2011 budget: all sections, first version

2010/2001(BUD) - 27/04/2010 - Commission draft budget

PURPOSE: to present the draft budget of the Commission for the financial year 2011.

CONTENT: the Commission adopted the first draft budget of the "Lisbon era" - the draft budget for the financial year 2011. It is also the fifth budget under the Financial Perspectives 2007-2013 whose main objective will be to boost economic recovery, invest in Europe's youth and in tomorrow's infrastructures.

Budget details: out of a total of €142.6 billion, some €64.4 billion are geared towards economic recovery actions (+3.4% on 2010). Furthermore, the funds backing the flagship initiatives of the EU 2020 strategy (for growth) represent some €57.9 billion (some 40% of the Budget).

For payment appropriations, the total amounts to €130 136,0 million, corresponding to 1.04 % of GNI. This is an increase of €7 179.1 million compared to payment appropriations in the 2010 budget, and leaves a margin of €4 429,0 million under the ceiling.

The main budgetary priorities for 2011: the main objective in 2011 will fully support the European economic recovery, strengthening and improving growth prospects. The EU budget has two main priorities:

1. **Supporting the EU economy post-crisis**: competitiveness for growth and employment, with €13.4 billion, and Cohesion for growth and employment, allocated with €51.0 billion, support the EU economy by reinforcing the conditions for future growth. Investments in research, development, and innovation, infrastructure and human capital are at the heart of economic modernisation and are reinforced through relevant key programmes. These actions are in line with the priority areas identified by the Europe 2020 strategy. In these key policy areas, the 2011 Draft Budget foresees significant increases in payment appropriations, delivering real implementation on the ground. In particular, increased payment levels for activities under Competitiveness for Growth and Employment and for Cohesion for growth and employment prove that these policies are implemented vigorously to accelerate the recovery process. Accompanied by actions in favour of education, training and lifelong learning, the European Microfinance facility and the support of programmes addressed to youth will contribute in consolidating our exit from the crisis and assist the younger generations. Reinforced payment levels for growth and employment are combined in the 2011 Draft Budget with stable funding levels for market related expenditure and direct aids under the Common Agricultural Policy (CAP) as well as for rural development.
2. **Adapting to new requirements in the area of financial services and supervision**: three new EU Authorities will assist national authorities in applying EU rules and link national supervisors into a strong EU network. The financial supervision authorities will be part of the European System of Financial Supervisors (ESFS). In addition, the financing of Global Monitoring for Environment and Security (GMES) begins in 2011 with the allocation of €10 million. This initiative provides better environmental monitoring and management, and increased security. The substantial increase foreseen for the area of Freedom, Security and Justice (heading 3a, + 12.8% in commitment appropriations and + 15.4% in payment appropriations), and in particular for Solidarity and management of migration flows, reflects the importance attached to the implementation of the recently adopted 'Stockholm programme' for which an Action Plan has been proposed by the Commission. Other new initiatives are preparatory actions on 'Mainstreaming climate action and adaptation' (heading 2), the 'European Year of Volunteering' (heading 3b on citizenship) and, under heading 4, the new 'European Voluntary Humanitarian Aid Corps'. Finally, the sustained level of commitment appropriations for the EU as a global player (heading 4) will allow the Union,

reinforced by the new European External Action Service, to continue to play its role on the world stage, including in the area of climate action (additional commitment appropriations amounting to EUR 65 million) further to the Copenhagen Accord reached in December 2009.

MAIN CHARACTERISTICS BY BUDGET HEADING: the presentation below is structured according to the budget categories of the financial framework 2007-2013:

Heading 1: ***Sustainable Growth***: this section includes expenditure related to competitiveness, employment and cohesion:

- **1a Competitiveness for growth and employment**: this sub-section brings together many of the flagship initiatives set out in the Europe 2020 strategy including 'innovation Union', 'youth on the move', 'resource efficiency Europe', 'new skills and jobs' and 'industrial policy for the globalisation era'. The main programmes of this 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/EGNOS and Marco Polo II, and the PROGRESS Programme. Other actions contributing to the goals of the priority themes of the Europe 2020 strategy concern the internal market, statistics, financial services and supervision, the fight against fraud, taxation and the customs union. Commitment appropriations for heading 1a are set at €13.436,9 million, which is a decrease of 9.6% compared to the 2010 budget. This leaves a margin of €50.1 million. Payment appropriations increase by 6.8 % to €12.109,7 million. The apparent reduction in commitment appropriations for this heading must be seen in the context of the inclusion in the 2010 budget of the second tranche of additional appropriations for the funding of energy projects to aid economic recovery, as mentioned above. Once this element is excluded, commitment and payment appropriations increase by 4.4% and 7.0 % respectively.
- **1b Cohesion for growth and employment**: the sub-section covers mainly the Structural Funds (ERDF, ESF and Cohesion Fund). The commitments included up 3.2% to €50.970,1 million, which leaves a margin of €16.9 million. The payment appropriations rise 16.9% to €42.540,8 million. The substantial increase in the level of payments reflects the momentum of the Cohesion Policy 2007-2013 on the ground, and hence its contribution to economic recovery in Europe. Because the management systems and controls are in place and that programmes are on track, further significant increases in annual payment needs are expected towards the end of the current programming period. Overall and by their nature, the Cohesion policy objectives contribute to the Europe 2020 strategy in terms of promoting smart greener and competitive growth of regional economies based on knowledge, innovation and resource efficiency.

Heading 2: ***Preservation and management of natural resources***: for 2011, the Commission proposes commitment appropriations amounting to €59.486.2 million for heading 2. This level of funding, stable compared to 2010, leaves a margin of €851.8 million under the ceiling. The margin increase compared to 2010 is due primarily to a decrease in interventions in agricultural markets (expected decline of approximately €900 million). The continuation of the progressive introduction of direct aid to the EU 12 countries as well as improving the situation on agricultural markets are the main factors behind this development. Payment appropriations amount to €58.136.7 million. The amount for market related expenditure and direct aid amounted to €43.747,4 million in commitment appropriations and €43.656,8 million in payments.

Heading 3: ***Citizenship, freedom, security and justice***: this section is divided into two sub-sections:

- **3.a Freedom, Security and Justice**: this sub-heading is devoted to activities in the area of freedom, security and justice. The year 2010 will correspond to an implementation consistent and reinforced by specific actions, grouped into three general programmess (Solidarity and Management of Migration Flows, Fundamental Rights and Justice and Security and Safeguarding Liberties). The PB

provides a substantial increase in the sub-heading in the order of 12.8% to €1.135.3 million, so there remains a margin of €70.7 million. Payment appropriations are also subject to a significant increase of 15.4% to €852.4 million. It should be noted that the funds originally earmarked for the Information System (VIS) and the Schengen Information System (SIS) have been lower than originally forecast, totalling €60 million. Part of this allocation will be used to finance (up to €10.6 million) the new agency for the operational management of information systems to large scale.

- **3.b Citizenship**: this sub-heading contributes to numerous Europe 2020 strategy flagship initiatives including 'youth on the move', 'an agenda for new skills and jobs', 'European platform against poverty' and 'innovative Union'. In particular this heading covers issues which are of key concern to the citizens of Europe, including health, consumer protection, and civil protection. The crucial task of reaching out to the citizens and communicating Europe also fall within this heading, through the funding of cultural programmes and the policy area Communication. The commitment appropriations amounted to €667.8 million, leaving a margin of €15.2 million. Payment appropriations for this category fell by 3.1%, to €639 million. The annual limit for this section remains generally stable in the current financial framework. The Commission has deliberately kept a margin to account for unforeseen expenses and possible policy adjustments during budget procedure and, consequently, the level of commitments remain unchanged from 2010.

Heading 4: ***EU as a global player***: Heading 4 shows an increase of 5.6% in commitment appropriations to €8 613.5 million, leaving a margin of €70.3 million under the ceiling. Payment appropriations decreased by 2.4% to €7.601,8 million. In 2011, the implementation of almost all programmes should continue at cruising speed. Based on the financial framework 2007-2013, the PB 2011 continues to meet the overall profile of the multiannual financial envelope allocated to the respective instruments. The major action planned for 2011 is the further intensification of bilateral, regional and thematic EU programmes. Additional efforts to address the causes and consequences of climate change in third countries will be increasingly financed from funds committed for annual action plans of the geographic instruments. The following should also be noted: (a) the strengthening EU commitments at the forthcoming UN conference on Millennium Development Goals (€65 million); (b) strengthening the support provided by EU to efforts in developing countries to address climate change (€65 million); (c) a new framework to support the economic and social development of the Turkish Cypriot community (€25 million).

Heading 5: ***Administration***: commitments and payments increased by 4.4%, the first amounting to EUR 8255.4 million and the second to €8.256 million. Thus there remains a margin of €160.6 million. The Commission has made special efforts to reduce its administrative expenditure, which grew 2.9%, resulting partly from an increase in wages which were higher than expected in 2009. This moderate increase in administrative expenditure results also in the fact that the Commission is not requesting any additional posts. The Commission expects to achieve its priority objectives, including those arising from the entry into force of the Treaty of Lisbon by a major redevelopment effort. Section 5 also covers the administrative expenditure of other institutions based on their respective estimates. These estimates take into account the additional requirements associated with entry into force of the Lisbon Treaty, particularly as regards the Parliament, the European Council and the Council, the Economic and Social Committee and the Committee of Regions. The Commission's draft budget was established without prejudice to the creation of the European External Action Service (EEAS). This means that the funds and staff of the Commission who will be part of the EEAS will be included in the Commission's request. Subsequently, when the EEAS will be established and the relevant section of the budget created, the posts and appropriations should be transferred from the relevant sections of the Commission and the Council by the use of a letter of amendment related to the draft budget 2011.

New budget procedure: the Draft Budget for 2011, as presented by the new Commission, marks the beginning of the first full budgetary procedure under the completely revised Lisbon Treaty provisions, on the basis of which a **single reading** of each arm of the budgetary authority will culminate in a Conciliation procedure in the autumn.