosen to determine the new framework for the financial perspective at 1995 prices, the new 1995 reference base for the agricultural guideline must incorporate the latest macroeconomic figures and forecasts available for the period 1988-95. To this end, there has been a notional recalculation of the guideline for 1995 for the twelve-member Community in accordance with the principles set out in the Decision concerning budgetary discipline. The result of this updating is shown in Table A.

2. The method chosen for establishing the new base for the guideline of the enlarged sixteen-member Community is described in Table B.

This new base would be obtained from the amount of corrected expenditure for 1995 at 1995 prices -- excluding specific items (sugar and isoglucose levy, ACP sugar refunds and food aid refunds) -- as recalculated in Table A from the latest economic parameters available for the twelve-member Community. This ECU 35 000 million would be increased by 74% of the increase in GNP due to enlargement, i.e. by ECU 2 217 million, in accordance with the principle explained in this communication.

The new basic amount -- excluding specific items (sugar and isoglucose levy, ACP sugar refunds and food aid refunds) -- would thus be ECU 37 217 million. This will be the figure used to determine the guideline for future years, with the calculation procedure unchanged but with account being taken of the development of the real GNP growth rate and deflator (in ecus) since 1995 and with the addition each year of the specific items estimated for that year.

3. An ad hoc figure will have to be produced for 1995. The agricultural guideline set for the Twelve in the preliminary draft budget (ECU 36 994 million) will have to be increased by ECU 2 217 million as a result of enlargement, as mentioned above.

However, in accordance with the Council statement,¹⁸ ECU 907 million must be deducted to compensate the new Member States for the fact that they are not eligible to direct per-hectare aid and beef premiums. As these amounts will not be paid out under the common agricultural policy but in the form of compensation, it is logical that they should be deducted from the guideline in 1995. The total amount of the guideline applicable in 1995, the calculation of which is also described in Table B, would thus be ECU 38 304 million.

¹⁸ Council document 5658/94, p.2; Council minutes (5807/94).

TABLE A : UPDATING OF THE AGRICULTURAL GUIDELINE IN 1995
on the basis of updated GNP

ECU million

UPDATED 1995 BASE		PDB 1995 (for info.)
BASIC EXPENDITURE (1988 budget)	27.500	27.500
<i>Less:</i>		
- sugar and isoglucose levy	1.540	1.540
- food aid refunds	386	386
- ACP sugar refunds	660	660
- Subtotal	2.586	2.586
CORRECTED EXPENDITURE (1988 prices)	24.914	24.914
REAL GNP GROWTH RATE		
1989	3,60%	3,70%
1990	3,00%	3,10%
1991	1,50%	1,50%
1992	1,00%	1,10%
1993	-0,50%	-0,70%
1994	2,00%	1,20%
1995	2,70%	2,10%
<i>Cumulative growth rate</i>	14,02%	12,57%
<i>74 % of cumulative growth rate</i>	10,37%	9,30%
CORRECTED EXPENDITURE (1988 prices)	27.499	27.231
GNP DEFLATOR		
1989	5,10%	5,10%
1990	4,50%	4,40%
1991	5,10%	5,10%
1992	3,50%	3,50%
1993	1,40%	1,50%
1994	2,40%	2,80%
1995	2,60%	3,10%
<i>Cumulative growth rate</i>	27,28%	28,40%
CORRECTED EXPENDITURE (1995 prices)	35.000	34.964
<i>Plus estimated needs for:</i>		
- sugar and isoglucose levies	1.253	1.253
- food aid refunds	142	142
- ACP sugar refunds	635	635
- Subtotal	2.030	2.030
AGRICULTURAL GUIDELINE	37.030	36.994

TABLE B: DETERMINATION OF THE GUIDELINE

NEW REFERENCE BASE AND AD HOC AMOUNT FOR 1995

ECU MILLION - 1995 PRICES	NEW BASE	1995 GUIDELINE
TWELVE-MEMBER COMMUNITY		
BASIC EXPENDITURE (1988)	27500	
LESS specific items	2586	
CORRECTED EXPENDITURE (1988)	24914	
CUMULATIVE GNP GROWTH RATE	14,0	12,8
of which 74 %	10,4	9,3
CORRECTED EXPENDITURE 1995 (1988 prices)	27499	27231
CUMULATIVE DEFLATOR	27,3	28,4
A: CORRECTED EXPENDITURE 1995 (1995 prices)	35000	34964
PLUS specific items for 1995		2030
B: AGRICULTURAL GUIDELINE IN FORCE		36994

IMPACT OF ENLARGEMENT		
BASE EUR 12	35000	
RELATIVE SHARE OF GNP OF THE FOUR ACCEDING COUNTRIES	8,56%	
of which 74 %	6,334%	
C: ADDITIONAL AMOUNT DUE TO ENLARGEMENT	2217	
D: COMPENSATION		-907
E: AGRICULTURAL GUIDELINE EUR 16 FOR 1995 (B) + (C) + (D)		38304
F: NEW 1995 BASE FOR FUTURE CALCULATION OF GUIDELINE (1) (A) + (C)	37217	

(1) The figure for the specific items for the year in question must be added. In the financial perspective these specific items have been left, as a guide, at their 1995 level. The actual amount will be determined each year in accordance with the principles established by the Decision concerning budgetary discipline.

ANNEX 4: Financing the commitments resulting from the EEA Agreement

During the accession negotiations the European Union agreed to finance two types of financial commitment entered into by the acceding countries under the EEA Agreement in addition to the compensation entered under the new heading 7. They were the contribution of the new Member States towards the cost of the EEA financial mechanism¹⁹ set up by Articles 116 and 117 of the EEA Agreement and Protocol 38 to that Agreement, and the payments²⁰ resulting from commitments entered into in 1994 under Article 82 of the EEA Agreement. In both cases, the amounts mentioned in this communication are intended merely as a guide, and the European Union will only have to cover obligations actually arising from the EEA Agreement.

EEA financial mechanism

This mechanism is intended to contribute to the development of the least-favoured regions of the Community; between 1994 and 1998 it will pay out annual subsidies of ECU 100 million, together with 2% interest rebates on loans totalling ECU 1.5 billion spread equally over this five-year period. The financial mechanism will be administered by the EIB to avoid changing the current system, which will have to be retained since not all the EEA countries will be joining the European Union. However, it is the budget of the Union which will cover the commitments which should have been borne by the new Member States between 1995 and 1998.

The amounts proposed for this new subheading are those reached in the compromise which concluded the negotiations -- ECU 130 million a year at current prices from 1995 to 1998. However, the amount actually paid to the EIB will correspond exactly to the commitments arising from the EEA Agreement.

Payments arising as a result of certain internal policies in 1994

In 1994 the acceding countries will have taken part in a number of internal policies under the EEA Agreement. The Act of Accession states that the Union budget will assume the cost of the contribution by the new Member States to the financing of payments still to be made against commitment appropriations outstanding from 1994. These amounts have to be taken into account when adjusting the financial perspective; hitherto they have not been covered by the financial perspective since they were financed by the acceding countries. The overall ceiling for appropriations for payments will therefore have to be raised to include these amounts, which were estimated during the accession negotiations at around ECU 110 million for the period as a whole and can be broken down into roughly ECU 70 million in 1995, ECU 30 million in 1996 and ECU 10 million in 1998.

¹⁹ Articles 68, 83, 111 and 136 of the Act of Accession.

²⁰ Articles 67, 82, 110 and 135 of the Act of Accession.

ANNEX 5: Administrative expenditure of the institutions

Each institution has evaluated the impact which enlargement will have on its budget.²¹

In the case of the Commission, the amounts contained in this annex reflect the deliberately strict guidelines set by the Commission itself for adapting its administration as a result of enlargement.

For the other institutions, the evaluations come from their administrative departments, on the authority of the head of administration, and are not binding on those institutions.

The requirements identified by the various institutions are set out in the attached table. In every case, the language factor appears to be a particularly important constraint, since the introduction of three new languages will involve net supplementary costs.

1. Commission

The Commission's administrative organization will be doubly affected by enlargement. First, the Commission will assume specific new tasks. Secondly, nationals from the four new Member States will have to be recruited to ensure balance.

(a) New tasks

Language service

For each of the new languages, the language service must recruit staff in numbers equivalent to what the other languages have at present; this will require the creation of 481 new posts. For the same reasons, recruitment will have to take place fairly rapidly within a space of three years, with 50% of the staff being recruited in the first year.

²¹ The following technical assumptions were used by all the institutions:

- BFR/ECU exchange rate: 40.1069 (rate adopted for the preliminary draft 1995 budget)
- purchasing power of salaries constant over the period 1995-99.

Other departments

The Commission estimates that some 550 new posts will be needed to cope with new tasks. It has adopted a deliberately restrictive approach, cutting down the requirements put forward by its departments; all the new tasks resulting from enlargement will therefore have to be carried out under the normal budgetary procedures and by means of a policy of redeployment. Similarly, recruitment could be staggered evenly over five years.

(b) Recruitment of nationals from the new Member States

This increase in staff numbers will not in itself ensure a balanced representation of nationals from the new Member States. This objective will have to be achieved gradually over an estimated five years as part of the turnover of posts (natural wastage) and in accordance with the annual budgetary procedures. Contrary to what was done at the time of previous enlargements, the Commission will not use the voluntary termination-of-service arrangements, thereby avoiding any additional cost to the budget.

Expenditure on buildings and administrative expenditure was evaluated in detail on the basis of this assumption concerning staff and, where appropriate, on the basis of other relevant parameters.²²

The amounts given by the Commission in the summary table of administrative expenditure also include the budget estimates for the Publications Office, which are added to the Commission's requirements set out above. Enlargement will considerably increase the Office's workload, mainly for linguistic reasons. The cost will be around ECU 11 million a year, resulting from recruitment in 1995 of seventy linguists and fifty administrative staff.

The overall outcome of this evaluation of requirements is a limited 5.1% increase in the Commission's budget for 1995 (5.9% when pensions are excluded), compared with the appropriations entered in the preliminary draft budget for 1995. The cost of enlargement for the Commission thus comes to 3.4% of the overall ceiling for heading 5 in 1995 and 4.8% of this ceiling in 1999.

²² In particular, a significant increase is expected in Chapter A-25 (Expenditure on formal and other meetings) as a direct result of the increase in the number of Member States by one third and the higher transport costs for the outlying Member States.

2. Other institutions

The requirements identified by the other institutions are summarized below. In 1995 an increase of around 10.3% is to be expected for the other institutions compared with their statements of estimates.

As a rule, in addition to the language factor, the accession of four new Member States and the corresponding increases in the number of members of the institution will have an appreciable effect on the budgets of the institutions with the smallest staff.

Parliament

Staff: Parliament plans to recruit 390 new officials over a period of three years; 310 of these posts will be for the language service alone. Eighty voluntary retirements are planned.

Buildings: Parliament has not conducted a specific evaluation of the additional expenditure on buildings arising from enlargement, since a detailed breakdown of its building programme is not considered possible. However, although this programme was adopted in a twelve-nation Community, notably in response to the decision on the seats of the institutions, it was also devised to accommodate a possible enlargement, the various buildings, and in particular the chambers, being adapted to the new requirements of an enlarged Community. Part of the cost of this programme, which would hardly have been feasible from the budgetary angle under the current ceiling for heading 5, has therefore been included with the requirements arising from enlargement: this involves a fixed amount of around ECU 50 million a year between 1997 and 1999.²³

Council

Staff: Recruitment of 330 new staff over two years, half of them in 1995.

Buildings: One additional building to be rented.

²³ This amount cannot be directly divided between each acceding country. It will have to be financed whatever happens and must therefore be taken into account for an increase in the ceiling for heading 5.

Economic and Social Committee²⁴

Staff: Recruitment of 116 staff in 1995 (108 new posts and eight posts resulting from voluntary retirement), including 63 officials for the translation service.

Buildings: Extra space to be rented in the existing building.

Committee of the Regions²⁴

The Commission has not received any requests from the Committee of the Regions. As a precaution, an amount equivalent to half the requests made by the Economic and Social Committee for its own needs has been pencilled in.

Court of Justice

Staff: In addition to the ten new Members (including those for the Court of First Instance), it is planned to create 269 additional posts. Of this total, 137 posts will be needed in the language services and 58 in the Chambers. Whereas these posts are to be filled in 1995, the creation of 74 posts for the departments will be spread over a number of years.

Buildings: Corresponding increase in surface area.

Court of Auditors

Staff: In addition to the four new Members, the plans are to recruit 110 staff in 1995, ninety of them in newly created posts and twenty in posts made vacant through voluntary retirement. As with the Court of Justice, much of the increase is accounted for by the language services and the Members' Offices.

Buildings: Corresponding increase in surface area.

²⁴ The ESC estimates did not take account of the creation of the Common Organizational Structure. The amounts estimated for the two Committees in respect of enlargement will therefore have to be devoted in part to the Common Organizational Structure.

**ADMINISTRATIVE EXPENDITURE
RESULTING FROM ENLARGEMENT**

ECU million	1995 PRICES				
	1995	1996	1997	1998	1999
ADMINISTRATIVE EXPENDITURE	259	289	381	399	411
COMMISSION + OPEC	130	145	172	187	198
Staff	60,5	73,9	93,9	106,4	112,4
Administration	61,3	59,2	62,2	63,6	65,7
Buildings	6,3	8,8	11,4	12,7	14,7
Other expenditure on premises	2,2	3,2	4,3	4,7	5,1
OTHER INSTITUTIONS - TOTAL	129	143	209	212	213
PARLIAMENT (1)	45	56	114	115	116
Staff	30,3	42,3	50,2	51,3	52,1
Administration	12,3	12,5	12,9	13,1	13,3
Buildings	0,7	0,7	50,7	50,7	50,8
Other expenditure on premises	1,3	0,2	0,2	0,2	0,2
COUNCIL	26	28	34	35	35
Staff	6,7	18,6	24,6	24,9	25,3
Administration	16,9	7,3	7,2	7,3	7,4
Buildings	1,9	1,9	1,9	2,0	2,0
Other expenditure on premises	0,7	0,7	0,7	0,7	0,7
ECONOMIC AND SOCIAL CTTEE	17	13	13	13	13
Staff	11,3	9,0	9,1	9,0	9,0
Administration	1,6	0,7	0,5	0,8	0,9
Buildings	1,1	1,8	1,8	1,8	1,8
Other expenditure on premises	3,3	1,6	1,4	1,4	1,4
COMMITTEE OF THE REGIONS (2)	9	7	6	7	7
COURT OF JUSTICE	21	24	26	26	26
Staff	17,6	21,2	22,4	22,7	22,8
Administration	2,3	2,1	2,8	2,8	2,8
Buildings	0,7	0,7	0,7	0,7	0,7
Other expenditure on premises	0,2	0,2	0,2	0,2	0,2
COURT OF AUDITORS	11	15	15	15	15
Staff	8,0	11,6	11,6	11,6	11,6
Administration	2,1	2,3	2,3	2,3	2,3
Buildings	1,3	1,3	1,3	1,3	1,3
Other expenditure on premises	0,1	0,2	0,2	0,2	0,2

(1) Including an estimated ECU 50 million a year from 1997 for part of Parliament's building programme.

(2) As a precaution, an amount equivalent to half the requests made by the Economic and Social Committee for its own needs has been pencilled in.

PROPOSAL FOR THE ADJUSTMENT OF THE FINANCIAL PERSPECTIVE

annexed to the Interinstitutional Agreement of 29 October 1993 on budgetary discipline and improvement of the budgetary procedure

IN CONNECTION WITH THE ENLARGEMENT OF THE EUROPEAN UNION

Presented by the Commission to Parliament and the Council in accordance with paragraph 24 of the Interinstitutional Agreement

**Decision on the adjustment of the financial perspective annexed to the
Interinstitutional Agreement of 29 October 1993 on budgetary discipline and
improvement of the budgetary procedure**

The European Parliament, the Council of the European Union and the European Commission,

Having regard to paragraph 24 of the Interinstitutional Agreement on budgetary discipline and improvement of the budgetary procedure,¹

Having regard to the Act relating to the conditions of accession for Norway, Austria, Finland and Sweden,²

Having regard to the proposal from the Commission,

Whereas the financial perspective for 1993-99 annexed to the Interinstitutional Agreement must be adjusted in respect of the period 1995-99 to take account of the new requirements and resources of the enlarged Community,

HAVE DECIDED AS FOLLOWS

Sole article

1. For each of the years from 1995 to 1999, the amounts contained in the financial perspective in Annex I to the Agreement are replaced by the amounts contained in the table attached to this decision.

2. These new amounts are expressed in 1995 prices, with the exception of the EEA financial mechanism (subheading 2.3), the monetary reserve (subheading 6.1) and compensation (heading 7), which are in current prices.

¹ OJ C 331, 7.12.1993, p.1.

² OJ C 241, 29.8.1994, p.21.

3. In the case of the allocations for structural actions under heading 2 as determined in the initial financial perspective for the twelve Member States concerned, the Commission shall conduct its annual technical adjustment of these amounts on the basis of 1992 prices.

4. The ceiling for subheading 2.3 (EEA financial mechanism) may be altered, if necessary, by the technical adjustment procedure provided for in paragraph 9 of the Interinstitutional Agreement in line with the actual payments to be made in this respect during each financial year concerned.

Done at Brussels,

For Parliament,

For the Council,

For the Commission,

FINANCIAL PERSPECTIVE
FOR THE ENLARGED COMMUNITY

APPROPRIATIONS FOR COMMITMENTS
ECU MILLION - 1995 PRICES

	1995	1996	1997	1998	1999
1. COMMON AGRICULTURAL POLICY	38304	39936	40641	41365	42106
2. STRUCTURAL OPERATIONS	26498	27885	29557	31421	33198
Structural Funds	24216	25359	26764	28575	30429
Cohesion Fund	2152	2396	2663	2716	2769
EEA Financial mechanism	130	130	130	130	
3. INTERNAL POLICIES	5157	5472	5836	6118	6206
4. EXTERNAL ACTION	4999	5272	5684	6289	6774
5. ADMINISTRATION	4111	4219	4428	4499	4565
6. RESERVES	1240	1240	1240	1240	1240
Monetary reserve	540	540	540	540	540
Guarantee	350	350	350	350	350
Emergency aid	350	350	350	350	350
7. COMPENSATION	1748	829	264	125	
8. TOTAL APPRS. FOR COMMITMENTS	82057	84853	87650	91057	94089
9. TOTAL APPRS. FOR PAYMENTS	78316	80443	83630	86716	89488
Appropriations for payments as % of GNP	1,20	1,21	1,22	1,24	1,25
Margin as % of GNP	0,01	0,01	0,02	0,02	0,02
Own resources ceiling as % of GNP	1,21	1,22	1,24	1,26	1,27