2010 budget: section III, Commission

2009/2002(BUD) - 17/12/2009

PURPOSE: definitive adoption of the European Union budget for the 2010 financial year.

LEGISLATIVE ACT: Decision 2010/117/EU, Euratom.

CONTENT: the European Union's budget for the financial year 2010 was adopted definitively in accordance with the budgetary procedure on 17 December 2009. The budget adopted is in line with the priorities defined by the budgetary authorities and the vote taken by the European Parliament on that same date (please refer to Parliament's resolution of 17.12.2009).

The Union's budget in brief: overall, the 2010 budget amounts to **EUR 141.4 billion** in commitment appropriations, which represents an increase of 3.6% over the 2009 budget, and 1.3% of EU GNI. A margin of EUR 0.4 billion is left below the expenditure ceiling of the financial framework. Payment appropriations under the 2010 budget amount to **EUR 122.9 billion**, 1.04% of GNI. This amount, which represents an increase of 8.8% compared with 2009, leaves a margin of EUR 11.7 billion under the ceiling for payments.

Funding the Economic Recovery Plan: economic recovery is at the heart of 2010's spending and accounts for the lion's share of the funds. During the negotiations on the 2010 budget, funding of EUR 5 billion was agreed for the European Economic Recovery Plan, in order to finance major European projects in the areas of energy and broadband infrastructures and to face new challenges in rural areas linked to the CAP health check. Following the first injection of EUR 2.6bn in 2009, more than EUR 2.0 billion have been added to the 2010 budget for this purpose.

The other main budget priorities for 2010 are as follows:

1. **growth and employment:** given the economic and financial situation, greatest priority is given to encouraging economic recovery in Europe. The largest share of the budget – 45% or EUR 64.3 billion will be spent on this objective. Competitiveness will be assisted by additional resources in favour of the framework programme for research (+11.7%), the framework programme for innovation and competitiveness (+3.4%) and the education and lifelong learning programme (+4. 4%). Funding for the main research and energy programmes will rise by more than 9.1%;
2. **strengthened cohesion policy**: the allocation for cohesion policy has been increased, with the EU12 countries receiving 52% of cohesion and structural fund resources (expenditure on structural and cohesion policy will amount to EUR 49.4 billion, which represents an increase of 2% of the Cohesion Fund in comparison with 2009);
3. **emergency aid for the dairy sector:** EUR 59.5 billion will be directed to the preservation and management of the Union's natural resources, with Emergency aid of EUR 300 million to help milk producers in 2010, and promoting sustainable rural development (+ 2.6 %). Support for agriculture will also be increased since the EU12 will receive almost 20% of agricultural aid, EUR 11 billion. Thanks to the Common Agricultural Policy, the single market and the increase in market prices, EU12 farmers' incomes have risen by 47% since accession. Funding for natural resources has risen to EUR 59.5 billion and, in this context, spending on environment and rural development will rise by close to 2.6% to around EUR 14.4 billion;
4. **European citizens:** the European Union also seeks to address citizens' concerns in the area of freedom, security and justice. In the 2010 budget, EUR 1.0 billion will be available for this purpose, with a further EUR 0.7 billion for programmes in the field of citizenship, such as support for youth and culture. 2010 will be the European Year for Combating Poverty and Social Exclusion with a

budget of nearly EUR 10.5 million and a range of initiatives planned for all Member States. Greatest increases in spending include those relating to fighting crime and terrorism and managing migration flows. Spending on these will rise by 16.2%;

5. **aid to third countries:** with more than EUR 8 billion of external aid, the EU will maintain its aid efforts in least developed countries and will continue to play a key role on the global stage, so as to deal with global challenges, such as climate change, food security and globalisation. EU aid to developing countries via the Development Cooperation Instrument will rise by 3.9% to reach EUR 2.5 billion. Pre-accession aid (IPA) will increase by 4.5% to EUR 1.6 billion. Funding for the EU's Common Foreign and Security Policy (CFSP) will rise by 15.9% (to reach EUR 282 million). The last part of the EUR 1 billion Food Aid Facility will also be financed in the 2010 budget (EUR 170 million). It should also be noted that support for the Middle East peace process is one of the key elements of the Union's external policy.

The 2010 budget – amounts by heading:

Heading 1: SUSTAINABLE GROWTH: this heading amounts to **EUR 64.25 billion** in commitments and EUR 48 billion in payments. It includes two specific sub-headings and accounts for 45.4% of the budget:

- **1a Competitiveness for growth and employment**: this sub-heading focuses on the main actions of the Recovery Plan and involves commitments of EUR 14.8 billion, an increase of some 8% compared with 2009;
- **1b – Cohesion for growth and employment:** with EUR 49.4 billion in commitments and some EUR 36.3 billion in payments, this sub-heading relates to the Union's structural actions, environment and spatial planning policies. It has risen by 2% compared with 2009.

Heading 2: PRESERVATION AND MANAGEMENT OF NATURAL RESOURCES: agricultural spending will rise noticeably from the 2009 level, with an amount of around EUR 44 billion in commitments for market-related expenditure and direct payments. This spending will rise by 6.8% compared with 2009. In total, the heading is broken down as follows: EUR 59.5 billion in commitments and EUR 58.2 billion in payments. The overall "natural resources" heading covers 42.1% of the budget, 31% of which is market expenditure and 11.1% for rural development, the environment and fishing;

Heading 3: CITIZENSHIP, FREEDOM, SECURITY AND JUSTICE: this heading will now account for 1.2% of the Union's budget with **EUR 1.7 billion** in commitments (and EUR 1.4 billion in payments). Excluding the Union's Solidarity Fund, the heading comprises the two sub-headings that follow:

- **Heading 3a: Freedom, security andjustice** with a little bit more than EUR 1 billion (fight against terrorism, security, etc…);
- **Heading 3b: Citizenship** (including funding for youth and culture) with EUR 668 million in commitments.

Heading 4: EU AS A GLOBAL PLAYER: in 2010, this heading amounts to EUR 8.1 billion in commitments (and EUR 7.8 billion in payments). It now accounts for 5.7% of the Union's budget and includes expenditure on the European security and defence policy.

Heading 5: ADMINISTRATION: this heading represents 5.6% of the total EU budget and amounts to EUR 7.9 billion (in commitments and payments) which covers the spending of all the European institutions.

Heading 6: COMPENSATION: this heading is now consigned to being a p.m. since the compensation mechanism in regard to the new Member States is now completed.