Resolution on the Commission's 5-year strategic programme

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The Annual Policy Strategy constitutes the first stage of the Commission's annual policy cycle. For 2005, the following objectives will be pursued: - establish the policy priorities for 2005; - identify the initiatives that will help to realise these priorities; - adopt the budgetary framework and guidelines, so that the priority initiatives receive the necessary resources, and for the purpose of financial programming. The document examines the EU's situation in 2005, pointing out that it will be the first year of the new Commission, and a key year for carrying through all of the measures connected with the future financial perspective, including the legislative proposals relating to the next generation of Structural Funds. Beyond the policy priorities, there is one fundamental operational priority for the Commission: ensure the success of enlargement and shape the future of Europe. In this connection, the allocation of additional human resources until 2008 will be crucial in enabling the Commission to meet its institutional responsibilities. Besides this operational priority, the Commission has identified the policy priorities for 2005, tying in with the objectives set in previous years: - the Commission's central objective will be to provide a new momentum of economic growth, based on enhanced competitiveness and cohesion; - the objective of stability and security will be maintained; - the Union will take on a new external responsibility, with emphasis on the neighbourhood dimension. Competitiveness and Cohesion: an upturn in growth will be the central policy objective of the Commission. Particular emphasis should be placed on: - industrial policy, whether in terms of the manufacturing or services industry. Services now account for two-thirds of GDP and the majority of jobs created in the Union; they constitute the sector where the scope for higher productivity and further job creation is greatest and help to maintain a solid industrial base; - reducing the persistent gap between Europe and its main partners in terms of the effort put into research and the development of human and technological capital (including information and communication technologies, information society, lifelong learning and Erasmus Mundus); - reinforcement of consumers' confidence in the field of cross-border transactions and electronic trade; - reducing disparities within the enlarged Union. The document goes on to describe the key initiatives which have been selected. Security and European Citizenship: the EU must manage a land border of 6 000 km and a sea border of 85 000 km. The total of third-country nationals living in the EU exceeds 14 million, while around 1.5 million are arriving each year. Moreover, enlargement will accentuate the diversity of cultures and peoples, and will present a new challenge in the form of European citizenship as a new EU dimension. In this field, the Commission has taken steps to create a European area of freedom, security and justice in accordance with the instructions given by theTampere European Council in October 1999. This strategy will enter a second phase in 2005. The Commission proposes selected initiatives in this area. External responsibility: Neighbourhood and Partnership: the Commission will implement a new EU neighbourhood policy, aimed at neighbouring States, which are not (with the exception of Western Balkan countries) candidates for EU accession. As far as the countries of the Western Balkans are concerned, the stabilisation and association process will remain the policy cornerstone. In addition, and in the light of decisions taken in 2004, the Commission will continue implementing the pre-accession strategy with Turkey and might enter into an active phase of negotiation with Croatia. Here again, selected initiatives are listed. The document goes on to discuss the selection of initiatives for extended impact assessment as well as the general framework for human and financial resources for 2005. With regard to the latter, the Commission estimated that extending its work to the new Member States would, once the whole operation was fully up and running (in 2008), imperatively require the recruitment of 3 900 additional members of staff. In the context of the APS 2005 exercise, the Commission intends to make it clear that this request for 3 900 persons is crucial for the functioning of the enlarged Union. In this respect the Commission acknowledges the fact that the Budgetary Authority has met its requests up to now. Nonetheless, the Commission underlines the importance of the outstanding requests for posts up to 2008 and asks the Budgetary Authority to endorse this pledge in order to enable the Commission to fulfil its institutional responsibilities in the context of

enlargement. This increase ought to occur between 2004 and 2008 in line with the financial perspective adjustments for an enlarged Community. However, in the light of the current budgetary constraints, the request in 2005 is for a limited net increase of 700 posts related to the Union's enlargement. The recruitment of 700 people constitutes, for 2005, the indispensable basis for carrying forward the management and supervision of Community programmes, and for implementing the acquis communautaire within the enlarged Union. The slower, more gradual build-up of these new human resources, linked to the fact that almost half of them will be dedicated to the language services, will negatively impact on the Commission capacity to meet its institutional obligations. The Commission discusses the financial resources available, and makes observations on each heading of the financial perspective. The application of deflators to translate the 1999 prices to current prices has left a substantial reduction in the ceilings of the various headings of the financial perspective. This is a particular problem for headings 3, 4 and 5. Such decreases in the ceilings have resulted in a very challenging situation in which it has proven necessary to implement reductions in a number of programmed amounts, in order to finance important initiatives, while at the same time leaving a sufficient margin under the heading 3, as required by the IIA. Expenditure allocated within heading 3 "Internal policies" leaves a margin under the ceiling of EUR 54 million. As far as category 4 "External actions" is concerned, the challenging situation is rendered more complex by the financingneeds of the EU's continued participation in the reconstruction of Iraq (EUR 200 million earmarked for 2005). It is clear that only a part of this new expenditure can be financed within the expenditure ceiling. The Commission will therefore propose that the remaining needs be financed by making use of the flexibility instrument, as provided for by point 24 of the IIA. Expenditure under this heading leaves a margin under the ceiling of EUR 108 million. The Commission goes on to discuss the changes in financial resources in comparison with EU-25 financial programming relating to the three priorities listed above (FP headings 3 and 4): Competitiveness and cohesion: indicative change in financial resources - 2005: EUR 5 million; 2006: EUR 18.7 million. Security and citizenship: indicative change in financial resources - 2005: EUR 28.1 million; 2006: EUR 14.1 million External responsibility: Indicative change in 2005 - EUR 200 million.