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TO THE EUROPEAN PARLIAMENT AND THE COUNCIL**

Annual Policy Strategy for 2004

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1. INTRODUCTION

The Annual Policy Strategy adopted by the Commission is the first step in the strategic planning and programming cycle introduced in 2001. It seeks to define the Commission's policy priorities and ensure that there is the right match between policy initiatives and the corresponding resources to deliver the priorities identified for 2004.

The Annual Policy Strategy for 2004 has the following objectives:

- to establish the policy priorities for 2004;
- to identify the key policy initiatives contributing to the realisation of the targeted priorities;
- to decide on the budgetary orientations for the year concerned, taking account, on the one hand, of the need to ensure that priority initiatives receive the necessary resources and, on the other, of resource needs for on-going business and major changes in objectives, taking into account the constraints of the financial perspectives;
- to provide guidelines for financial programming;
- to identify which extended impact assessments should be conducted on proposals to be tabled in 2004;
- to contribute to the preparation of multiannual programming for the European Union for the period 2004/2006.

The Annual Policy Strategy sets the framework for the budgetary and legislative cycle. Its final developments will coincide with the adoption of the budget on the one hand, with the presentation of the Commission Legislative and Work Programme on the other.

The steps following the adoption of the Annual Policy Strategy are the preparation of the preliminary draft budget and the inter-institutional dialogue on the basis of the orientations decided in the Annual Policy Strategy. The Commission presents its Annual Policy Strategy to the European Parliament and to the Council as soon as possible after its adoption in February. Subsequently the President of the Commission will introduce a debate on the Annual Policy Strategy in the General Affairs Council and at the European Parliament's plenary session.

Over the following three months, the Commission undertakes a dialogue with the Parliament and the Council on its Annual Policy Strategy. For this, the Commissioners engage in a bilateral dialogue with the European Parliament committees concerned with the implementation of the Annual Policy Strategy's priorities. The Commission engages in a similar dialogue with the Council and with the two Member States that hold the Presidency of the Council during the period covered by the Annual Policy Strategy. This year, for the first time, the Commission will seek to extend this dialogue to cover the outlook for the European Union in the period 2004-2006, in order to contribute to the first multiannual political

programming of the European Union. The Commission is examining with the other institutions, in the framework of the ongoing discussion on the Interinstitutional Agreement, how this new style longer term programming could be implemented satisfactorily for all actors concerned.

In September, the Commission prepares for the European Parliament and the Council a stocktaking document to review the results of the above dialogue. This document lists the main legislative proposals that the Commission intends to introduce in its Legislative and Work Programme and, if necessary, update the policy priorities for the following year, and review possible implications in terms of resources. The cycle is completed with the adoption of the Legislative and Work Programme, by which the Commission, on the basis of the budgetary process and the results of the interinstitutional dialogue, announces the actions it intends to take forward over the coming year. The whole cycle forms then the basis for the operational programming done by the Directorates-General and services, which translate the political priorities into their Annual Management Plans. The execution of these Annual Management plans is then reported in the Annual Activity Reports. Their Synthesis is adopted by the Commission and communicated to the European Parliament, the Council and the Court of Auditors.

2. THE STATE OF THE UNION IN 2004 – COMPLETING THE MANDATE OF THE PRODI COMMISSION.

a) 2004 is a year of historical importance for the European Union. It will be marked by 3 major events:

- Subject to the completion of the Accession Treaty ratification process, on 1 May 2004, Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia will join the European Union. This is a turning point in the history of Europe, the moment when a union between Eastern and Western Europe comes to existence. With 25 Member States and 455 million citizens, the European Union will start to assume a new continental responsibility, and a political leadership.
- In June 2004, citizens will elect up to 732 members of the European Parliament. The European Parliament will in turn approve the appointments of the new Commission, consisting of one Commissioner from each Member State. It will be crucial that the citizens of the enlarged Europe feel that the European Union responds to their needs and concerns at this defining moment. Hence, the need for unprecedented communication efforts towards citizens.
- After the conclusion of the Convention and an inter-governmental conference, there is a possibility that 2004 will see a new founding Treaty, establishing the new architecture and substance for the European Union, ready for ratification by the Member States.

b) 2004 also marks the last year of this Commission's mandate: This Commission has made this enlargement its over-riding priority and sees the entry of the new Member States in this final year as the evidence that it has succeeded in achieving this priority. One of the first tasks will be to welcome the Commissioners from each of these new Member States, who will support this Commission's work

for a short interim period, and the new officials. The new Commission will take office on 1 November 2004.

Against this background, this Commission wishes to leave the foundations for the success of the enlarged Europe. In this context, this Commission notes that 2004 will see the completion of the objectives that it set at the beginning of its mandate:

- **New forms of governance:** The Commission will leave an administration with a modernised and coherent approach to management and well adapted to the challenges it faces following the full implementation of the White Paper on Administrative Reform. Improvements to European governance will also start to produce results. The Commission will prepare the new financial perspective proposal to guide the European Union's policy and budgets for the period after 2006.
- **Stabilising our continent:** A successful enlargement is a major contribution to the stability of our continent. Preparations to bring Bulgaria and Romania into the European Union in 2007 will continue. In 2004, the Commission will present its assessment of whether Turkey meets the political criteria for membership of the European Union. In the wider world, the Doha Development Agenda negotiations are due to be completed by the end of 2004. In 2004, the Commission will prepare for a general review of the Cotonou agreement in 2005.
- **Towards a new Economic and Social Agenda:** Early in its mandate (March 2000), the Commission and Council established the Lisbon Strategy, which will be well advanced in 2004. Achievements include the Nice Social Agenda, the European Company Statute, eEurope, the European Research Area and the Financial Services Action Plan. In 2002 the Euro became the common currency for most Member States. In 2004 the European Single Sky comes into effect.
- **Better Quality of Life:** 2004 is the final year of the mandate given by the European Council in Tampere to create a European area of freedom, security and justice. The Commission has presented all of the legislative proposals required by the Treaties for the first stage of this area, and is well on track in relation to new priorities with regard to migration management, in particular the management of the European Union's external borders, the integration of immigrants and co-operation with third countries. To respond to citizens' concerns in the area of food safety, this Commission will leave in place a European Food Safety Authority.

In conclusion, this Commission should leave a situation enabling the Enlarged Europe to start to function in good conditions, and to meet the challenges ahead. In this respect, it will be important that Parliament and Council reach decisions in 2004 on all the proposals made by the Commission and which would still be pending.

3. THE POLITICAL PRIORITIES FOR 2004 : ACCESSION BECOMES A REALITY

The first element to note is that in 2004 the Commission has to define its policy priorities on the basis of 25 Member States.

During its orientation debate on policy priorities for 2004, the College decided to pursue and deepen the priorities identified for 2003, which need to be adapted for the

enlarged Union and for the specific circumstances identified above for 2004. Therefore, the three policy priorities identified for 2003 are maintained in a broad sense, considering that they will refer to 25 Member States and will need to be strengthened, enriched and updated.

The central priority remains enlargement, and in particular **the accession of ten new Member States**: since the first day of the largest ever European enlargement, the Community will have to function fully with its 25 Member States. The challenge is huge, as all activities will have to be developed and adapted in order to make a success of enlargement.

The two connected priorities are **stability** and **sustainable growth**, which build upon the stability and security and an inclusive and sustainable economy priorities for 2003.

3.1. The accession of ten new Member States

This priority, which has accompanied the Commission throughout its mandate, will be at its highest in 2004, the year the EU will see the formal accession of ten new Member States. In addition, the Commission will pursue the accession negotiations with Bulgaria and Romania, and prepare the report requested by the European Council on Turkey. The main strands of this priority are two-fold:

- The legal obligations of the EU and of the new Member States vis-à-vis the *acquis communautaire* have to be fulfilled from the first day of accession. The top priorities to be achieved are the implementation of legislation, extending the existing programmes, instruments and procedures to the new Member States and developing an economic convergence strategy; this implies a particular attention to an effective functioning of the Common Agricultural Policy and the structural funds (employment, social and regional policy) and to the enforcement of the *acquis communautaire* in those areas which present specific challenges, namely the internal market (i. e. public procurement and financial supervision), environment and food safety.
- The Commission, as an institution, must be ready to work with the new Member States and welcome new officials from the acceding countries. This requires that the house is in order, and a specific priority should be given notably to the completion of the administrative reform and to continuing to improve its governance. To achieve this the new Staff Regulations will have to be adopted by the Council in June 2003 in order to allow an effective integration of new staff. This will also significantly reduce the administrative costs of enlargement.

The Accession of 10 new Member States: key initiatives for 2004

To achieve these objectives, the following key initiatives have been selected:

- To adapt all existing programmes in all policy areas to the full membership of the new Members States, notably as far as the structural funds are concerned, and the implementation of the CAP.
- To apply the Schengen evaluation mechanism to the new Member States to ensure the correct application of certain provisions of the

Schengen *acquis* in those States and to prepare for verifying the degree to which the conditions for lifting of internal border controls on persons with these States are met; to support implementation of new regime of facilitated transit documents in respect of Kaliningrad; to ensure that the levels of nuclear safety in the new Member States are as high as in the existing Member States.

- To reinforce *acquis* enforcement activities, notably in the domains of food safety, environment, internal market, employment and social policy fields;
- To update, codify and simplify the *acquis communautaire* in line with the Better Regulation initiative.
- To negotiate in WTO the consequences of the adoption of the external customs tariff for the new member states.
- To ensure that all necessary administrative preparations for accession are fully completed, including, those that will be necessary to implement a new set of Staff Regulations, and to recruit and welcome staff from the new Member States, meet the minimum linguistic requirements for 9 (or 10) new official and working languages of the Union in the fields of translation and interpretation and open new representations in the new Member States.
- To support continuing preparations for accession of Bulgaria and Romania and analyse Turkey's compliance with the political and economic criteria for accession.

3.2. Stability

The tensions world-wide and those which permeate internally European societies have driven the Commission to make security and stability a main priority in 2003. It is essential that responses to citizens' concerns on issues such as illegal immigration be appropriately balanced with the need to protect individual freedoms and to ensure justice for all. It is also fundamental to stress the objective of stability, in a constructive and positive light both inside and outside the EU.

For this priority, two approaches are highlighted:

- at the moment when enlargement is realised through the accession of the new Member States, the Commission will propose a stable and comprehensive political framework for our neighbouring countries. This single political framework (neighbours' initiative/"ring of friends") should be designed to offer an alternative political framework to the countries which are our neighbours and are currently not, or have no vocation to become members of the Union. The Copenhagen European Council in December 2002 recognised this and called for the EU to take the opportunity offered by enlargement to enhance relations with its neighbours on the basis of shared values. The Union should avoid drawing new dividing lines in Europe and promote stability and prosperity on both sides of the new borders. As the enlarging Union has created a zone of stability and prosperity by encompassing the new members, so it has the weight and the interest to ensure

stability and prosperity for its immediate neighbours. Enlargement therefore gives new impetus to the efforts of drawing closer to the 385 million inhabitants of Russia, the Ukraine, Belarus and Moldova and the countries of the Southern Mediterranean: Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, Palestinian Authority, Syria and Tunisia. Democracy, pluralism, respect for human rights and the rule of law are essential prerequisites for stability, as well as for sustained social and economic development and the Union must meet the challenge of creating a deeper, more inclusive and consistent relationship across its Eastern and Southern neighbours. The aim is to develop a zone of prosperity and a friendly neighbourhood - a ring of friends. In return for concrete progress demonstrating shared values and implementation of political, social and economic reforms, and taking the present contractual relations as a starting point, the EU's neighbourhood should benefit from preferential treatment and should be offered a stake in the single market;

- within the Union, the efforts to efficiently manage our common borders have to be increased. A particular attention will be devoted to measures to step up actions in favour of crime prevention and in order to increase security. In addition, it will be necessary to put emphasis on properly balanced immigration policies, which, inter alia, respond better to the current and future needs of the labour market in terms of labour force: this requires specific measures improving the access of legal immigrants to the labour market, but equally measures to promote all aspects of integration and fair treatment of legal migrants. More generally, the objective will be to put in place all the measures agreed at Tampere to create an area of security and justice, and start a reflection on the next steps.

Stability: key initiatives for 2004

To achieve these objectives, the following key initiatives have been selected:

- To work with Council to secure maximum adoption of proposals needed to create a European area of freedom, security and justice by the deadline of 1 May 2004; to continue further development of the European area of freedom, security and justice, to support communication activities to make people aware of their rights and to develop the rights of EU citizens to move and reside freely in the EU; to lead debate and discussion on new "Tampere II" programme, and to propose legislative measures defining the Visa Information System (VIS); to launch a study on the impact of enlargement on the management of the external borders and improve the instructions given to visa-issuing authorities as the next stage in the development of a common border system.
- To further develop policy dialogue and macro-economic co-operation for the "ring of friends", as well as extending the internal market and common regulatory structures, supporting integration into the global trading system, preferential trading relations and market opening, integration into transport, energy and telecommunications networks, greater EU political involvement in conflict prevention and crisis, more cultural cooperation and efforts to enhanced mutual understanding.

- To pursue Stabilisation and Association Agreements and extend the Pan–European system of origin cumulation with the Balkan countries, supporting capacity building, in the framework of a wider “ring of friends” policy.
- To improve implementation of the partnership and co-operation agreements with Russia and Ukraine in the area of Justice and Home Affairs. This means in particular the action plan against organised crime with Russia, the JHA action plan with Ukraine, and closer co-operation within the Baltic Sea Task force to combat organised crime.
- To implement new co-operation programmes with third countries in the area of migration, take forward measures to develop a balanced approach to immigration, in particular as a means of ensuring that high levels of employment and productivity can be maintained in future decades. This implies bringing forward measures to promote the integration of legally-resident migrants, and to promote intercultural dialogue, especially with our neighbouring countries.
- To develop a policy for security of communication networks and information.
- To continue action against bio-terrorism and to enhance European security measures in support of Petersberg’s tasks, including research¹.

3.3. Sustainable growth

This priority aims at consolidating Europe in such a way that prosperity, economic convergence, social cohesion, environmental protection and a better quality of life are preserved for both present and future generations. It is a very large agenda and for 2004 it is necessary to focus on the areas where reinforcement is particularly necessary, particularly in relation to the new Member States, in order to catch up in some policy domains. This relates to essential crosscutting elements for the realisation of the Lisbon agenda as well as the conclusions agreed at Göteborg. Also on the international level sustainability is becoming an important issue. Moreover, it should be noted that the Doha development agenda negotiations will reach their final stage. Here also, two strands can be distinguished:

- On the one hand, the economic pillar of sustainable development needs to be reinforced in a Europe of 25 to support growth and to ensure a global balance. It is a question of improving human capital and technology, by putting more emphasis on actions concerning the creation and acquisition of knowledge and education, the circulation of information, employment and social protection. At the same time, priority should be given to the environment for European enterprises, notably basic infrastructure and the regulatory framework, and the co-ordination of fiscal and economic policies which must be reinforced;
- On the other hand, there is a need to ensure that the other elements of sustainable development are properly taken into account, notably through the development of

¹ Without prejudice to budgetary implications

new technologies and a better integration of environmental concerns into other policies.

Sustainable growth: key initiatives for 2004

To achieve these objectives, the following key initiatives have been selected:

- To improve economic and budgetary co-ordination between Member States.
- To launch a Review of Sustainable Development Strategy.
- To implement the industrial policy strategy.
- To prepare the implementation of the new chemicals strategy, through measures such as the creation of a chemicals agency to manage the new REACH (Registration, Evaluation and Authorisation of Chemicals) system.
- In the “Energy Intelligent for Europe” programme, to promote and develop new systems and equipment to ease the transition from demonstration to actual marketing of new and efficient technologies.
- To develop further the European Research Area, notably through the application of the open method of coordination and European technology platforms, to implement an action plan to increase investment in research and development in line with the 3% objective and to attract adequate human resources in research.
- In the 6th Framework Research programme, to support innovative sustainable and energy-saving technologies as well as efforts aiming at the long-term availability of the most appropriate energy sources and carriers.
- To review circulation and registration taxes for passenger cars to make them more CO₂ efficient and present a communication on energy taxation in the enlarged Union.
- To develop a space policy and advance preparations for the Galileo satellite, which will improve traffic management and reduce congestion and improve energy infrastructure monitoring.
- To implement the new Erasmus-World Programme.
- To improve the international management of the internet.
- To propose measures to give citizens easier legal recourse to courts and authorities in other Member States concerning civil matters. Objectives include to speed up and simplify small claims litigation and to give all civil litigants access to reliable and effective Alternative Dispute Resolution schemes.
- Through the European Maritime Safety Agency, to develop European Union capacity to respond to oil pollution disasters, notably through the acquisition or chartering of specialised boats or by taking other

measures to combat pollution on behalf of the EU.

- To develop several environmental thematic strategies (soils, marine environment, pesticides, waste) within the framework of the 6th environmental Action Programme and complete the important work on reforming the Common Agricultural and Fisheries Policies.
- To follow up on Johannesburg, namely through the EU water initiative, and the EU energy initiative.
- To move the Doha negotiations towards successful completion by the end of 2004, as well as the on-going trade negotiations with Mercosur, Canada and ASEAN.
- To implement a European strategy for the promotion of corporate social responsibility.
- To continue to improve general quality of life for European citizens focusing in particular on initiatives in health and consumer protection; health and safety at work, road safety and new Trans-European energy networks as well as new initiatives in the education of youth.
- To streamline the existing co-ordination processes in the field of social protection.
- To implement the Cotonou agreement and prepare its mid-term review and a first reflection on its revision, as well as a new financial protocol; To implement the debt initiative, the Global Health Fund and the Action Plan on communicable diseases and reproductive health.

4. MULTIANNUAL PERSPECTIVES AND CONTRIBUTION TO MULTIANNUAL PROGRAMMING FOR THE EUROPEAN UNION

Last December, the Commission presented an important contribution to the work of the Convention. This Communication² highlighted three fundamental tasks for tomorrow's Union: consolidating the European model of economic and social development with a view to guaranteeing its people prosperity and solidarity; developing a European area of freedom, security and justice, to give full meaning to the concept of European citizenship; and enabling the Union to exercise the responsibilities of a world power.

These tasks can be encapsulated in three key ideas: **Peace, Freedom and Solidarity**.

It is now the time for the Union to start reflecting on how it intends to consolidate and develop the integration of Europe in these three areas in 2004-2006: a period that will launch an enlarged and reformed European Union.

In December 2003, the European Council will adopt a multiannual strategic programme for the three years to come, based on a joint proposal drawn up by the Presidencies concerned³ in consultation with the Commission.

² COM(2002)728 final, 05,12,2002

³ Ireland, the Netherlands, Luxembourg, the United Kingdom, Austria and Finland.

In view of this, the Commission has decided to broaden the scope of its Annual Policy Strategy to look not only at 2004 but also at the period 2004 to 2006. This will set the scene for a broad interinstitutional dialogue with both the Council and the European Parliament on the challenges facing the Union in 2004-2006 and thus contribute towards the preparation of the multiannual strategic programme later this year. The Commission will review the results of the interinstitutional dialogue in its Annual Policy stocktaking document in the summer of 2003. The Commission proposes to repeat this exercise next year, so that the multiannual strategic programme is updated and rolled forward on an annual basis. The elections for the European Parliament and the appointment of a new Commission do therefore not impede the elaboration of a contribution to the multiannual programming of the Council.

Against this background, the Commission suggests the following major axes for the development of a multiannual strategic programme for the Union in 2004-2006:

Peace: The Union now has a continental responsibility, which implies defending democracy, peace and stability within its territory, in neighbouring countries and throughout the world.

The Union should seek to conclude the accession negotiations with Romania and Bulgaria in time for them to join in 2007.

The European Council will decide in December 2004, on the basis of a report from the Commission, whether Turkey fulfils the Copenhagen political criteria and, if it does, will open accession negotiations without delay.

The Union will consolidate the Stabilisation and Association process for the Western Balkans, which may be designated as potential future members when conditions are ripe.

The Union needs to develop a neighbourhood policy in the Wider Europe, creating a “ring of friends” stretching from Moscow to Marrakesh. It needs to drive forward the Barcelona Process with countries in the Mediterranean region and contribute actively to peace in the Middle East.

The Union has to play a more active role in maintaining global security. This will involve gradually developing the external relations and defence dimensions of its policies and being able to take responsibility for EU-led civil/military operations in the years to come.

The Union also has to assume its leadership role in tackling global problems, projecting its economic and social model and sharing prosperity more equitably throughout the world. Sustainable development and better global economic governance will be crucial factors in ensuring global solidarity, as will achieving globally fair results in the Doha Development Agenda.

As far as development co-operation is concerned, the implementation of the Cotonou Agreement as well as its mid-term review will be a major challenge in 2004. In addition, a new Financial Protocol for the European Development Fund will have to be negotiated in 2004, as the present Protocol expires in 2005. The Commission’s position is that the EDF should be incorporated into the Community budget. It will

present a Communication to the other EU Institutions on the advantages and disadvantages of such an inclusion in the Community budget.

Freedom: The Union should continue to consolidate the classic “fundamental freedoms” enshrined in the Treaties: the economic, social and civic freedoms that are at the heart of the European project and provide the bedrock for prosperity and sustainable growth. It should at the same time make sure that the real implementation of fundamental rights is up-to-date.

The results of the Tampere Agenda for the first stage in the creation of a European area of freedom, security and justice will be reviewed in 2004, and it will be necessary to consider the further steps needed to develop and maintain this area in all its aspects.

Stability and growth-oriented macro-economic policies and improved economic policy co-ordination will continue to be important priorities flanking EMU and the Euro, not least in a context where a large number of Member States will not yet be in the Euro-zone. The Stability and Growth Pact and the ECB’s monetary policy objectives will need to provide a stable foundation for the Union’s prosperity.

The Lisbon Strategy (2000-2010) will reach its halfway stage in 2005. This will be the opportunity for a major stocktaking of progress and adjustment of its economic, social and environmental components where necessary. This will build on the results of the review taking place in 2004 on the Union’s Sustainable Development Strategy.

The Union should continue its work on the fundamental and long-term rationalisation of European transport and energy markets, so that they work in a more economically, environmentally and socially sustainable way. In particular, the Maritime, Aviation and Railway Agencies will become fully operational during this period; the Energy Intelligent for Europe Programme will run most of its intended course and significant steps forward in the Galileo Programme are anticipated. It will be necessary to prepare future orientations for Trans-European Networks in transport, energy and telecommunications for the period after 2006.

It will be crucial to consolidate the European agricultural model. This is the aim of the reform proposal tabled by the Commission on 22 January 2003. Moreover, the Common Fisheries Policy must be implemented. It will also be necessary to carry out the results of the Doha Development Agenda negotiations, which are scheduled to be completed by the end of 2004.

Solidarity: The Union has a responsibility for strengthening economic and social cohesion, reducing disparities between the level of development of the various regions, fostering sustainable economic and social development (i.e. geographical solidarity), as well as for promoting balanced and sustainable development (i.e. solidarity between present and future generations).

Later this year, the Commission will present the third triennial report on economic and social cohesion. This will provide the basis for future cohesion policy orientations and programmes for the period after 2006.

The Commission will evaluate the existing Structural Funds and will present proposals for the period after 2006, including proposals for the European

Agricultural Guidance and Guarantee Fund, the European Social Fund and the European Regional Development Fund.

Investment in knowledge will remain a major priority in the years 2004-2006. The Commission will put forward proposals to further the Union's research policy, notably through the implementation of the European Research Area, the continuation of the Framework Programme and support for increased investment in research.

The current Social Policy Agenda will come to an end in 2005. Its results, building on the 2003 mid-term review, will provide a basis for outlining a new framework for action and addressing the policy measures needed, in particular with regard to employment policy, social protection and equal opportunities. This will involve optimising the combination of the available instruments: legislation, the open method of co-ordination, the European Social Fund, social dialogue and action programmes. The review of the European employment strategy in 2006 will also help to inform decisions about how best to achieve Lisbon Strategy goals by 2010.

There will be a review of the 6th Environment action programme in 2006. The review will assess at mid term, the progress made in achieving the goals and policies of the 10 year environment programme and may come forward with additional proposals in line with the conclusions of the review of the Sustainable Development Strategy.

The Union's Public Health Programme for 2003-2008 will become fully operational by 2004. Health systems and health policies are becoming more interconnected across the Union, through such factors as the mobility of patients and professionals, as well as the dissemination of new medical technologies and treatments. This raises many health policy issues that will have to be addressed, whilst respecting national responsibility for health systems. An intermediate evaluation of the Public Health Programme will be carried out after the first three years of the Programme.

5. SELECTION OF INITIATIVES FOR EXTENDED IMPACT ASSESSMENT IN THE ANNUAL POLICY STRATEGY FOR 2004

The Commission introduced a new integrated procedure for impact assessment of all its major initiatives to improve the quality and coherence of the policy development process in June 2002⁴. This new procedure integrates, streamlines and replaces all existing separate impact assessments previously used in the analysis of Commission proposals.

Impact assessment applies to the major initiatives, i.e. those presented by the Commission in its Annual policy strategy or its Legislative and Work programme. Therefore, the selection of initiatives for extended impact assessments is integrated with the Commission's Strategic Programming and Planning cycle. On the basis of preliminary assessments of the key initiatives, the Commission decides which proposals should undergo an extended impact assessment in the Annual Policy Strategy or at the latest in the Commission Legislative and Work Programme. It is important that policy initiatives with a significant impact are identified early in the process to allow sufficient time to prepare the extended impact assessment. The

⁴ COM(2002)276 of 5 June 2002

extended impact assessment focuses on the economic, social and environmental as well as the regulatory impacts of the proposal. It also includes an analysis of subsidiarity and proportionality. Finally, an extended impact assessment process normally includes a consultation with interested parties and relevant experts according to the Commission's minimum standards for consultation.

The procedure is implemented gradually. A first list of 42 proposals was identified for extended impact assessment with the adoption of the Legislative and Work Programme for 2003. The procedure will now become fully operational with the adoption of the Annual Policy Strategy and the Commission's Legislative and Work Programme for 2004.

A total of 31 proposals have been included in the initial list of proposals for extended impact assessment in 2004. These proposals representing initiatives from a wide range of sectors within the three priority areas have been selected using the criteria set out in the Communication on Impact Assessment. In deciding on this initial list of extended impact assessments, the Commission has *inter alia* taken the following criteria into account:

- Whether the proposal will result in substantial economic, environmental and/or social impacts on a specific sector or several sectors, and whether the proposal will have a significant impact on major interested parties;
- Whether the proposal represents a major policy reform in one or several sectors.

In the final list of proposals selected for extended impact assessment annexed to the Legislative and Work Programme for 2004, it is expected that the Commission will identify further proposals relating to legislative follow up to the substantive reforms of respectively the Fisheries and the Common Agricultural Policies and in the field of information technology. Further proposals representing all the key policy sectors covered by the priorities will also be included in the final list when more detail on the concrete proposals has been developed.

6. HUMAN AND FINANCIAL RESOURCES IN AN ENLARGED UNION: THE GLOBAL FRAMEWORK RESULTING FROM THE POLICY STRATEGY FOR 2004

6.1. General framework for human resources

For 2004, the Commission has foreseen to serve the human resource needs expressed by services in the following way:

- As far as priority 1 is concerned, and based on the communication on "Activities and human resources in the enlarged European Union"⁵, it is envisaged to request 1280 staff (excluding research) to the budgetary authority for 2004 (including the frontloading of 500 auxiliaries for 2003), which are the net result after taking into account internal redeployments and the weighting of services' needs in relation to the priority granted to their policy area (see under 6.1.1);

⁵ Communication of 05/06/2002, COM(2002)311 final

- Concerning priorities 2 and 3, no additional requests for new posts will be presented. It will therefore be necessary to cover the needs expressed by services through internal redeployments (see under 6.1.2);
- As for needs linked to the implementation of the administrative reform, they will be fulfilled through a refocusing of the posts freed by the early retirement scheme over the years 2002, 2003 and 2004 (see under 6.1.4).

In order to provide a stable basis for future allocation and re-allocation of human resources, the Commission has established the number of jobs for each service (the “Jobs Quota”), which will allow for an improved management and monitoring of resources.

The system will provide the tools for real-time monitoring of jobs permanently or temporarily available in each service and the state of execution of allocations and re-allocations of resources.

6.1.1. The accession of ten new Member States

Making the first year of accession a success constitutes the first priority of the Commission for 2004. For the Union to strengthen its role as the driving force for peace, democracy, stability and prosperity in our continent the Commission will have to ensure the smooth integration of ten new Member States, while safeguarding the effective functioning of the enlarged Union.

In the Communication on “Activities and Human Resources of the Commission in the Enlarged European Union”, the Commission rigorously assessed its medium term staffing needs after accession of the ten new Member States. An increase of 3900 staff⁶ was deemed necessary to ensure the execution of the Commission’s statutory missions. This increase would take place from 2004 until 2008 and is consistent with the adjusted financial perspective for an enlarged Community set until 2006.

Based on the experience of previous enlargements, the Communication indicates that it is critical that around 32% of the overall additional human resources should be present in 2004 in order for the Community policies to start functioning on the first day after accession. Regarding the Commission administrative expenditure financed under heading 5 of the financial perspective (former part A of the budget), this corresponds to about 1280 additional staff (excluding research).

With the Policy Strategy and Preliminary Draft Budget for 2003, the Commission identified immediate needs for additional resources to help prepare for enlargement. To this end the budgetary authority granted appropriations corresponding to the 500 additional outside personnel in 2003 as an advance on the resources necessary over the period up to 2008. Taking into account these 500 outside personnel that should also remain in the Commission services in 2004, the Commission will request 780 additional posts in the establishment plan to reach the total of 1280 additional staff (excluding research) planned for 2004.

⁶ The increase breaks down into 3960 resources financed from heading 5 of the financial perspective (former part A) (3400 establishment plan posts and 560 outside personnel), 150 posts financed from the research budget and a reduction of 210 outside personnel financed from the operational budget.

The Communication's estimates include re-deployments following phasing-out or scaling-down of pre-accession related activities. In 2004 around 300 posts/outside personnel will be available for re-deployment between services because of the reduction of certain activities:

- Delegations will be progressively phased-out in 2004. As a transitional measure, an appropriate number of staff may remain in place to follow-up implementation of Phare appropriations. A smooth transition from the delegations to the Press Representations will also have to be organised to avoid any duplication.
- The completion of monitoring activities and the progressive scaling-down of Phare management at Headquarters. In particular, it is foreseen that the staff involved in the enlargement preparations in all the services of the Commission will be redeployed towards other priority tasks.

Possibilities for redeployment linked to the reduction of enlargement activities within departments have also been identified (namely the staff currently working on preparations for enlargement, co-ordination and monitoring of the *acquis*). The above-mentioned redeployments can satisfy needs for some 506 posts.

Three priority categories have been established according to the intensity of the activities from the very first year of the accession: the policy areas dealing with new tasks resulting from the Accession Treaty and priority issues defined at the Copenhagen summit fall under the first one (justice and home affairs, transport and energy and regional policy), the policy areas dealing with structural aid and responsible for the implementation of critical parts of the *acquis communautaire* fall under the second one (in particular the other structural funds, environment and health and consumer protection), and the remaining policy areas fall under the third category.

A separate group (the linguistic services) will receive the staff necessary to ensure acceptable quality standards in the new languages from the first day of accession.

On 11 February 2003, the Commission adopted a communication providing a framework of action for updating and simplifying the Community *acquis*. While the long-term benefits of the above-mentioned simplification are undisputed, the short-term efforts to achieve improvements will demand adequate human resources. The detailed examination of the corresponding human resource needs for the services involved in the framework of action will be carried out during the budgetary hearings: on this basis, a subsequent allocation of posts may be considered as appropriate within the global human resources allocation framework.

6.1.2. *Contribution to a central pool for priorities 2 and 3*

The global framework for 2004 implies that no new posts will be required to the budgetary authority apart from those needed to cover the accession priority. However, many important initiatives are proposed by the Commission under the two other priorities, stability and sustainable growth. It is therefore necessary to serve these priorities by internal redeployments.

Considering that in previous years the Commission services have already responded positively and massively to a number of severe internal redeployment exercises, for

2004 the requested contributions to a central pool serving priorities 2 and 3 will be limited to a very small percentage, rebated for those services which have already proposed specific and quantified redeployments to serve the two priorities in 2004. Furthermore, some internal reorganisation and scaling-down of activities other than linked to enlargement have been identified within services to contribute to these 2 priorities.

On the basis of the key initiatives identified in section 3.2 and 3.3, staff redeployments will be mainly targeted to the following policy areas:

- As far as “stability” is concerned: justice and home affairs, public health, external relations, employment and social affairs;
- Concerning a sustainable economy: environment, development and trade policy, transport and energy, information society, economic and monetary policy, taxation and customs.

6.1.3. Total Human Resources available for the three priorities

The following table sums up human resources foreseen to launch new initiatives or strengthen ongoing actions by priority and by source.

APS Priorities 2004	p.m. Advances received in 2003	New staff	Redeployments between services	Redeployments within services	Total Human Resources available for the priorities
1. Enlargement	500	780	309	199	1788 ⁷
2. Stability	0	0	35	17	52
3. Sustainable Economy	0	0	62	25	87
TOTAL	500	780	406	241	1927

The allocation by Policy Area will be finalised in the course of the preparation of the Preliminary Draft Budget 2004, including the breakdown between establishment posts and outside personnel.

6.1.4. Needs linked to the implementation of the Reform

The administrative reform started in 2000 and is currently in the third year of implementation. It is therefore well on track and the main resource needs have already been taken into account during the past resource allocation exercise. However, the implementation of some major aspects of the reform is clearly understaffed, as it has been pointed out in several Directors-General’s declarations and activity reports for the year 2001 and noted by the Commission when adopting the Synthesis of the annual reports.

⁷ In addition, for the enlargement priority 45 new posts under the Research budget

As it was indicated in action 5 of the Synthesis⁸, the Annual Policy Strategy is the framework in which supplementary, well justified requests of human resources to face an increased workload due to the implementation of the reform need to be accommodated. However, apart from the enlargement priority, the Commission does not envisage to request new posts to the budgetary authority for any other priority. The only means to satisfy at least the most urgent and justified needs to implement the reform is therefore to resort to the posts freed by the early retirement scheme for the years 2002, 2003 and 2004. Out of a maximum of 600 early retirements, up to 258 posts may be freed. **All these posts will have to be used for the implementation of the reform.** In accordance with what has been decided by the Commission in the Annual Policy Strategy for 2003, it is confirmed also for the following early retirement exercises that two thirds of these posts will be returned to the corresponding services which will use them to support reform-related activities that they have identified. The remaining one third will be redistributed to serve the most urgent needs recognised by the Commission in the central services (SG, DG BUDG and ADMIN), which mainly cover the following priorities:

- New accounting framework (24 posts);
- Action plan to establish a common, electronic archiving system in the Commission (19 posts);
- New staff policy and interoperability of IT systems (33 posts)
- Internal Audit (10)

6.1.5. *Situation of Heading 5*

In 2004, taking into account the credits foreseen in the Financial Perspectives for the administrative expenditure of enlargement and the different estimates of the second report of the Secretaries-general of the Institutions on the evolution of heading 5 (May 2002), respectively for the other Institutions, the expenditure for the pensions, and finally the expenditure of the Commission, including the financing of the 780 additional posts necessary for enlargement, the margin for 2004 would be €13 Mio.

However, the margin for 2004 has to remain at least at €20 Mio. because the new resources intended for enlargement will not be financed for a full year in 2004. The impact of these new resources in 2005 and 2006 will be proportionally higher than the growth of the ceiling of Heading 5. Thus, the second report of the Secretaries-general forecast a negative margin of €5 Mio. for Heading 5 in 2006. It is to be noted, however, that these calculations are based on the administrative costs flowing from the proposed set of Staff Regulations. The non-implementation of the new Staff Regulation would decrease the margin by €26 Mio. €56Mio. and €81Mio. in 2004, 2005 and 2006, respectively.

A careful analysis of the APS requests leads to a programming of Heading 5 Commission for 2004 of €3.037 Mio., identical to the one of the report of the Secretaries-general of May 2002 and takes into account:

⁸ Synthesis of annual activity reports (COM(2002)426 final)

- A reduction of the economies following the transformation of the delegations into Press Offices, because of the possible maintenance of the allowances of appendix X of the statute for a period of 15 months after adhesion. It is important in this context to limit the number of civil servants benefiting from this transitional measure. Moreover, DG PRESS and DG RELEX have also to collaborate in 2004 to avoid the expenses of simultaneous renting the old buildings of the delegations and the new buildings for the Press Offices.
- A need for adjusting certain costs related to enlargement compared to the initial programming, in particular in term of expenses of committees.
- A need for adjusting certain costs dependent on the building policy, both in Brussels and in Luxembourg.

The present programming also includes the expenditures for sending 117 civil servants from the headquarters to the delegations within the framework of devolution and the social expenditure foreseen in the framework of the reform. Finally the recent adjustments of the cost of the reform of the statute should lead to a margin of € 20 Mio.

6.1.6. *Reallocation of resources freed by externalisation of activities*

The White paper on Reform⁹ states that externalisation is one of the means of implementing its strategy to re-centre the Commission on its core tasks and policy priorities. Striking the right balance between the use of internal and external resources will be especially important in a system where decisions on resources allocations are integrated with those on priority setting and programming. One of the externalisation's objectives is for re-deploying resources freed by devolution/externalisation of activities, to support the priorities identified by the Commission¹⁰.

The Council Regulation on executive agencies¹¹ states that posts of officials seconded by the Commission as temporary staff of the agency shall not be filled during this secondment and the budget of the Commission shall be calculated in accordance with this vacancy. However, the regulation also confirms the possibility for the Commission to re-allocate the administrative resources freed by transferring tasks to executive agencies. The Commission has to inform the budgetary authority during the budgetary procedure and justify the re-allocation of these resources. It is envisaged that the resources freed by the transfer should be allocated to the Commission's priorities, as identified in the APS decision.

The orientations on re-allocation of resources freed by devolution/externalisation has to be defined in the APS decision that constitutes the integrated framework for priority setting and resources allocation of the Commission. Therefore, services proposals to create a structure for externalising tasks and activities, enabling re-

⁹ COM(2000)200

¹⁰ See points 1 and 7 of the Report of the planning and co-ordination Group on Externalisation "Externalisation of the programmes management" of 15.05.2000 – SEC(2000)823/2 and point 3 of Memorandum from the President "Matching the Commission's activities with its human resources - The means to achieve our objectives" of 25.07.2000 – SEC(2000)2000/2.

¹¹ CE n° 58/2003 of 19.12.2002 – OJ L 11 of 16.01.2003, p.1

allocation of permanent staff, have to be addressed in the first place in the APS decision.

For 2004, the Commission has put forward a proposal for a Security of networks and information agency (INFSO). In addition, the appropriateness of creating agencies in other areas, is being examined.

Should the creation of these agencies be decided by the Commission on the basis of the cost-benefit analysis requested by the regulation, the above-mentioned principle will be applied to the possible resources freed. This will be reviewed as appropriate in further steps of the cycle, taking fully into account the priority needs defined in the APS decision and according to the applicable procedures depending on the very nature of the agencies (executive or not).

6.1.7. Situation of the Directorate-generals in the external relations field

While confirming on several occasions the reform of the Relex Directorates-General as established at the beginning of the mandate of this Commission, the need to examine the possibility of better synergies between the services concerned was noted by the Commission. This issue has been thoroughly examined and debated by the Commissioners in charge of the services concerned.

At the same time, it is important to note that any new organisation should essentially be put in place for the beginning of the new Commission, as it will be necessary to take into account the results of the Convention when revisiting the architecture of the Directorates-General operating in external relations. It should also be noted that synergies can be identified and resources made available depending on decisions concerning the organisational set up of the RELEX services and on economies of scale to be reallocated.

In the light of the above, a report will be prepared under the authority of the President on the most efficient organisation of the services in charge of external relations in the light of experience and the orientations resulting from the Convention.

6.2. Financial resources: a challenging framework for 2004

The fact that 1 May 2004 has been set as the date of accession of the 10 new Member States has important implications in terms of the budgetary procedure. It implies that a budget relating to the current 15 Member States must be established for the period between 1 January and 30 April 2004 and that the effect of enlargement needs to be evaluated in order to permit the preparation of a budget based on 25 Member States that will enter into force on 1 May 2004. Thus the APS must highlight the changes expected as a result of the accession of the 10 new Member States.

In this context, the enlargement-related financial framework presented in this document relates to the adjustment to the financial perspective proposed by the Commission in accordance with the Interinstitutional Agreement (IIA) of 6 May 1999 on budgetary discipline and improvement of the budgetary procedure, to take account of the associated expenditure requirements. The latter, resulting from the 10 acceding countries and determined by the outcome of the accession negotiations, were endorsed by the Copenhagen European Council of 12 and 13 December 2002.

Thus increased ceilings for EU-15 are indicated in this document for financial perspective headings relating to Agriculture, Structural actions, Internal policies and Administration.

In terms of heading 1 "Agriculture", the expected increase in expenditure resulting from enlargement is approximately €2 100 Mio., which leads to an expected margin of just under €1 100 Mio. for EU-25.

The overall commitment appropriations for the structural and cohesion funds to be added under heading 2 should be a total of €24,6 billion in current prices over the period (2004-2006) in accordance with the conclusions of the Copenhagen European Council. Of this, the increase in commitment appropriations in 2004 represents an amount of €6,71 billion.

With regard to Internal policies, the forecast for the increase in expenditure resulting from enlargement is almost €1 600 Mio., resulting in a margin of some €70 Mio. under EU-25 ceiling.

Heading 4 "External actions" is not directly affected by the enlargement, but the proposed transfer to heading 7 "Pre-accession" of the amounts foreseen for Turkey (€134 Mio.) and the freeing up of 25 Mio € as a result of Cyprus and Malta becoming Member States considerably increases the margin and allows some major increases for the neighbours of the enlarged Union even if a sizeable margin should be left for unforeseen events (€85 Mio.).

As far as heading 5 Administration is concerned, the expenditure needs for an enlarged Union are expected to be present as from 1 January 2004. The recurrent nature of the administrative expenditure should bring attention not only to the respect of the ceiling in 2004 but also in the subsequent years.

With regard to Pre-accession aid, while implementing the decisions taken in Copenhagen for Bulgaria, Romania and Turkey, the Commission proposes to leave the ceiling untouched thus leaving a margin of €1,8 billion. This is subject to a decision of the budget authority on the above-mentioned adjustment to the Financial Perspective proposed by the Commission.

The following table summarises the above details and presents the global results of the APS orientations. These figures establish a framework for the preparation of the PDB 2004 although they do not prejudge the final figures.

Framework, by FP heading for 2004 resulting from the APS 2004 Decision
(PROVISIONAL FIGURES)

(in Mio. EUR, at current prices)

Appropriations for commitments	2003 budget	2004		
		EU-15	Enlarge.	EU-25
1. AGRICULTURE				
FP ceiling - heading 1	47.378	47.211	2.094	49.305
Total heading 1*	44.780	46.140	2.094	48.234
<i>Margin</i>	2.598	1.071	0	1.071
2. STRUCTURAL OPERATIONS				
FP ceiling - heading 2	33.968	34.326	6.709	41.035
Total heading 2	33.980	34.326	6.709	41.035
<i>Margin</i>	-12	0	0	0
3. INTERNAL POLICIES				
FP ceiling	6.796	7.053	1.614	8.667
Total heading 3	6.796	7.004	1.591	8.594
<i>Margin</i>	0	49	23	73
4. EXTERNAL ACTIONS				
FP ceiling	4.972	5.082	0	5.082
Total heading 4	4.949	4.996	0	4.996
<i>Margin</i>	23	86	0	86
5. ADMINISTRATION				
FP ceiling **	5.381	5.600	557	6.157
Total heading 5	5.360			6.137
<i>Margin</i>	21			20
6. RESERVES				
<i>Margin</i>	434	442	0	442
	0	0	0	0
7. PRE-ACCESSION AID				
FP ceiling	3.386	3.455		3.455
Total heading 7***	3.386	1.610		1.610
<i>Margin</i>	0	1.845		1.845
Total appropriations for commitments				
Financial Perspective ceiling (headings 1 to 7)	102.315	103.169	10.974	114.143
<i>Margin</i>	2.629			3.094
Grand total - headings 1 to 7	99.686			111.049

* figures for 2004 are preliminary estimates

** ceilings include adjustment to account for officials' pension contributions

*** the amount for 2004 includes EUR 1 360 million for Bulgaria and Romania, and EUR 250 million for Turkey, but does not include amounts that remain to be quantified concerning nuclear decommissioning in candidate countries

The impact in financial terms of the selected initiatives is summarised in the following tables. The figures provided for each of the Policy Areas contributing to the three priorities relate to changes vis-à-vis the existing financial programming for EU-15 and the effect of new initiatives on EU-10, and thus reflect the additional financial resources deemed to be necessary to reach the established objectives.

The main changes displayed in the tables below cover internal policies (including research), external actions and pre-accession aid.

6.2.1. Financial implications of policy priorities: Accession

Table 1 - Financial resources, relating to the priority "Accession" and corresponding to the extension of programmes to EU-10

Appropriations for commitments (in Mio. EUR) <i>FP Headings 3, 4 & 7</i>	Accession		
	<i>Financial Resources corresponding to the extension of programmes to EU-10</i>		
Policy Area	2004	2005	2006
Economic and Financial Affairs	42,5	41,5	41,5
Enterprise	12,9	14,0	15,0
Employment and Social Affairs	17,0	17,5	18,0
Agriculture and Rural Development	6,3	6,6	7,0
Energy and Transport	219,0	231,0	239,0
Environment	25,0	25,0	25,0
Information Society	9,7	9,8	10,0
Fisheries	8,7	9,0	9,0
Internal Market	1,7	1,7	1,8
Taxation and Customs Union	6,4	7,4	7,2
Education and Culture	144,0	144,0	140,0
Press and Communication	6,8	5,7	5,7
Health and Consumer Protection	12,0	13,0	14,0
Justice and Home Affairs	343,8	377,1	355,5
External Relations	0,6	0,7	0,7
Trade	0,9	1,1	1,2
Enlargement *	471,0	436,0	569,0
Fight against Fraud	1,2	1,3	1,5
Commission's Policy Co-ordination and Legal Advice	0,9	0,8	0,8
Administration	3,5	4,5	3,4
Statistics	5,7	5,8	6,5
Research Framework Programme	480,0	530,0	590,0
TOTAL	1.819,6	1.883,5	2.061,8

* The amounts shown under the Enlargement Policy Area relate to pre-accession aid for Turkey (€ 250 Mio. in 2004) and institution building (€ 221 Mio. in 2004). The amounts foreseen for Bulgaria and Romania for all three pre-accession instruments are €1 360 Mio., €1 502 Mio. and €1 650 Mio. for 2004, 2005 and 2006 respectively as included in the road maps.

This first table relating to the "accession" priority includes amounts deemed necessary for the extension of existing programmes to the ten acceding countries.

In addition to the aforementioned extension of current programmes, there are a few specific transitory measures falling under Internal Policies that result from the conclusions of the Copenhagen European Council.

Thus, in the area of Transport and Energy, a total of €138 Mio. is included in 2004, over and above the appropriations relating to the extension of current programmes, with regard to nuclear safety measures for the decommissioning of the nuclear reactors of Ignalina (Lithuania) and Bohunice (Slovakia).

Under the policy area Enlargement, an amount of €221 Mio. is included for 2004 for the provision of guidance and increased financial support to assist the acceding countries to strengthen their administrative and judicial capacities. This institution building transition facility represents the extension of action started under PHARE, which will be managed in close co-operation with the other services involved.

With regard to Justice and home affairs policy, an amount of €317 Mio. is foreseen in 2004 to finance the implementation of the Schengen transition facility adopted by the Copenhagen European Council of December 2002 to assist new Member States with the protection of the EU's new external borders. The transit facility for Kaliningrad also falls under this Policy Area with an amount of €13 Mio. for 2004.

In the area of economic and financial affairs, an annual amount of €25 Mio. over a 4 year period, is included in respect of the Commission's share of a proposed increase in the EIF's capital to ensure the continuity of the funds actions in a larger EU. An additional amount of €13 Mio. is foreseen for a venture capital facility in the Multi-annual programme for Enterprise and entrepreneurship¹².

Should a political settlement be reached concerning the northern part of Cyprus, additional amounts for each of the headings involved (headings 1, 2 and 3) will be foreseen in the event of a reunification of the island. At such a time, the amounts involved shall be added to the relevant financial perspective ceilings, leaving the margins unchanged.

The accession priority also includes the pre-accession aid foreseen for Bulgaria, Romania and Turkey. The Commission proposes to follow the amount foreseen in the road map for the accession in 2007 of Bulgaria and Romania, which implies an increase of the present amounts by 20%, 30% and 40% for the next 3 years to be complemented by a non yet determined amount for decommissioning. The shares of the pre-accession instruments follow the pattern decided in Berlin but will be fine-tuned in the coming months and decided in the framework of the relevant 3 Council regulations, taking into account the needs and absorption capacity of these countries. As for Turkey, a significant increase to an amount of €1 050 Mio. is foreseen over the period, thus doubling in average the present amounts. For 2004, €250 Mio. should be budgeted.

Within the policy area Health and consumer protection provision is also made for the extension under heading 1a of the veterinary and phytosanitary disease eradication programmes, and also for the preparation of vaccination campaigns against rabies in the new Member States.

¹² Joint initiative of DG ENTR and DG ECFIN

6.2.2. Financial implications of policy priorities: Stability

Table 2 - Changes in financial resources in comparison with EU-15 financial programming, relating to the priority "stability"

Appropriations for commitments (in Mio. EUR) <i>FP Headings 3, 4 & 7</i>	Stability		
	<i>Indicative changes in Financial Resources</i>		
Policy Area	2004	2005	2006
Information Society	3,5	6,8	8,0
Justice and Home Affairs	14,5	3,9	5,8
External Relations	147,0	150,8	157,2
Humanitarian Aid	10,0	10,0	15,0
TOTAL	175,0	171,5	186,0

The initiatives requiring additional financing proposed under this priority fall into two main sections: those contributing to stability outside the Union and those inwardly focussed.

In the area of external relations to bring stability and close the gap with **states neighbouring** the enlarged Union it is proposed to increase the support to the Western Balkans, in absolute terms up to €675 Mio. (including macro-financial aid), to mitigate the decrease following the heavy frontloading of the first years. For the Mediterranean region, the transfer of Turkey to heading 7 creates space for other countries and an increase up to €859 Mio. in 2004 is proposed. Democracy and human rights are also reinforced, up to the level of the 2003 budget (+ €17.5 Mio) in line with the wishes of the budgetary authority.

Appropriations for Humanitarian aid shall be increased to €485 Mio. for 2004 (+ €10 Mio in 2004) to provide assistance wherever stability is endangered by humanitarian crises, especially in Africa and Asia. As humanitarian crises tend to lead to migratory movements the mitigation of such crises contributes to the stability of the European Union and its neighbours.

As was announced in the Commission Communication of 3 December 2002 (COM(2002)703final), the stability priority should also include the need for a **better integration of migration issues in the European Union's relations with third countries**. This action existed as preparatory action led by DG JHA during 2001, 2002 and 2003. It will see a specific legal basis proposed for an annual amount of 30 million (+13 Mio € in 2004). This new multi-annual programme will be included in the external relations policy area and managed in line with the principles of the reform of the external aid, respecting the overall consistency of the Community's external action and alongside the other Community instruments for cooperation and development. It should be complementary to the latter programmes and provide added value in particular in that it allows the Commission to implement the objectives and priorities set up under the asylum and migration policy for this

programme and to address in a rapid, targetted and flexible way the concerns and desires expressed by the Member States in the JHA area.

Appropriations for improved **border control** relate mainly to setting up an integrated IT system on visa information (VIS) for policy area JAI. This is an essential prerequisite for the free movement of persons in an area without internal frontiers adding €10 Mio. to the existing financial programming.

In the framework of enhancing rights of individuals, the DAPHNE II programme for combating violence against children, adolescents and women (+ €1,3 Mio.), and the network of experts in Fundamental rights (+ €1 Mio.) require additional funding, whilst €2 Mio. is made available for the integration of third country nationals.

A slight increase is granted for the evaluation of the Tampere programme and preparing the development of the next stage of the area of freedom, security and justice, impact assessment and horizontal needs arising from the development of large-scale IT projects.

The Information society Policy Area intends to develop a policy of **security of communication networks** and launch of an agency for the security of information networks (+ €3,5 Mio in 2004). This is an essential prerequisite for internal security and border management. The agency itself will observe best practice and gather expertise in view of establishing a European policy in this area.

6.2.3. *Financial implications of policy priorities: Sustainable growth*

Table 3 - Changes in financial resources in comparison with EU-15 financial programming, relating to the priority "sustainable growth"

Appropriations for commitments (in Mio. EUR) <i>FP Headings 3, 4 & 7</i>	Sustainable growth		
	<i>Indicative changes in Financial Resources</i>		
Policy Area	2004	2005	2006
Enterprise	1,5		
Competition	0,8	0,8	0,8
Employment and Social Affairs	1,5		
Energy and Transport	25,0	23,5	22,5
Environment	2,5		
Direct Research	3,8	11,0	3,4
Fisheries	0,6		
Trade	1,5	1,6	1,7
Development and Relations with ACP Countries	8,5	23,2	23,7
TOTAL	45,7	60,1	52,1

Most of the key initiatives contributing to the priority on sustainable growth have no impact on financial resources. Some of them, however, do require additional funding in 2004.

The new chemicals strategy aims at reshuffling the complex Community legislation on chemicals and preparing a new regime for chemicals, and requires the creation of a new Agency, with appropriations foreseen at the level of €3.0 Mio. in 2004, shared between the policy areas “Environment” (€1.5 Mio.) and “Enterprise” (€1.5 Mio.).

In the Employment and social affairs Policy Area, the European strategy for the promotion of corporate social responsibility requires the reinforcement by €1.5 Mio. of the activity “work organisations and working conditions” for the development of stakeholders’ networks, the exchange of experience and best practices between Member States, criteria analysis and the dissemination of instruments related to the social responsibility.

Policy Area Fisheries requires extra funding of €0.6 Mio for the establishment of Regional Advisory Councils. The reshuffle of the application of EU competition rules will lead to the establishment of a network of competition authorities, with a system of co-ordination by the Commission, with appropriations of €0.8 Mio. in 2004.

Within the Direct Research policy area a total amount of €16 Mio. is proposed for 2004 (+ €3,8 Mio.) in order to proceed with the Decommissioning and Waste Management programme.

Under Policy Area Energy and Transport, the development of the European Union capacity to respond to oil pollution disasters requires the reinforcement of the European Maritime Safety Agency by €20 Mio.

In addition, the European Observation system on the functioning of the internal Market for conventional sources of energy is reinforced by €5 Mio.

As programmed, a major increase (€255 Mio.) in the sixth Research Framework Programme will support the development of EU research in addition to the increase foreseen (€480 million in 2004) to cover the extension of research activities to the new Member States.

As regards external actions, mainly two initiatives require additional funding:

The support to health actions (AIDS, malaria, tuberculosis, reproductive health and communicable diseases in developing countries) is reinforced by €17 Mio. under the activity “development of co-operation policy and sectorial strategies”, along with a redistribution of resources within the activity. Thus, altogether the level reached with these reinforcements is in line with the amounts decided in the 2003 budget.

In the framework of promoting sustainable growth in developing countries and global warming, the protection of tropical forests should be reinforced by €6 Mio to catch up with delays incurred in recent years.

Moreover in the Environment and Development Policy Areas, the follow-up of the commitments subsequent to the World Summit on Sustainable Development in Johannesburg requires additional funding within the existing policy envelopes.

The reinforcement of the Trade policy area reflects increase support for developing countries in the framework of the Doha agenda.