

Basic information	
2009/2005(BUD) BUD - Budgetary procedure	Procedure completed
2010 budget: section III, Commission: guidelines	
Subject 8.70.60 Previous annual budgets	

Key players			
European Parliament	Committee responsible		Rapporteur
	BUDG Budgets		SURJÁN László (PPE-DE)
			17/12/2008
	Committee for opinion		Rapporteur for opinion
	DEVE Development		MITCHELL Gay (PPE-DE)
			21/01/2009
Council of the European Union			

Key events			
Date	Event	Reference	Summary
24/02/2009	Vote in committee		Summary
26/02/2009	Committee report tabled for plenary	A6-0111/2009	
09/03/2009	Debate in Parliament		
10/03/2009	Decision by Parliament	T6-0095/2009	Summary
10/03/2009	Results of vote in Parliament		
10/03/2009	End of procedure in Parliament		

Technical information	
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Committee dossier	BUDG/6/72217

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE418.335	04/02/2009	
Amendments tabled in committee		PE420.145	12/02/2009	
Committee opinion	DEVE	PE420.237	19/02/2009	
Committee report tabled for plenary, single reading		A6-0111/2009	26/02/2009	
Parliament's opinion on budgetary estimates/guidelines		T6-0095/2009	10/03/2009	Summary

Council of the EU

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European Commission

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Document attached to the procedure	COM(2009)0073 	18/02/2009	Summary

National parliaments

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Additional information

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2010 budget: section III, Commission: guidelines

2009/2005(BUD) - 18/02/2009 - Document attached to the procedure

PURPOSE: to present the Annual Policy Strategy (APS) for 2010.

CONTENT: this APS paves the way for establishing a policy agenda for 2010 and launches the interinstitutional dialogue on the priorities for next year. It will be for the next Commission to review the policy priorities in the light of its strategic objectives, and to turn them into an operational programme when it draws up its Work Programme for 2010.

The **Annual Policy Strategy for 2010** summarily describes the political objectives in four areas:

1. **Economic and social recovery:** the impact of the current economic and financial crisis is likely to be significant both in 2009 and in 2010. The **European Economic Recovery Plan** provides a solid basis for building the conditions for recovery – its implementation during the rest of 2009 and into 2010 will be a matter of high priority. Increased investment from cohesion funds in energy efficiency, low-carbon and renewable energy technologies, infrastructure projects and measures to combat climate change is among the Commission's other priorities for the recovery of the European economy. The Commission's other sectoral priorities shall be as follows: (i) overhaul the regulation and supervision of financial markets; (ii) pursue the reforms launched under the Single Market Review to improve business environment opportunities and drive consumer confidence and demand (particularly with the 2008 Small Business Act for SMEs); (iii) manage the impact of crisis-related changes in Europe's economy through state aid and merger control activity (including in the energy, ICT, transport, post and financial services sectors); (iv) combat counterfeiting and piracy; (v) review transport policy, taking into account the demand for a low-carbon economy;
2. **Climate change and sustainable Europe:** assuming that a new international agreement on climate change is reached in Copenhagen in 2009, this will have a significant impact on the EU. In the meantime, the EU will continue to implement the Climate and Energy package, including through investments under the Structural Funds (EUR 13 billion in 2010), the Global Monitoring for Environment and Security (GMES) and the reorientation of the Trans-European Energy Networks (TEN-E). The other main priorities in this area shall be: (i) implementation of the Health Check of the Common Agricultural Policy; (ii) implementation of the integrated maritime policy; (iii) reform of the Common Fisheries Policy (CFP); (iv) implementation of the Baltic Sea Strategy;
3. **Putting the citizen first:** 2010 will be the first year of implementation of the Stockholm Programme in the area of freedom, security and justice. The main priorities shall be the fight against terrorist threats and organised crime, the improvement of mutual recognition in criminal and civil matters and the granting of further procedural rights. The other priorities are: (i) the protection of fundamental rights (in particular as regards children); (ii) implementation of the European Pact on Immigration and Asylum; (iii) the management of borders (including visa policy). Employment, education and training policies will be at the centre of efforts to deal with the consequences of the crisis (with the renewed Social Agenda). The Commission should also continue to work in the field of gender equality. Lastly, further steps will be taken to improve public health and ensure consumer safety (including animal health) and to ensure follow up on the Green Paper on consumer redress in relation to collective claims;
4. **Europe as a World Partner:** 2010 will mark a new phase in EU external policy if the Lisbon Treaty enters into force. One of the early and visible outcomes of such an institutional change would be the setting-up of the European External Action Service (EEAS). In the meantime, accession negotiations with Croatia and Turkey will continue. The Commission will also prepare measures to support Kosovo's political and socio-economic development. In the European Neighbourhood Policy (ENP), special emphasis will be put on deepening bilateral relations, in particular with Israel, the Republic of Moldova, Morocco and Ukraine. The ENP will see further intensification through the 'Union for the Mediterranean' and the 'Black Sea Synergy'. Negotiations on a new agreement with Russia will be pursued and the Commission will cooperate closely with the new US administration. Moreover, the Commission will pursue cooperation with ASEAN countries, China, India and Latin America. The EU's contribution to international security and stability will continue to be necessary, in particular in Kosovo, the Middle-East, Afghanistan, and Georgia. The September 2010 UN Summit will review progress on the Millennium Development Goals (MDGs). In the delivery of the EU's ambitious commitments on aid volume, 2010 has been set as the intermediate target on the way to achieving 0.7% by 2015. The Commission will also work with developed and developing countries towards rapid implementation of the climate change agreement if this is achieved in Copenhagen. Following the 2009 mid-term review of external relations financial instruments, any amendments agreed would enter into force in 2010.

Human and financial resources for 2010: to help meet the policy priorities for 2010, the Commission has instructed its departments to identify efficiency gains. This effort is expected to lead to the **redeployment of some 600 posts**. The APS also sets out proposed changes to the financial programming under each heading of the 2007-2013 Multiannual Financial Framework, which are compatible with the expenditure ceilings specified in the different financial programmes:

- **Competitiveness for growth and employment (Heading 1a):** an increase in appropriations of 9% is earmarked for Heading 1a compared to the 2009 budget, in the context of the European Economic Recovery Plan and the Lisbon Strategy. This entails increases in the financial allocations to the following main areas: (i) 7th Framework Programme for research and technological development: + EUR 803 million; (ii) Lifelong Learning Programme: + EUR 39 million; (iii) Competitiveness and Innovation Programme (CIP): + EUR 25 million; (iv) Trans-European Networks (TENs): + EUR 128 million; (v) Galileo: + EUR 66 million; (vi) European Institute of Innovation and Technology (EIT): + EUR 24 million. Moreover, an important part of the European Economic Recovery Plan is a new financing instrument - the **European Energy Programme for Recovery** - designed to develop projects in the field of energy in the Community. It is for a duration of two years (2009–2010) and has a budget of EUR 3.5 billion. The Commission proposes the transfer of resources not required under Heading 2 for 2008 to Heading 1a to fund the EUR 3.5 billion proposed for energy projects: EUR 1.5 billion in 2009 and EUR 2 billion in 2010;
- **Cohesion for growth and employment (Heading 1b):** the financial resources allocated to this Heading will increase by EUR 980 million, or 2%, compared to 2009. The Commission will concentrate on maximising the impact of these measures in terms of cohesion, growth and efficiency to fight the economic and financial crisis;
- **Preservation and management of natural resources (Heading 2):** the Health Check on agricultural policy will involve a transfer of EUR 479 million from direct aid to rural development. This will add to the transfer linked to voluntary modulation for Portugal and the reform of the wine sector, leading to an increase of 4.3% in 2010 of appropriations for rural development compared to 2009. Under Heading 2, the Commission proposes to anticipate – in 2009 already – the measures provided for in the Health Check for the new challenge (EUR 500 million) and to have better broadband infrastructure in rural communities (EUR 1 billion). The resources allocated to LIFE+ will increase by 6.9% in 2010, as scheduled in the financial programming;
- **Freedom, security and justice (Heading 3a):** expenditure under this heading will increase by approximately 14% in 2010 compared with 2009. The Commission will make proposals designed to implement the common European asylum system, including for the setting up of a support agency. The Commission also proposes to maintain the same sustained level of funding for FRONTEX (EUR 78 million);

- **Citizenship (Heading 3b):** the total amount proposed for 2010 represents a slight increase of 0.6% compared to 2009, allowing the same level of funding to be maintained for key measures concerning EU citizens (public health, consumer protection, civil protection, cultural programmes and communication);
- **EU as a global partner (Heading 4):** awaiting the development of new priorities (such as the follow-up to the Copenhagen conference), the Commission intends to allocate EUR 600 million for the progressive implementation of the Eastern Partnership, over the period 2010-2013. EUR 250 million has been earmarked by reprogramming ENPI funds. The remaining EUR 350 million will come from the unallocated margin under Heading 4, scheduled as follows: 2010: EUR 25 million; 2011: EUR 53 million; 2012: EUR 113 million; 2013: EUR 159 million. As regards the Palestinian territories, continued delivery of aid will be required to Gaza and the West Bank in order to mitigate the consequences of the protracted crisis. The Commission will continue to deliver on its commitment to respond to needs stemming from the 2008 crisis in Georgia. The Commission will also further enhance the Stabilisation and Association Process (SAP) with Kosovo. These different priorities will depend on developments in the coming months.

2010 budget: section III, Commission: guidelines

2009/2005(BUD) - 10/03/2009 - Parliament's opinion on budgetary estimates/guidelines

The European Parliament adopted by 537 votes to 73, with 59 abstentions, a resolution on the Guidelines for the Budget 2010 procedure. It notes that the Multiannual Financial Framework (MFF) for 2007-2013 sets out a challenging amount of budgetary resources for 2010, namely EUR 139 489 000 000 in commitments, which represents 1.02% of EU GNI, and EUR 133 505 000 000 in payments, which constitutes 0.97% of EU GNI (in current prices). Parliament wishes to see the final budget closer to these upper limits, which might help to finance numerous aims of vital importance of the European Union without jeopardising current policies and programmes.

An ambitious budget: Parliament states that the Union needs more ambitious financial and budgetary decisions to allow it to assume its role mainly in the area of economic growth and jobs and in the external policy area where the resources are scarce. It emphasises that it will use all the means available (including the use of the legislative flexibility of 5%) in order to see its political priorities carried through. The Commission and the Member States are urged to facilitate implementation of annual budgets by reducing self-imposed bureaucratic burdens and simplifying the management systems where possible, notably of the Structural Funds.

Inter-institutional working group on decentralised agencies: Parliament welcomes the setting up of this working group. It reiterates the fact that the financial resources to create new agencies is very limited and reminds the Commission of the need to take into account assigned revenues when establishing the PDB 2010 for existing decentralised agencies. Underlining the fact the agencies depend to a large extent on revenues generated by fees, Parliament states that they must still be able to use this instrument in its entirety to give them the needed budgetary flexibility.

Under-funding of Heading 4: Parliament recalls its constant preoccupation as regards this issue. It points out that if the Union is to live up to its promises and its ambitions as a global player, it must ensure that the needs of developing countries are fully reflected in the strategic choices of financing mechanisms in the area of development cooperation. It does recall however that there have already been several changes reducing the margins available and that it is therefore difficult to finance new measures without fresh money. Parliament favours finding long-term solutions which would make the EU budget sufficient to meet all needs instead of shifting appropriations between headings. It considers that the mid-term review of the MFF should also address the chronic under-funding of certain categories of expenditure.

Acting to face the challenges: Parliament recalls that enormous challenges should be met in the EU budget 2010. It points out that the key objective is to put **European citizens first and improve their safety** which requires special attention to be given to: the recent financial and economic crisis and its impact on growth and competitiveness, jobs and cohesion, better and simpler implementation of structural funds; enhancing energy supply and transport safety; as well as internal security, meaning particularly immigration, the fight against terrorism, demographic challenges, and also the matter of climate change. The Commission should take into account the abovementioned circumstances when deciding on the PDB. The Commission should also continue with the delivery of aid in particular to Kosovo, the Middle East, Afghanistan and Georgia. Parliament expects the Commission, having identified some of the major priorities, to reflect them in PDB, and to provide sufficient financial resources.

Responding to the global financial and economic crisis: Parliament emphasises that, in a time of global financial and economic crisis, Member States have responded with their individual aid measures. However, it strongly believes that the Union has to react rapidly with **additional and coordinated measures** that have a direct impact on the economy and has to support the Member States with accompanying actions, particularly those stimulating economic growth, as this would result in encouraging investments by the private sector and therefore help to overcome the danger of job losses, to promote job creation and to support SMEs in the short and longer term. Parliament stresses that the current context of economic crisis could be seen as an opportunity to increase investments in green technologies. It also considers that the tremendous opportunities of information and communication technologies (ICTs) foster growth and innovation, thereby contributing to achieving the goals of the Lisbon strategy and to overcoming the current economic crises. Plenary calls for a rapid agreement on the proposal to amend the current European Globalisation Adjustment Fund Regulation in order to better address the consequences of relocations, decreasing production and job losses and to help workers to return to the labour market.

Providing Energy and Transport Security: Parliament wishes to explore the possibilities of further EU financing in these areas. It expects the Commission to propose strong actions in support of the realisation of diversified gas transport routes, including the Nabucco project. It also points out, in this context, the role of the European Investment Bank, in bringing about leverage effects and in helping mobilise private sector participation, bearing in mind, however, the issue of democratic accountability. Parliament sees the increased energy investment also as a tool for fighting the economic crisis and favours the idea of advancing EU budget expenditure on key energy infrastructure projects.

Environmental protection and combating climate change: Parliament recalls that combating climate change is also connected to energy security and deplores the fact that measures to mitigate climate change are still not satisfactorily included in the EU budget. It stresses that it will support all efforts to increase and concentrate adequate financial resources to mitigate the consequences of climate change. It reminds the Commission that the budget

authority voted for the 2009 budget in favour of extra funding in order to boost the fight against climate change. Parliament also encourages the Commission to increase, from 2009 onward, financial support to an appropriate level for new sustainable energy (meaning in particular zero-carbon) technologies.

Reinforcing internal security: Parliament recalls that the funding for issues such as border protection, civil protection, the fight against terrorism are to be maintained and should be reinforced in 2010, because these policies directly address the concerns of European citizens. It notes that promoting food safety also remains a priority and regrets that, according to the financial programming of January 2009, the funding for these issues is increased in Heading 3a moderately and remains almost unchanged for citizenship, Heading 3b according to the 2010 APS compared to the 2009 budget, although they address significant concerns of European citizens.

Improving the quality of spending: Parliament insists that improving implementation and the quality of spending (especially Heading 1b – Structural Policies) should constitute a guiding principle for achieving the best outcomes of the EU budget. It calls on the Commission to keep the budgetary authority informed and to reflect on appropriate actions that would boost implementation. Real proposals for the simplification of the Financial Regulation are needed according to the Parliament. The Commission is asked to support Bulgaria and Romania in their efforts with respect to the verification and cooperation mechanism and the management of EU funds. It should also follow closely the developments in Kosovo and the Balkan states with regard to the implementation and proper management of EU funds.

Safeguarding the EP's prerogatives: lastly, Parliament recalls the incontrovertibly positive performance, both in participation and implementation terms, of the different Erasmus pilot projects launched by Parliament over the past years. It believes that a substantial increase of the global financial envelope allocated to all Erasmus lines is needed in order to considerably raise up to one million per year, the number of young people participating in the 'European Erasmus policy'.

2010 budget: section III, Commission: guidelines

2009/2005(BUD) - 04/03/2009 - Document attached to the procedure

The Council approved a set of draft conclusions, on the basis of a proposal from the Czech Presidency, by way of preparation of the budget guidelines for 2010 to be established by the Council.

Overall, the Council considers that the budgetary procedure 2010 will play a crucial role in the pursuit and development of the European Union's objectives and priorities. A vast majority of programmes and actions should reach their cruising speed in 2010 but it is the current financial and economic crisis, in particular, that will put a serious strain on national economies and budgets. In this context, the Council wishes to underline the importance of a [European economic recovery plan](#), as endorsed by the European Council of 11 and 12 December 2008.

Moreover, the Council stresses the necessity of strict compliance with the Multiannual Financial Framework and underlines that expenditure must strictly remain within the limits fixed therein and sufficient margins must be maintained under all the ceilings of various headings and sub-headings (with the exception of sub-heading 1b).

The Council urges the best possible use of the budget's resources and stress that commitment and payment appropriations should be set so as to reflect the **real needs of the Multiannual Financial Framework**. It calls on the Commission and the Member States to pursue their efforts to deliver better forecasts.

The Council stresses the great importance of keeping payment appropriations firmly under control. It notes with great concern the volume of outstanding commitments and calls on all actors involved to continue to do their utmost to avoid overestimation.

The Council notes with satisfaction the good functioning of the Commission's "Budget Forecast Alert" (BFA) system, which allows adjustments to the level of appropriations in a more realistic and rigorous way. It encourages the Commission to continue to refine its methods of monitoring expenditure. The Council also stresses its willingness to make constructive use of Activity Statements in the context of heading-by-heading discussions over budgetary allocations during the 2010 budgetary procedure.

As regards some sectoral issues, the Council identifies the following elements as crucial in preparing the 2010 budget:

- **Competitiveness for Growth and Employment:** the Council attaches the greatest importance to a proper implementation of the various programmes and actions within the ceiling of this sub-heading. It underlines the importance of strengthening investment notably in the sectors of infrastructure and energy, as well as in the field of energy security;
- **Cohesion for Growth and Employment:** the Council stresses the importance of the speedy implementation of the different measures mentioned in the joint statement agreed during the 2009 budgetary procedure, aiming at reaching cruising speed in the implementation of Structural and Cohesion Funds within the ceilings of the Multiannual Financial Framework, and to avoid recurrent under-implementation. In the context of the current economic downturn, special attention should be paid inter alia to the simplification of rules and procedures, rapid start of programmes and projects still pending, including the relevant major projects, and increased prefinancing. Therefore, it requests the Commission to speed up the compliance assessment procedures of the management and control systems in order to start the interim payments as soon as possible in 2009;
- **CAP:** the Commission is invited to present realistic and clearly defined forecasts already in its PDB and then in its "ad hoc" letter of amendment of October, taking into account past implementation and foreseeable market prices evolution at European and international level. Particular attention should be given to ensuring that payment appropriations for expenditure related to rural development are accurate;
- **Citizenship, Freedom, Security and Justice:** the Council recalls the importance of allocating sufficient resources to EU policies such as immigration;
- **External Actions:** taking into account the present and forthcoming challenges, both at the economic and stability level, the Council firmly believes that the role of the European Union as a global player must be reaffirmed and that the 2010 budget should have adequate means to

match the Union's ambitions. In this respect, the Council stresses that sufficient margin under the ceiling of heading 4 is vital for the European Union, in order to enable it to provide for unexpected needs and crises in the most effective, flexible and rapid way. In this context, the Council draws attention to the constantly growing role of the Common Foreign and Security Policy and the need for it to continue to be adequately funded;

- **Administrative expenditure:** the Council recalls the common objective of increasing administrative efficiency along the same line adopted by Member States to optimise the use of resources. It intends to continue to monitor and to improve EU institutions' effectiveness with a view to increasing administrative efficiency and stresses the crucial importance of redeployment and reorganisation. It expects all the institutions to provide in advance all the necessary information for a clear, comprehensive, and consolidated picture of all administrative expenditure, including administrative expenditure financed under other headings and sub-headings of the Multiannual Financial Framework, thus allowing the budgetary authority to evaluate the situation and take well-founded decisions on the allocation and use of resources. The Council is concerned about the evolution in appropriations for pensions and their impact on the administrative expenditure in the future. It insists that the Commission provides an updated estimate of annual pension expenditure at least up to 2013 well before the PDB;
- **The European Union's decentralised agencies:** the Council reiterates the importance of keeping their funding under firm control, so as to provide for the real needs and to avoid over-budgeting. It expects the Commission to continue providing a comprehensive picture concerning decentralised agencies, including their building policy, in due time for the PDB for 2010 and urges the Commission to continue to take into account agencies' unused appropriations when establishing the PDB, with the aim of bringing down the agencies' annual surpluses.

Lastly, the Council recalls that the budget is one of the most significant tools to guarantee the accountability of the European Union towards its citizens; likewise it is fully aware that an accurate and accountable use of the EU resources is one of the essential means to reinforce the trust of the European citizens. Therefore, it attaches the greatest importance to these guidelines and expects them to be fully taken into account already in the PDB for 2010.