

2006 budget: Commission's strategical annual priorities

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PURPOSE: presentation of the Annual Policy Strategy for 2006.

CONTENT: As the first stage of the now well established Commission's annual policy cycle, this Annual Policy Strategy establishes the policy priorities for 2006, identifies the initiatives which will help to realise them and adopts the budgetary framework so that the priorities receive the necessary resources.

Following adoption of the Annual Policy Strategy, setting the framework and guidelines for the 2006 budgetary and legislative exercises, the cycle will move on to the preparation of the preliminary draft budget and the inter-institutional dialogue.

2006 will be critical with regard to restoring growth and employment in the Union. Progress should be made on the delivery of the Lisbon Strategy, the Sustainable Development Strategy and the Social Agenda 2006-2010. In the field of Freedom, Security and Justice, a review of the Hague programme, linked to the entry into force of the Constitution, is already foreseen for the second half of 2006. As for external relations, the enlargement process will enter into a new phase; the achievements of the ongoing neighbourhood policy should be deepened.

2006 will also be a year of preparation for the institutional changes linked to the entry into force of the Constitution (on 1 November 2006). The Commission is preparing a number of legislative initiatives to ensure immediate application of the Constitution when it enters into force. The year will also be critical to prepare for the 2007-2013 financial perspective period.

At international level, issues related to peace, poverty reduction, security and stability are high on the Union's agenda.

The Annual Policy Strategy 2006 will clearly reflect the priorities underlying the Partnership for European Renewal: putting Europe back on the track of **prosperity**; reinforce our commitment towards **solidarity**; strengthen citizen's **security** and, lastly, the **external projection** and promotion of these priorities outside our borders through a stronger voice in the world.

- **prosperity**: priority will be given to the implementation of the refocused Lisbon Agenda in order to boost economic growth and job creation; the application of the Growth and Stability Pact; the formulation and implementation of action plans under the revised Sustainable Development Strategy; making a reality of the full employment goal of the New Social Agenda; improving the operation of the internal market; boosting investment in R&D, innovation, resource efficiency; promoting mobility in education and life-long learning.

- **solidarity**: focus will be on cohesion policies to pursue the goal of economic convergence by promoting growth and competitiveness and the approval of strategic guidelines for the years 2007-2013; the protection of the environment and proper management of natural resources; protection of fundamental rights and fight against discrimination, promotion of gender equality, cultural diversity; a comprehensive approach to migration issues; combating climate changes.

- **security**: emphasis will be on strengthening anti-terrorism efforts (cross-border exchange of information, cutting the financing of terrorism and improving assistance to victims); facilitating of legal travel for third

country national within EU borders; improved cooperation between judicial, police and customs authorities; mutual recognition and free circulation of judicial decisions in civil and criminal matters; early warning and immediate response in the event of environmental, food safety and health risks; transport safety and greater security of Internet related services and networks; greater security of energy supply.

- **external projection:** action in 2006 will be geared towards preparing for the accession of Bulgaria and Romania and advancing on negotiations related to future enlargements; ensuring the effective implementation of the European Neighbourhood Policy; pursuing international trade negotiations at all levels; constructive engagement in the Middle East Peace Process; supporting reconstruction in Iraq, in Asia after the tsunami; upgrading the transatlantic dialogue; poverty reduction, particularly in Africa; reaffirming Europe's strong commitment to human rights; increasing European capacities to deal with crisis and global security challenges.

FINANCIAL IMPACT: This Annual Policy Strategy calls for an adjustment in the resources allocated to existing initiatives under categories 3 and 4 of the 2006 budget.

As far as category 4 'external actions' is concerned, amounts above the margin available will be required for aid to Iraq (EUR 200 million), to countries affected by the tsunami (EUR 175 million) and to countries affected by the sugar reform (EUR 40 million). The Commission therefore proposes the use of the flexibility instrument to ensure that the remaining needs are covered.

For heading 3 'internal policies', the new initiatives proposed by the APS 2006, still leave a margin under the ceiling of EUR 112.9 million.

Changes in financial resources in comparison with financial programming (in appropriations for commitments):

- Prosperity – EUR 8 million

- Solidarity – EUR 600,000

- Security – EUR 17 million

- External projection – EUR 357.6 million.

HUMAN RESOURCES: A net increase of 700 posts is called for in 2006, as well as 100 external staff as a front-loading of posts related to the future accessions of Bulgaria and Romania.