The EU Financial Perspectives 2007 – 2013

State and Assessment of the Current Debate

Joint platform by environmental, nature conservation, agricultural, animal welfare and consumer affairs associations, January 2005

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This paper has two objectives:

1. It is to give an overview of EU financial planning for 2007 – 2013 as proposed by the Commission, of structural changes in the budget, and of the specific headings under which planned expenditure will be made.

2. It particularly wishes to provide information on the assessment of the current debate in Germany on the financial perspectives from the environmental, social, and economic points of view as expressed by the broad alliance of non-governmental organisations from the environmental, agricultural, animal welfare and other fields, *i.e.* the so-called “platform associations”[1] .

1 The term „platform associations“ was coined in 2001 when a total of 17 associations agreed on a “platform” on the reform of the European Agricultural Policy.

I. Introduction:

The EU adopts so-called “financial perspectives” for fixed time periods. The current period covers the years 2000 – 2006 and the period covered by the new financial framework extends from 2007 – 2013.

The EU budget contains an expenditure ceiling. This has so far been set at 1.24% of the Member States’ gross national income (GNI); the Commission plans to continue to respect this ceiling during the new period without, however, necessarily fully exhausting it.

The EU budget is largely comprised of contributions from the Member States, based on a contribution scale which is rather complicated and not easily comprehensible for the layperson. Every Member State makes a certain annual financial contribution to Brussels and in return receives moneys from the EU in the context of its expenditure policies for the individual policy areas (such as agricultural policy, structural funding etc.). In accordance with the focal tasks the EU has to implement and finance, some countries receive more money from Brussels than they have ‘paid in’ (net recipients) and others contribute more money than they receive, *i.e.* they are net contributors. Germany is one of these net contributors.

A few months ago six net contributors (Germany, France, the United Kingdom, the Netherlands, Austria, and Sweden) have positioned themselves, especially with regard to their rather strained budgetary situations: They want the EU to spend less money in the next financial period than the Commission has planned, so that their contributions to the EU can be reduced, in other words, so that they can save money. They want the expenditure ceiling to be set at 1.0% of BNI, not at 1.24% as the Commission has proposed. This would mean that for 2007 the commitment appropriations could only amount to €107.000 million instead of the planned €133.000 million, and to only €127.000 million for 2013 instead of the envisaged €158.000 million. The EU would have to spend €30.000 - €35.000 million less per year.

At the EU level the net contributors’ demand currently dominates the debate on financial planning. In order to further emphasise their demands the net contributors are currently preparing proposals as to how annual savings of €25.000 – 30.000 million can be made compared to the Commission proposals. The German Federal Government also currently coordinates its proposals in this regard.

One area of Community spending for which the NGOs working in the areas of environmental protection, nature conservation, consumer protection, animal welfare, and agriculture have been fighting especially hard is coming under particular pressure – the so-called Second Pillar of the CAP, the “support for rural development”.

II. The German debate on reductions in the financial perspectives for 2007 – 2013

The current situation in Germany is as follows:

1. The entire Federal Government, that is all ministers and ministries, support the "1% ceiling" as a reduction goal[2].

2. In the internal governmental negotiations on the issue of where possible savings could be made, the Federal Chancellery, the Federal Ministry of Finance (BMF), and the Foreign Office (AA), under the aegis of which the negotiations are being held, all hold that no (!) savings can be made in the First Pillar of the Common Agricultural Policy (direct payments, market organisations, export refunds)[3] ; the European Council's decision of October 2002 is being cited in support of this stance, which has established an expenditure ceiling for the First Pillar[4] .

3. Furthermore, the Federal Government will in future give the highest priority to EU policy on research, in order to strengthen competitiveness and economic growth. This is part of the so-called Lisbon Strategy (see below) which seeks to make Europe the world's most important economic area. Therefore, the Federal Government holds that this is another area where no cuts should be made.

4. As areas where budgetary savings should be made the government has thus identified the Structural Funds and the Second Pillar of the EU agricultural policy in particular, which over the past few years has been transformed into an important policy instrument as part of the "rural economic development policy".

5. From the information which has been accessible to the platform associations it is obvious that the Federal Government internally discusses

2 Note: The paper presented here does not deal with the general issue of the Federal Government's reduction goal. It exclusively discusses the issue of where savings could be made on the basis of environmental and social considerations (*i.e.* with a view to sustainability), provided savings are seen as being useful or unavoidable.

3 They state that quite to the contrary, due to the accession of Bulgaria and Romania (planned for 2007 or thereafter) this item will need to be allocated up to € 8.000 million in additional funding over the programme period.

4 The expenditure ceiling negotiated by Schröder and Chirac in 2002 and later adopted by the Council, is, as the name says, an upper limit, not a minimum amount to be spend. It is obvious that it is in France's interest, or rather in the interest of its particularly influential "conservative" agricultural lobby, not to make any changes to the way direct payments are made to their farmers. However, we are of the opinion that the German Federal Government can and should at first establish its own position and that it should not solely seek orientation from the specific interests of our, undoubtedly important, partner state France.

scenarios which envisage radical cuts in the support for “Rural Development”: Of the approximately €88.000 million in funding planned for by the Commission, only €55.000 million would remain, or in the most extreme scenario a mere €34.000 million. This would be a catastrophic development as it would put in question the “turnaround in agriculture” (*Agrarwende*) and the financing of the EU Network of protected areas “NATURA 2000” as a whole.

III. The Position of the platform associations:

The position of the net contributor countries requires a complete re-evaluation of all EU expenditure. This can indeed be regarded as an opportunity. Each and every item of expenditure should, without prejudice, be newly assessed as to its usefulness and its impacts. In the future the expenditure must – more strongly than in the past – be aligned with the priorities agreed by the EU. These are both the implementation of the Lisbon strategy (Objectives: Creation of a competitive economic area, creation of new jobs [full employment by 2010], support for environmental protection) and the implementation of the Göteborg strategy (sustainable development).

Consequently, all the expenditure headings must be subjected to “impact assessments”. Some fundamental considerations from the viewpoint of the platform associations with regard to three of the expenditure headings will be outlined below.

a) First Pillar of the Common Agricultural Policy (CAP)

- The associations welcomed the decoupling of direct payments as part of the CAP reform agreed in the summer of 2003 and the subsequent national implementation. Decoupling basically created the basis for a new support system which is more sensible from the economic, ecological, and societal points of view and thus potentially more acceptable to society at large. Decoupling breaks the link between payments to farmers and the production of certain crops or the keeping of certain livestock categories.

- The German Farmers’ Association (*Deutscher Bauernverband*) and some of the German regional states had wanted to introduce the “historic single farm payment”[5] instead of the regionally uniform single farm payment which the Federal Government has now wisely introduced. Such a historically based farm payment (based on payments made under the old support system) would have conserved payments at the historic level. This would have led to a situation where those farms which had received above-average levels of support in the past, would have continued to receive payments at the same level; the previous ‘losers’ would continue to be disadvantaged. Funding would have been paid as before, regardless of the future development of the individual holdings, regardless of whether it was creating or abolishing employment opportunities, and regardless of whether it was becoming more mindful or more negligent of environmental concerns. Holdings which had been more extensive and particularly environmentally-friendly had been disadvantaged under the old support system and they would have continued to be worse off under a “historically-based single farm

5 The platform associations have held this to be unacceptable from the beginning.

payment". Therefore, a historically-based single farm payment would have been anything but fair. It would have been intolerable if with the decoupling of direct payments a new reasoning for premia payments to farmers had been sought while at the same time the current flow of moneys under the old system had been cemented into the new single farm payment. It would be absurd, were farmers remunerated at different levels for the same services (to society).

- There should be a consensus that a transfer of funds from the state, as it is practiced in the agricultural sector, should always be coupled to the common good. Payments always need a reasoning, a legitimisation, and societal acceptance. Therefore, there can not be complete "decoupling". The new rationale for the payments to farmers is termed "cross-compliance", *i.e.* the making conditional of the single farm payment upon compliance with environmental, food safety, animal health and welfare standards. In principle, this meets our demands. However, there are some substantial shortcomings in the actual implementation.

- It is especially the German Farmers' Association which provided for the extreme watering down of the cross-compliance standards by lobbying a majority in the German Federal Council (*Bundesrat*). Principal compliance with statutory requirements which have been in existence for many years is now regarded as sufficient justification for the provision of billions of Euro for the farming sector. The direct payments as part of the First Pillar are thus not linked to either the provision of effective environmental services or the social criterion of the provision of employment. In our opinion they therefore lack any justification; unless real changes are made, there will be "money for nothing" while at the same time there is a major additional need for monitoring both farms and administrations!

- The decoupling as it has now been implemented and the simultaneous marginalisation of the cross-compliance standards has thus removed any kind of steering function from the First Pillar of the CAP. The First Pillar is no longer a policy instrument but it has become a budget line which is merely used to distribute moneys between Member States and agricultural holdings. Policy-makers will have to answer the question as to how exactly Community interests are being served with this budget line.

- The above also means that these payments are not linked to the Lisbon or Göteborg objectives[6] . They do not steer product development nor do they promote economic development. They are not linked to social criteria, nor do they support job creation or contribute to the promotion of environmentally benign economic systems.

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6 Lisbon strategy: Includes all measures for the economic, social, and environmental transformation of the EU. In March 2000 the European Council at its Lisbon meeting had

b) Rural Development
(current Second Pillar which from 2007 is to take on additional tasks)

- The Second Pillar, the support for rural development, presents quite a different picture. These public supports are only given in exchange for clearly defined "services" which have been defined in programmes developed at Community level. These include, for example, agri-environmental programmes, support for organic farming, diversification of agricultural holdings (*e.g.* more processing and direct marketing of raw materials) as well as support of micro-businesses and small businesses in rural areas. Where new employment has been created in the agricultural sector over the past few years, the Second Pillar would have played a decisive role.

- The platform associations have always lobbied for the extension of this Second Pillar, *i.e.* rural development. This policy line, which was introduced by the former Agriculture Commissioner, Franz Fischler, provides the EU and the Member States with a good steering instrument for the implementation of the objectives of the Lisbon strategy and the sustainability strategy.

- The ratio of First Pillar to Second Pillar expenditure currently stands at 5:1 and this will – despite the EU's verbal declarations of intent[7] – not have changed by 2013 judging from the plans as outlined in the financial perspectives. The extension of the Second Pillar has repeatedly been announced by the policy-makers. Both the EU Commission and the German Federal Government have stressed the importance of this instrument time after time: When the former Agriculture Commissioner Fischler first outlined his views on the 2003 agricultural policy reform, he was of the opinion that 20% of the funds from the First Pillar (90% of all agricultural expenditure to date) should be transferred into the Second Pillar (only 10% of agricultural expenditure to date). Furthermore, there was to be an opportunity, based on Article 69 of the Luxembourg Agreement, to use 10% of the funds under the First Pillar for measures in nature conservation, environmental protection, animal welfare, consumer protection or for preventive health care (the "national envelope" or "environmental option"). Consistently used, a total of

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tabled this ten-year agenda, the aim of which is to transform the European Union into the world's most dynamic and competitive economy. The tenet of the strategy is that a solid economy promotes job creation and supports social and environmental measures which in turn are to guarantee sustainable development and social cohesion.
Göteborg strategy: EU Strategy for Sustainability.

7 The EU writes: "The CAP is increasingly aimed at achieving the right balance between the two pillars." Fact Sheet: New perspectives for EU rural development. Luxembourg: Office for Official Publications of the European Communities, 2004, p.4.

30% of the funds under the First Pillar could have been given an ecological or social qualification.

- Hardly any aspect of these proclamations has survived: Instead of the transfer of 20% of funds from the First to the Second Pillar (modulation) there will now be a mere 5% reallocation (from 2007); most of the Member States have not made any use of Article 69 while a few countries[8] use it very guardedly.

- The old agricultural lobby, *i.e.* the professional representation of the rationalised holdings, which has benefited from the old system, has successfully managed to prevent the re-allocation of funding. The reason is obvious: It was clearly the large growth-oriented holdings which have benefited from the agricultural policy to date, namely the First Pillar, and it is these holdings that dominate the Farmers' Association's policies. The figures speak for themselves: A mere 2.2% of holdings in the EU (14)[9] receive more than €50.000 per year in direct payments and thus 'take home' almost 25% of all direct payments being made. At the same time more than half of the EU farmers[10] (53.8%) receive less than €1.250 per year. This large number of holdings is in receipt of a mere 4.3% of all direct payments.

  However, the payments made under the Second Pillar are often received by precisely those holdings which do not want to go down the path of growth and expansion and which are now being rewarded for their ecological services. Second Pillar funding is thus instrumental in maintaining and creating employment opportunities in rural areas.

- Therefore, the Second Pillar is not a "(self-) service for farming associations" but it provides compensation for environmental and economic services explicitly demanded by society. In the future it is also to be used, for example, to aid the implementation of the NATURA 2000 system of protected areas which in turn aims at *i.a.* achieving the European Council objective to "Stop Biodiversity Loss by 2010". But how can this be done if supports are reduced? How can the LEADER programme continue if funding is cut especially in these innovative and effective areas?

c) Structural Funds

- Undisputedly, the Structural Funds have contributed to the economic development of certain regions in the EU over past years. They can also be

8 For example, the United Kingdom in Scotland, Finland, Portugal, and Italy.
9 The calculation includes all the "old" EU 15 Member States except for Greece.
10 As above.

of value in the future as an instrument for the implementation of the two EU strategies (*i.e.* the Lisbon and sustainability strategies).

- There is, however, scope for budget cuts. Due to the fact that there was "money available from Brussels" many developments have been carried out which could have been realised at much lower cost. For example, in the rural areas in particular, high-tech and at times oversized centralised wastewater treatment systems have been built which today incur extremely high downstream costs and thus tie up funding which is urgently required in other areas. Smaller-scale, adapted solutions were rarely used.

- Massive support devoted to regional development has not always created new employment in Europe but has often only facilitated regional transfers. For example, the single biggest investment in agriculture provided by the EU over the past three years will flow into the extension of the "*Müller-Milch-Molkerei*" (Müller creamery) in Leppersdorf, Saxony. The dairy company will be given €24.1 million in public subsidies because it creates 141 new jobs there. The company has announced that following completion of the works it will close its creameries in Vienenburg (Lower Saxony) and Amelunxen (North Rhine Westphalia) resulting in the loss of 200 jobs. Hence, Saxony's benefit (via structural funding) is Lower Saxony's and North Rhine-Westphalia's loss.

- The new EU Member States attract companies away from the old EU Member States with cheap labour and lower taxes. However, low wages and low taxes also mean low revenue which could be used, for example, to improve infrastructure. This is where the EU Structural Funds come in – they provide the required funding. One could say that the net contributor countries, through the Structural Funds, in part finance the abolition of jobs in their own countries. Such an expenditure policy is contrary to the European idea.

- It is quite understandable that companies would consistently use this situation to their advantage. Who could blame them? A well-known German car manufacturer received a €111.2 million subsidy for the construction of a factory in the East German town of Ludwigsfelde. The subsidy was to compensate him for the 35% higher development cost as compared to building the factory in Poland. At the same time the EU co-finances factory developments in Poland.

The associations' conclusions:

Reductions in support for rural development are incompatible with the EU's own objectives. Moreover, to make such cuts while leaving all the direct payments under the First Pillar uncut, would be a disastrous move on the part of the German red-green coalition government: High direct payments without sufficient environmental requirements and without any social criteria attached would remain intact, while at the same time there would not be sufficient funding to pay farmers for environmental services or to finance the creation of jobs in the context of "rural development".

The government's foreseeable position would thus largely destroy any tentative step taken over the past few years towards more environmental protection and social compatibility in agricultural policy and towards the creation of alternative employment opportunities in the rural regions. An important component of the "turnaround in agriculture" (*Agrarwende*) would be swept away.

Even in pure financial policy terms the plans do not make sense. The net contributor position is much more advantageous in the Second Pillar than in the First Pillar as the percentage return of funds to Germany is greater for the former. (Of each Euro Germany transfers to Brussels, 55 cent return to Germany through the First Pillar, while 73 cent return through the Second Pillar.)

In the context of the "Financial Perspectives" 2007 – 2013, politicians who are serious about their commitment to more sustainability should fight for a strengthening of the Second Pillar – which the platform associations regard as rural <u>economic</u> development. Potentially required savings should be made in the First Pillar of the CAP, in the direct payments which due to a lack of attached environmental and social criteria are becoming increasingly harder to justify, as well as in other, much less effective sectors.

IV. Demands:

- The German Federal Government must review its plans for budget cuts and must exclude "rural economic development" from reductions.

- Having regard to the German governments own sustainability strategy, the Federal Chancellery must provide for additional opportunities for the re-allocation of funding from the First Pillar to the Second Pillar with a view to providing sufficient funding for the latter.

- Having regard to the Lisbon and Göteborg Strategies, the Foreign Office and the Federal Chancellery ought to communicate to France as a partner country the development potential offered by the Second Pillar in terms of environmental and economic policies, and ought to outline its importance for the employment situation in rural regions. Austria as one of the countries which principally demands EU budgetary cuts and which has for years been in support of the Second Pillar will not (be in a position) to go along with the German position insofar as it is known to date.

- We ask the German Ministry of Finance to provide fair and equitable opportunities for development in the rural regions, especially in the new German regional states, and not to withhold economic and environmental employment potentials from these regions by reducing support under the Second Pillar.

- We ask the Federal Ministry of Consumer Protection, Food and Agriculture to vehemently oppose the current government plans in order to safeguard its most important objectives, *i.e.* sustainable agriculture and a "turn-around" in agricultural policy.

- We ask the parliamentary groups of the SPD (Social Democrats) and *Bündnis 90/ Grüne* (Green Party) in the *Bundestag* to utilise any legitimate means of persuasion and pressure to protest against the current government stance in this matter.

Annex: The structure of the Financial Perspectives 2007 – 2013 and planned expenditure as proposed by the EU Commission

The structure of the EU budget for the current financial period (2000 – 2006) is as follows:

Part A Administrative appropriations

Part B Commission budget (accounts for about 98% of total EU expenditure), divided into

- B 1 Agriculture
- B 2 Structural operations (structural funds)
- B 3 Internal policies (incl. *i.a.* environmental protection)
- B 4 External policies
- B 5 Administration
- B 6 Reserves
- B 7 Pre-accession aid.

The planned “Financial Perspective for 2007 – 2013” will introduce a new budget structure which is derived from the EU priorities (the “Lisbon Strategy”[11] and the “EU Strategy for Sustainable Development” endorsed in Göteborg in 2001”) and will be described below. The fact that the issue of “sustainable development” and environmental issues are at least verbally given high priority in the relevant EU documents on the financial perspectives is particularly welcome. However, it is not unreasonable to doubt whether all the expenditure which falls under the “sustainability” heading does indeed support sustainability (we refer to our earlier critique of the agricultural policy and of many of the items supported under the structural funds). Nevertheless, the EU aims at a re-orientation of its policies after all and to this end it is preparing to make changes, for example, in the structural funds.

11 Lisbon strategy: see footnote No. 6 on page 9.

Three Priorities for the Next Financial Perspectives (Quote[12]):

1. The Internal Market must be completed so that it can play its full part in achieving the broader objective of **sustainable development**, mobilising economic, social, and environmental policies to that end. This encompasses competitiveness, cohesion and the sustainable management and protection of natural resources.

2. The political concept of **European citizenship** hinges on the completion of an area of freedom, justice, security and access to basic public goods.

3. Europe should project a coherent role as a global partner, inspired by its core values in assuming regional responsibilities, promoting sustainable development, and contributing to civilian and strategic security.

The following new structure results from these priorities:

A. Sustainable development (sometimes also termed "sustainable growth")
B. European citizenship
C. The EU as a global partner.

Re A. Sustainable development *(„sustainable growth")*

This priority is divided into three sections:

1a. Competitiveness for growth and employment: the need to implement Lisbon (with the following objectives):

- Promoting the competitiveness of enterprises in a fully integrated single market

  This includes for example: Actions to improve the business environment and to increase productivity, fostering small business development, investment in information and communication technologies in public services, promoting the take-up of eco-efficient technologies.

12 Most of the wordings here have been taken directly from the relevant Commission document COM(2004) 101 final. A further document, COM(2004) 487 final also concerns the Financial Perspectives.

- Strengthening the European effort in research and technological development

  This includes for example: Realising a "European research area", raising the European effort on research from both public sources and the private sector, implementation of the 6th Union Research Framework Programme, space travel …

- Connecting Europe through EU networks

  This includes for example: Trans-European networks; developing renewable energy and clean fuel aiming at establishing Community initiatives to raise the impact and appeal of renewable energy and energy efficiency and to meet agreed targets like providing 22% of electricity from renewable sources by 2010.

- Improving the quality of education and training

  This includes for example education and training programmes etc.

- Social policy agenda: Helping European society to anticipate and manage change.

According to the Financial Perspective the commitment appropriations for this section are as follows (in million €):

COMMITMENT APPROPRIATIONS	2006 (a)	2007	2008	2009	2010	2011	2012	2013
1a. Competitiveness for growth and employment	8.791	12.105	14.390	16.680	18.965	21.250	23.540	25.825

(a) 2006 expenditure under the current financial perspective has been broken down according to the proposed new nomenclature for reference and to facilitate comparisons. Expenditure in headings 3 and 4 includes amounts corresponding to the Solidarity Instrument (€ 961 at 2004 prices) and EDF (estimated at € 3 billion), respectively.

1b. A greater cohesion for growth and employment

This section concerns the newly designed Structural Funds.

> Quote from the Commission: *„Through its cohesion policy, the Union has made a significant contribution to harmonious, balanced and sustainable development. By mobilising Europe's unused potential, cohesion policy has also boosted economic performance overall at the same time as reducing economic and social disparities.*
>
> *For the future, it remains essential to maintain an effective policy at European level to promote modernisation and faster growth in the less developed regions and to bring more people into productive employment across the Union as a whole. But the policy also needs to undergo reform in order to respond better to the new challenges.*
>
> *An unprecedented challenge for the competitiveness and internal cohesion of the Union is presented by enlargement. In the enlarged Union, average GDP per capita will be more than 12% lower than in the Fifteen, while income disparities will double overall."*

According to the Financial Perspective the commitment appropriations for this section are as follows (in million €):

COMMITMENT APPROPRIATONS	2006 (a)	2007	2008	2009	2010	2011	2012	2013
1b. Cohesion for growth and employment	38.791	47.570	48.405	49.120	49.270	49.410	50.175	50.960

The following detailed breakdown is planned:

COMMITMENT APPROPRIATIONS	2006 (a)	2007	2008	2009	2010	2011	2012	2013
Promoting convergence of less developed member states and regions (incl. 'statistical' phasing out)	28.608	34.723	36.039	37.249	37.947	38.657	39.355	40.074
Supporting regional competitiveness and employment outside the less prosperous regions (incl. 'natural' phasing out)	6.989	9.818	9.241	8.641	8.027	7.396	7.391	7.385
Supporting european territorial Co-operation	1.975	1.791	1.888	1.989	2.050	2.111	2.177	2.245
EU Solidary Fund	961	942	924	906	888	871	853	837
Other	259	295	314	335	357	376	399	419

2. Sustainable management and protection of natural resources: agriculture, fisheries and environment

In the new budget structure this section will cover

- the old First Pillar of the CAP (*i.e.* the old market organisations and the direct payments introduced following the 2003 agricultural policy reform (either as basic area payments or as single farm payments, depending on national implementation)),

- the new rural development policy (EAFRD Regulation on Rural Development),

- the fisheries policy,

- the environmental policy which in the current financial period is included in B 3-4 and which will now, at least in part, be combined in the new LIFE+ programme.

According to the Financial Perspective the commitment appropriations for this section are as follows (in million €):

COMMITMENT APPRIPRIATIONS	2006 (a)	2007	2008	2009	2010	2011	2012	2013
2. Sustainable management and protection of natural resources	56.015	57.180	57.900	58.115	57.980	57.850	57.825	57.805

The following detailed breakdown is planned:

COMMITMENT APPROPRIATIONS	2006 (a)	2007	2008	2009	2010	2011	2012	2013
CAP (market organisations, direct payments)	43.735	43.500	43.673	43.354	43.034	42.714	42.506	42.293
Rural development (EAFRD Regulation)	10.544	11.575	12.050	12.500	12.600	12.725	12.850	12.970
Fisheries policy (incl. international agreements)	909	1.025	1.050	1.075	1.100	1.100	1.125	1.125
i.a. environmental protection (incl. LIFE+)	254	275	300	325	350	375	400	425
Other (incl. administration)	573	804	827	862	897	934	944	987

Re B. European citizenship

This priority addresses, for example:

- External borders/immigration (incl. asylum policy, common policy on immigration);

- Justice/security (fighting crime, European Police Academy, "effective area of justice";

- Access to basic goods and services;

- Fostering European culture[13] and diversity

According to the Financial Perspective the commitment appropriations for this section are as follows (in million €):

COMMITMENT APPROPRIATIONS	2006 (a)	2007	2008	2009	2010	2011	2012	2013
3. EU-Citizenship, freedom, security and justice	1.381	1.630	2.015	2.330	2.645	2.970	3.295	3.620

13 With, in part, very tangible proposals such as to "[i]ncrease the rate of European films distributed outside their country of origin from the current 11% of the market to 20% in 2013, double the number of cinemas programming European films by 2010 and training 35,000 audiovisual professionals by 2013."

Re C. The EU as a global partner

Under this priority the following is included:

- Common Foreign and Security policy;

- Cooperation with third countries (incl. the promotion of human rights, democracy, and the rule of law);

- Cooperation with the "new" neighbours, and (amongst other items) as chapter on

- "The EU as sustainable development partner".

According to the Financial Perspective the commitment appropriations for this section are as follows (in million €):

COMMITMENT APPROPRIATIONS	2006 (a)	2007	2008	2009	2010	2011	2012	2013
4. The EU as a global partner	11.232	11.400	12.175	12.945	13.720	14.495	15.115	15.740

Summary of the planned financial instruments [UB1]2007 - 2013:

Million € at 2004 prices

COMMITMENT APPROPRIATIONS	2006 (a)	2007	2008	2009	2010	2011	2012	2013	
1. Sustainable growth	**47582**	**59.675**	**62.795**	**55.800**	**68.235**	**70.660**	**73.715**	**76.785**	
1a. Competitiveness for growth and employment	8.791	12.105	14.390	16.680	18.965	21.250	23.540	25.825	
1b. Cohesion for growth and employment (b)	38.791	47.570	48.405	49.120	49.270	49.410	50.175	50.960	
2. Preservation and management of natural resources.	**56.015**	**57.180**	**57.900**	**58.115**	**57.980**	**57.850**	**57.825**	**57.805**	
of wich:									
Agriculture- Market related expenditure and direct payments	43.735	43.500	43.673	43.354	43.034	42.714	42.506	42.293	
Rural development (EAFRD Regulation)	10.544	11.575	12.050	12.500	12.600	12.725	12.850	12.975	
3. Citizenship, freedom, security and justice	**1.381**	**1.630**	**2.015**	**2.330**	**2.645**	**2.970**	**3.295**	**3.620**	
4. The EU as a global partner (c)	**11.232**	**11.400**	**12.175**	**12.945**	**13.720**	**14.495**	**15.115**	**15.740**	
5. Administration (D)	**3.436**	**3.675**	**3.815**	**3.950**	**4.090**	**4.225**	**4.365**	**4.500**	
Compensations	1.041								
Total appropriations for commitments	**120.688**	**133560**	**138700**	**143140**	**146670**	**150200**	**154315**	**158450**	
Total appropriations for payments (b) (c)	114.740	124.600	136.500	127.700	126.000	132.400	138.400	143.10	Durchschnitt
Appropriations for payments as a percentage of GNI	1,09%	1,15%	1,23%	1,12%	1,08%	1,11%	1,14%	1,15%	1,14 %
Margin available	0,15%	0,09%	0,01%	0,12%	0,16%	0,13%	0,10%	0,09%	0,10%
Own resources ceiling as a percentage of GNI	1,24%	1,24%	1,24%	1,24%	1,24%	1,24%	1,24%	1,24%	1,24%

(a) 2006 expenditure under the current financial perspective has been broken down according to the proposed new nomenclature for reference and to facilitate comparisons. Expenditure in headings 3 and 4 includes amounts corresponding to the Solidarity Instrument (€ 961 at 2004 prices) and EDF (estimated at € 3 billion), respectively.

(b) Includes expenditure for the Solidarity Instrument (€ 1 billion in 2004 at current prices) as from 2006. However, corresponding payments are calculated only as from 2007.

(c) The integration of EDF in the EU budget is assumed to take effect in 2008. Commitments for 2006 and 2007 are included only for comparison purposes. Payments on commitments before 2008 are not taken into account in the payment figures.

(d) Includes administrative expenditure for institutions other than the Commission, pensions and European schools. Commission administrative expenditure is integrated in the first four expenditure headings.

(EU-Commission 2004)

Annex:

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