2010 budget: section III, Commission: guidelines

2009/2005(BUD) - 18/02/2009 - Document attached to the procedure

PURPOSE: to present the Annual Policy Strategy (APS) for 2010.

CONTENT: this APS paves the way for establishing a policy agenda for 2010 and launches the interinstitutional dialogue on the priorities for next year. It will be for the next Commission to review the policy priorities in the light of its strategic objectives, and to turn them into an operational programme when it draws up its Work Programme for 2010.

The **Annual Policy Strategy for 2010** summarily describes the political objectives in four areas:

1. **Economic and social recovery**: the impact of the current economic and financial crisis is likely to be significant both in 2009 and in 2010. The **European Economic Recovery Plan** provides a solid basis for building the conditions for recovery – its implementation during the rest of 2009 and into 2010 will be a matter of high priority. Increased investment from cohesion funds in energy efficiency, low-carbon and renewable energy technologies, infrastructure projects and measures to combat climate change is among the Commission's other priorities for the recovery of the European economy. The Commission's other sectoral priorities shall be as follows: (i) overhaul the regulation and supervision of financial markets; (ii) pursue the reforms launched under the Single Market Review to improve business environment opportunities and drive consumer confidence and demand (particularly with the 2008 Small Business Act for SMEs); (iii) manage the impact of crisis-related changes in Europe's economy through state aid and merger control activity (including in the energy, ICT, transport, post and financial services sectors); (iv) combat counterfeiting and piracy; (v) review transport policy, taking into account the demand for a low-carbon economy;
2. **Climate change and sustainable Europe**: assuming that a new international agreement on climate change is reached in Copenhagen in 2009, this will have a significant impact on the EU. In the meantime, the EU will continue to implement the Climate and Energy package, including through investments under the Structural Funds (EUR 13 billion in 2010), the Global Monitoring for Environment and Security (GMES) and the reorientation of the Trans-European Energy Networks (TEN-E). The other main priorities in this area shall be: (i) implementation of the Health Check of the Common Agricultural Policy; (ii) implementation of the integrated maritime policy; (iii) reform of the Common Fisheries Policy (CFP); (iv) implementation of the Baltic Sea Strategy;
3. **Putting the citizen first**: 2010 will be the first year of implementation of the Stockholm Programme in the area of freedom, security and justice. The main priorities shall be the fight against terrorist threats and organised crime, the improvement of mutual recognition in criminal and civil matters and the granting of further procedural rights. The other priorities are: (i) the protection of fundamental rights (in particular as regards children); (ii) implementation of the European Pact on Immigration and Asylum; (iii) the management of borders (including visa policy). Employment, education and training policies will be at the centre of efforts to deal with the consequences of the crisis (with the renewed Social Agenda). The Commission should also continue to work in the field of gender equality. Lastly, further steps will be taken to improve public health and ensure consumer safety (including animal health) and to ensure follow up on the Green Paper on consumer redress in relation to collective claims;
4. **Europe as a World Partner**: 2010 will mark a new phase in EU external policy if the Lisbon Treaty enters into force. One of the early and visible outcomes of such an institutional change would be the setting-up of the European External Action Service (EEAS). In the meantime, accession negotiations with Croatia and Turkey will continue. The Commission will also prepare measures to support Kosovo's political and socio-economic development. In the European Neighbourhood Policy (ENP), special emphasis will be put on deepening bilateral relations, in

particular with Israel, the Republic of Moldova, Morocco and Ukraine. The ENP will see further intensification through the 'Union for the Mediterranean' and the 'Black Sea Synergy'. Negotiations on a new agreement with Russia will be pursued and the Commission will cooperate closely with the new US administration. Moreover, the Commission will pursue cooperation with ASEAN countries, China, India and Latin America. The EU's contribution to international security and stability will continue to be necessary, in particular in Kosovo, the Middle-East, Afghanistan, and Georgia. The September 2010 UN Summit will review progress on the Millennium Development Goals (MDGs). In the delivery of the EU's ambitious commitments on aid volume, 2010 has been set as the intermediate target on the way to achieving 0.7% by 2015. The Commission will also work with developed and developing countries towards rapid implementation of the climate change agreement if this is achieved in Copenhagen. Following the 2009 mid-term review of external relations financial instruments, any amendments agreed would enter into force in 2010.

Human and financial resources for 2010: to help meet the policy priorities for 2010, the Commission has instructed its departments to identify efficiency gains. This effort is expected to lead to the **redeployment of some 600 posts**. The APS also sets out proposed changes to the financial programming under each heading of the 2007-2013 Multiannual Financial Framework, which are compatible with the expenditure ceilings specified in the different financial programmes:

- **Competitiveness for growth and employment (Heading 1a)**: an increase in appropriations of 9% is earmarked for Heading 1a compared to the 2009 budget, in the context of the European Economic Recovery Plan and the Lisbon Strategy. This entails increases in the financial allocations to the following main areas: (i) 7th Framework Programme for research and technological development: + EUR 803 million; (ii) Lifelong Learning Programme: + EUR 39 million; (iii) Competitiveness and Innovation Programme (CIP): + EUR 25 million; (iv) Trans-European Networks (TENs): + EUR 128 million; (v) Galileo: + EUR 66 million; (vi) European Institute of Innovation and Technology (EIT): + EUR 24 million. Moreover, an important part of the European Economic Recovery Plan is a new financing instrument - the **European Energy Programme for Recovery** - designed to develop projects in the field of energy in the Community. It is for a duration of two years (2009–2010) and has a budget of EUR 3.5 billion. The Commission proposes the transfer of resources not required under Heading 2 for 2008 to Heading 1a to fund the EUR 3.5 billion proposed for energy projects: EUR 1.5 billion in 2009 and EUR 2 billion in 2010;

- **Cohesion for growth and employment (Heading 1b)**: the financial resources allocated to this Heading will increase by EUR 980 million, or 2%, compared to 2009. The Commission will concentrate on maximising the impact of these measures in terms of cohesion, growth and efficiency to fight the economic and financial crisis;

- **Preservation and management of natural resources (Heading 2)**: the Health Check on agricultural policy will involve a transfer of EUR 479 million from direct aid to rural development. This will add to the transfer linked to voluntary modulation for Portugal and the reform of the wine sector, leading to an increase of 4.3% in 2010 of appropriations for rural development compared to 2009. Under Heading 2, the Commission proposes to anticipate – in 2009 already – the measures provided for in the Health Check for the new challenge (EUR 500 million) and to have better broadband infrastructure in rural communities (EUR 1 billion). The resources allocated to LIFE+ will increase by 6.9% in 2010, as scheduled in the financial programming;

- **Freedom, security and justice (Heading 3a)**: expenditure under this heading will increase by approximately 14% in 2010 compared with 2009. The Commission will make proposals designed to implement the common European asylum system, including for the setting up of a support agency. The Commission also proposes to maintain the same sustained level of funding for FRONTEX (EUR 78 million);

- **Citizenship (Heading 3b)**: the total amount proposed for 2010 represents a slight increase of 0.6% compared to 2009, allowing the same level of funding to be maintained for key measures concerning EU citizens (public health, consumer protection, civil protection, cultural programmes and communication);

- **EU as a global partner (Heading 4)**: awaiting the development of new priorities (such as the follow-up to the Copenhagen conference), the Commission intends to allocate EUR 600 million for the progressive implementation of the Eastern Partnership, over the period 2010-2013. EUR 250 million has been earmarked by reprogramming ENPI funds. The remaining EUR 350 million will come from the unallocated margin under Heading 4, scheduled as follows: 2010: EUR 25 million; 2011: EUR 53 million; 2012: EUR 113 million; 2013: EUR 159 million. As regards the Palestinian territories, continued delivery of aid will be required to Gaza and the West Bank in order to mitigate the consequences of the protracted crisis. The Commission will continue to deliver on its commitment to respond to needs stemming from the 2008 crisis in Georgia. The Commission will also further enhance the Stabilisation and Association Process (SAP) with Kosovo. These different priorities will depend on developments in the coming months.