

2010 budget: section III, Commission

2009/2002(BUD) - 29/04/2009 - Commission preliminary draft budget

PURPOSE: to present the Commission's preliminary draft budget (PDB) for the financial year 2010 (Section III: Commission).

CONTENT: the Commission adopted its preliminary draft budget for the financial year 2010. This preliminary draft budget is the fourth of the multi-annual financial framework for 2007-2013 and focuses its priorities on **economic recovery** by allocating the greatest share of Community funds (45% of the budget or EUR 62.2 billion) to measures to stimulate growth and employment. Such expenditure has been increased by 3.2% compared with 2009. Funds for major programmes linked to research and energy will see an increase of more than 12% and those dedicated to cohesion policy will grow too, with the EU-12 set to receive 52% of cohesion and Structural Funds.

All headings in the budget will see an increase, reaching a total of **EUR 138.6 billion in commitments** (1.17% of GNI), or 1.5% more than in 2009. This leaves a margin of EUR 1.8 billion in commitments under all of the headings of the financial framework.

For payment appropriations, an amount of **EUR 122.3 billion** has been proposed, representing 1.03% of GNI. This is an increase of 5.3% compared to payments in the 2009 budget, leaving a margin of EUR 12.2 billion under the ceiling.

Payments for compulsory expenditure rise by 5.5% on 2009, while those for noncompulsory expenditure rise by 5.2%.

A budget centred on economic recovery and solidarity: in April 2009, the European Parliament, Council and Commission agreed on a [European Economic Recovery Plan](#), with EUR 5 billion to finance major European projects in the areas of energy and broadband infrastructures, and to face new challenges in rural areas linked to the health check for the Common Agricultural Policy. Following the first injection of EUR 2.6 billion in 2009, **a further EUR 2.4 billion will be added to the 2010 budget**. These amounts are not yet entered into the PDB 2010, as their financing is expected to be secured through a compensation mechanism at the conciliation of the 2010 budgetary procedure in late 2009. 2010 will also be the European Year for Combating Poverty and Social Exclusion with a budget of nearly EUR 20 million and a range of initiatives planned for all Member States.

The other main priorities of the 2010 budget include an increase in funding related to the Seventh Research Framework Programme (+12.1%), the Competitiveness and innovation Framework Programme (CIP, +3.3%) and the Cohesion Fund (+9.6%).

KEY ASPECTS OF PDB 2010 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:** this sub-heading encompasses the key policies in achieving the Lisbon Strategy. The main programmes of this sub-heading 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), GALILEO, and the PROGRESS Programme. The majority of these instruments will see an

increase in commitments in 2010. However, on the whole this sub-heading has seen a 7.3% decrease in commitments compared to 2009 and now amounts to EUR 12.8 billion. Payments have also seen a decrease of 1.1%, down to approximately EUR 11 billion. The apparent reduction in appropriations for this heading must be seen in the context of the inclusion in the 2009 budget of EUR 2 billion for the Energy projects to aid economic recovery, while the 2010 tranche is not yet budgeted. If this element is excluded, commitment appropriations increase by 8.4 % and payment appropriations decrease by 6.3 %. The decrease in payments is mainly due to the closure of the 6th Framework Programme (FP6), and the rhythm of pre-financing under the 7th Framework Programme (FP7). Overall, trans-European transport and energy networks will receive 12.7% more funding compared to 2009 (EUR 1.08 billion) and the Competitiveness and Innovation programme (CIP) will grow by 3.3% (EUR 0.5 billion). Lastly, for its second year, the EU's flagship satellite navigation project Galileo will receive an additional 8% in funding (EUR 0.9 billion);

- **Heading 1b: *Cohesion for Growth and Employment***: this subheading essentially covers the Structural Funds (ERDF, ESF and Cohesion Fund). Commitments increase by 2.0% to EUR 49.4 billion, leaving a margin of EUR 12 million. Payments increase by 4.1 %, to EUR 36.4 billion. For the first time ever, the EU-12 will receive the biggest share of the EU's Cohesion and Structural Funds (52%) and in 2010, work will focus on the effective and efficient implementation of the programmes for the period 2007-2013. The impact of the legislative changes made in the context of the European Economic Recovery Plan will contribute to making the structural funds a valuable instrument for the recovery of the European economy in 2010.

Heading 2: *Preservation and Management of Natural Resources*: for the PDB 2010, the Commission proposes EUR 59 billion for Heading 2. Compared to the 2009 budget, the commitment appropriations increase by 4% and this leaves a margin of EUR 1.1 billion under the ceiling fixed for 2010 in the Financial Framework for 2007-2013. The phasing-in of direct aid to EU-12 and the increase in market expenditure are the main factors explaining this evolution. Agricultural support for these regions will also grow, making a real impact with the EU-12 now receiving nearly 20%, EUR 11 billion, in agricultural support. Thanks to the CAP, the single market and higher market prices, **farmers' income in the EU-12 is now 47% higher than before accession**. Note that spending for **environment and rural development** will grow by nearly 2.5% to almost **EUR 15 billion**.

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

- **Heading 3a: *Freedom, Security and Justice***: this subheading is exclusively devoted to actions in the field of Freedom, Security and Justice. The year 2010 will see ongoing and strengthened implementation for the specific actions, which are grouped in three general programmes (Solidarity and Management of Migration, Fundamental Rights and Justice, and Security and Safeguarding Liberties). The preliminary draft budget provides for commitments in the order of EUR 980 million (+13.5 compared to 2009) and payments amount to EUR 720 million for subheading 3a. In 2010, the new European Asylum Support Office (EASO) is expected to be set up, in response to a request by the European Council, in order to coordinate and step up cooperation on asylum between Member States;
- **Heading 3b: *Citizenship***: this subheading 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. For this heading, commitment appropriations decrease by 2.0 % to EUR 650 million. Payments for this heading decrease to around EUR 640 million.

Heading 4: *the EU as a Global Player*: in 2010, the EU will continue its efforts to help poorer countries and maintain a strong stance on the world stage so it can meet global challenges like climate change, food security and globalisation. The EU's aid to developing countries channelled through the Development Cooperation Instrument will increase by 1.7%, reaching EUR 2.4 billion. Pre-accession assistance (IPA) increases by nearly 5% to EUR 1.6 billion. Fostering links with the closest neighbours remains a central

objective, and is financed through the European Neighbourhood Policy Instrument (ENPI). Lastly, funding for the EU's Common and Foreign Security Policy (CSFP) is increased by 16% (reaching EUR 282 million). The PDB 2010 also includes the final part of the EUR 1 billion **Food Aid Facility**, agreed at the end of 2008 (EUR 170 million). Note that the requirements for the Middle East Peace Process, Cuba, Georgia, Kosovo, support to the reunification process in Cyprus and climate change will depend on developments in the coming months. The Commission will fine tune its request during the 2010 budgetary procedure. Consequently, the Commission proposes to use the margin of heading 4 primarily to address these outstanding issues. In total, some **EUR 8 billion** are provided for in terms of commitments under this heading and EUR 7.7 billion in payments (with a margin of EUR 220 million). Commitment appropriations requested in the PDB 2010 are 2.3 % lower compared to the budget 2009. This decrease is due to the financing of the Food Facility in 2009.

Heading 5: Administration: commitments and payments are set at the same level. Administrative expenditure for all EU institutions will grow moderately by 2.1%, with the European Commission's own expenditure increasing by less than 1% (0.9%) at EUR 3.6 billion (see [BUD/2009/2002B](#): Budget 2010 - Other sections).