2009 budget: Section III, Commission

2008/2026(BUD) - 06/05/2008 - Commission preliminary draft budget

PURPOSE: to present to present the preliminary draft general budget (PDB) of the European Communities for the financial year 2009 (Section III: Commission).

CONTENT: the Preliminary Draft Budget for 2009 is the expression in financial terms of the European Union's policies and political priorities.

The Preliminary Draft Budget for 2009 is the third of the multi-annual financial framework for 2007-2013, and the focus is on consistency and consolidation. The Commission's objectives of prosperity, solidarity, security, and their external projection are maintained, Supporting **sustainable growth and fostering an economic climate** in which job creation can flourish remains firmly at the top of the agenda. The EU has a leading role to play in **combating climate change**. Bringing the 'Energy and Climate Change' package into the implementation phase will be a priority. Agriculture funds remain stable.

In terms of **commitment appropriations**, the total for the preliminary draft budget (PDB) 2009 is EUR **134 395 million**, corresponding to 1.04% of GNI, or 3.1% more than in 2008. This leaves a margin of EUR 2 638 million under the ceiling. Compulsory expenditure increases by 4.7%, and non-compulsory expenditure increases by 2.4 %.

For **payment appropriations**, the total amounts to **EUR 116 736 million**, corresponding to 0.9% of GNI. This is a decrease of 3.3% compared to payments in the 2008 budget, and leaves a margin of EUR 7 444 million under the ceiling. Payments for compulsory expenditure rise by 4.8% on 2008, while those for non-compulsory expenditure fall by 7.6%. This evolution in payments is in line with what is planned in the multiannual financial framework, as the ceiling on payments is declining in 2009. The margin under the ceiling is reduced compared to 2008.

Long-term economic progress and employment remain firmly at the top of European Union spending, taking the biggest share – nearly 45% - of the proposed 2009 budget - a 3% rise on 2008. The second budget priority concerns energy and the environment, with a massive **10% of the budget going on environment**. Money for agriculture will remain stable.

All headings in the budget will grow, reaching a total of EUR 134.4 billion in commitments and EUR 116.7 billion in payments.

KEY ASPECTS OF PDB 2009 BY FINANCIAL FRAMEWORK HEADINGS: the following presentation is set out according to the budget headings of the Financial Framework 2007-2013:

Heading 1: ***Sustainable Growth***: this heading covers expenditure for competitiveness and employment as well as cohesion:

- **Heading 1a:** ***Competitiveness for Growth and Employment***: commitments for sub-heading 1a increase by 5.5% to EUR 11 690 million, leaving a margin of EUR 82 million. Payments also increase by 5.3% to EUR 10 285.2 million.This sub-heading encompasses the key policies in achieving the Lisbon Strategy. The main programmes of this subheading are the 7th Framework Programme for research and technological development (FP7), the Lifelong Learning Programme, the Competitiveness and Innovation Programme (CIP), the Trans-European Networks (TENs), Marco Polo II and GALILEO, and the PROGRESS Programme. Other actions contributing to the goals of competitiveness, sustainable growth and employment are internal market, statistics, the

fight against fraud, and taxation and the customs union. Funding for the EU Competitiveness and Innovation Programme (CIP) will grow by 17% and money for employment incentives and improving social inclusion through the PROGRESS programme will rise by 8%. Lifelong learning programmes will grow by 7%, including funding for the new European Institute of Technology.

§ **Heading 1b:** ***Cohesion for growth and employment***: total commitment appropriations amount to EUR 48 414 million, an increase of 2.5% relative to 2008. The overall payments budget is EUR 34 914 million, a decrease of 13.9% over 2008. Almost EUR 40 billion will go to the structural funds and over EUR 9 billion for the Cohesion Fund. An important development is that spending on structural actions for the EU-12 will grow, hitting the 50% mark - double the share for new members in 2006 and up from 47% in 2008. The 'phasing-in' of new members to regular levels of aid in agriculture will also see overall spending rise, growing by 5%, with the new members receiving 18% of funds – up from 10% in 2006 and up from 16% in 2008.

Heading 2: ***Preservation and Management of Natural Resources***: this increase of 3.5% on 2008 leaves a margin of EUR 2 113 million under the ceiling. Meanwhile, payments rise by 3% to EUR 54 834 million. Within this heading there is an amount foreseen for market related agricultural expenditure and direct aids. In PDB 2009, this amounts to EUR 42 860 million in commitments, and EUR 42 814 million in payments.

The Commission proposes EUR 314.7 million for veterinary and phyto-sanitary measures and EUR 29.5 million for fisheries markets and EUR 13 402 million is for rural development. Furthermore, EUR 941 million is foreseen for fisheries (including the European Fisheries Fund) and **EUR 322 million for environment**. Support for the EU's main environmental protection programme, Life+, will rise by 8%, reaching EUR 288 million.

Heading 3: ***Citizenship, Freedom, Security, Justice*****: this heading is divided into two sub-sections**:

§ **Heading 3a:** ***Freedom, Security and Justice***: this sub-heading sees an increase in commitment appropriations of 15%, rising to EUR 839 million, and maintaining a margin of EUR 32.9 million. Payments also increase by 11.7 % to EUR 596,7 million.

§ **Heading 3b:** ***Citizenship***: this sub-heading covers issues of key concern to the citizens of Europe, including public health, consumer protection, and civil protection. The crucial task of reaching out to the citizens and communicating Europe also fall within this category, through the funding of cultural programmes and the policy area Communication. Commitment appropriations decrease by 28.8% to EUR 628.7 million, leaving a margin of EUR 22.3 million. Payments for this sub-heading decrease by 31.4% to EUR 669 million. The apparent reduction in appropriations for this heading must be seen in the context of the inclusion in the 2008 budget of EUR 260.4 million for the Solidarity Fund.

Heading 4: ***the EU as a Global Player***: heading 4 sees an increase in commitments of 1.8% to EUR 7 440 million, with a margin of EUR 243.6 million available under the ceiling. Payment appropriations decrease by 6.6% to EUR 7 579 million. The Instrument for Stability to manage better crises in third world countries levels up to EUR 258 million, an increase of 43%, while programmes to foster democracy and human rights, development cooperation and humanitarian aid continue to rise steadily at around 3.5%.

In 2009 a number of deviations from the 2009 indicative financial programming can be identified: i) the Commission proposes to reinforce the Thematic Programme for Environment and Sustainable Management of Natural Resources including Energy (ENRTP) under the Development Cooperation Instrument for strengthening the Global Climate Change Alliance (GCCA) and the co-financing of public /private partnerships for technology transfer in the area of climate change with an additional EUR 10 million for 2009; ii) a change to the profile of expenditures is proposed for the reinforcement of initiatives for 5 countries in Central Asia by 'frontloading' funding over the period 2009-2013; iii) the requirements

for provisioning mechanism of the Guarantee Fund for external actions allows for the freeing of EUR 107.54 million.

In line with the priorities of the APS 2009 and taking into account that the nature and the level of the requirements to support the **Middle East peace process** will depend on developments in the coming months, the Commission intends to revise its requests later during the budgetary procedure as was the case in previous years.

Similarly, additional appropriations related to the settlement of the status of **Kosovo** might appear to be necessary during the course of the budget procedure.

In addition to these two politically sensitive regions, there have been important developments since 2007 on the **world food markets**, where export prices of staples have risen significantly. These increases might have an influence on the capacity of the European Union to meet its commitments in terms of Food Aid to developing countries. Therefore a re-assessment of food aid financial needs might also be necessary at a later stage of the budgetary procedure.

The Commission proposes to use the margin of heading 4 primarily to address those outstanding issues.

Heading 5: ***Administration***: commitments and payments are set at the same level. They increase by 5% to EUR 7 648 million in both cases. The margin amounts to EUR 129.1 million (see also BUD/2008/2026B : 2009 Budget – Other sections).

Heading 6: ***Compensation***: both commitments and payments for budgetary compensation to Bulgaria and Romania, 2009 being the last year for such a budgetary compensation, are set at EUR 209.1 million, which is an increase of 1.2% compared to 2008. This leaves a small margin of EUR 0.9 million.