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**Annual Policy Strategy for 2006**

## CONTENTS

1.	Introduction .....	3
2.	The Union's situation and the policy priorities for 2006 .....	3
2.1.	Prosperity .....	4
2.2.	Solidarity .....	6
2.3.	Security .....	8
2.4.	External projection .....	9
3.	General framework for human and financial resources for 2006 .....	12
3.1.	Human resources .....	12
3.1.1.	Enlargement-related reinforcement .....	12
3.1.2.	Contribution to a central pool .....	12
3.1.3.	Total human resources available for the four priorities .....	12
3.1.4.	Specific situation for some Services .....	13
3.2.	Financial resources .....	14
3.2.1.	Financial implications of priority "Prosperity" .....	15
3.2.2.	Financial implications of priority "Solidarity" .....	15
3.2.3.	Financial implications of priority "Security" .....	16
3.2.4.	Financial implications of priority "External Projection" of the three internal priorities .....	16

## 1. INTRODUCTION

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

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

On this basis, the work programme will be drawn up for adoption by the Commission in November 2005. As it was made common practice, items of the Commission's work programme will, as a general rule, be accompanied by an impact assessment. On the basis of the impact assessment, the Commission will decide whether the initiatives foreseen below will result in a proposal.

The whole cycle will thus form the basis for the operational programming carried out by the Directorates-General and departments, which will incorporate the policy priorities into their annual management plans for 2006. The 2006 annual activity reports will take stock of the implementation of these management plans, and will be summarised in communications to the European Parliament, the Council and the European Court of Auditors.

## 2. THE UNION'S SITUATION AND THE POLICY PRIORITIES FOR 2006

At European level, 2006 will be critical with regards to the implementation of the 5 years strategic objectives adopted on 26 January, and their overarching target of restored growth and jobs in Europe. These strategic objectives have already shaped the Commission's work programme adopted on the same date, but 2006 will be the key year for their **concrete implementation**. To name just a few: on the basis of the reviews and orientations expected this year, progress should be made in the delivery of the Lisbon Strategy, the Sustainable Development Strategy and the Social Agenda 2006-2010. In the field of Freedom, Security and Justice, a review of The Hague programme, linked to the entry into force of the Constitution, is already foreseen for the second semester of 2006. As for external relations, the enlargement process will enter into a new phase; the achievements of the on-going neighbourhood policy should be deepened.

2006 will also be a year of **preparation and forward looking**. Member States will be in a critical phase of the ratification process of the Constitution and the Commission will have to ensure that institutional and political changes flowing from the Constitution are being catered for in the most appropriate way. The Commission will continue to support the ratification process and prepare a number of legislative initiatives to ensure immediate implementation of the Constitution when it enters into force on 1 November 2006. The year will also be critical to prepare for the 2007-2013 financial perspective period and to ensure adequate programming if it is intended for the new generation of financial instruments (whether in the field of structural funds; rural development, research and development, competitiveness and innovation, justice, freedom and security or external relations) to be fully operational on 1 January 2007.

At international level, issues related to peace, poverty reduction, security and stability will again be high on the agenda. Hopefully, 2006 will also be a year of **concrete progress on the international scene**, whether this concerns the progress in resolving the Israeli Palestinian conflict through renewed dialogue between both parties; the implementation of the Doha Development Agenda following the Ministerial Conference in Hong Kong in December; the implementation of the EU action plan to strengthen its crisis management capacity; the major processes of reconstruction foreseen (Iraq, South East Asia post tsunami, Afghanistan) or the implementation of concrete measures to eradicate poverty following the review of the Millennium Development Goals in 2005.

This is the first Annual Policy Strategy adopted by the new Commission. Drawing from the 5 years strategic objectives, the policy cycle will fully play its role, ensuring continuity with the work started by the new Commission in its Work Programme for 2005. The Annual Policy Strategy should outline the delivery of the 5 year strategy in 2006.

The Annual Policy Strategy 2006 will therefore clearly reflect the priorities underlying the **Partnership for European Renewal** put forward in the 5 years strategic objectives: putting Europe back on the track of **prosperity**; reinforce our commitment towards **solidarity**; strengthen citizen's **security** and finally project and promote these priorities outside our borders through a **stronger voice in the world**. In 2006, the Commission will continue to concentrate on the most urgent priority: **restoring a dynamic and sustainable growth in Europe and providing for more and better jobs to citizens**.

Beyond these policy priorities, one fundamental operational goal for this Commission in 2006 will remain the **proper functioning of the enlarged Europe**, the continuity of ongoing activities and the full application of the policies and rules within all the Member States. This requires continued attention to the effective implementation of European law and further developing risk management in all areas relating to the implementation of the Community budget. This also implies continuity from policy development to policy delivery, assisted by a modern, effective and service-minded administration. In this respect, it should be noted that the Annual Policy Strategy concentrates on new initiatives for 2006. Therefore, it does not reflect the totality of the Commission's activities foreseen for 2006, and in particular the detail of the core on-going activities resulting from the Commission's responsibility to undertake ongoing business in line with its roles under the Treaties.

Sustainable development will remain the overarching objective of all EU policies. The preparation and implementation of policies in 2006 will be underpinned by a new **communication strategy** of the Commission. This will move away from top-down communication to an audience-centred approach focused on topics of relevance to citizens. Communication will be integrated into the policy process through better programming and active involvement of Commissioners. The role of the Commission Representations will be reinforced. Horizontal initiatives enhancing public participation and contributing to the creation of a European public Space will also be promoted.

## **2.1. Prosperity**

Progress towards the goals set by the Lisbon Strategy has fallen well short so far. The Commission has identified the main challenges in its orientations for the mid-term review of Lisbon: Europe's growth and productivity fail to match the levels of its major economic partners and its current pace in improving competitiveness and innovation are insufficient to safeguard the standard of living and social protection of European citizens in the medium to

long-term. This requires a renewed commitment to the Lisbon Programme centred on three main objectives: making Europe a more attractive place to invest and work; promoting knowledge and innovation as an engine for growth; creating more and better jobs. The implementation of the Lisbon Strategy, between the Union and its Member States, also needs radical improvement to make it more effective and more easily understood. This urgent issue facing Europe will be dealt with in priority in 2006.

Particular emphasis will be placed on:

- the implementation of the refocused Lisbon Agenda in order to boost economic growth and job-creation;
- the functioning of the Growth and Stability Pact ensuring sound macroeconomic and budgetary policies, as well as strengthening economic statistics;
- the formulation and implementation of action plans in the relevant internal and external sectoral policies under the revised Sustainable Development Strategy;
- making a reality of the goal “Towards full employment” in the new Social Agenda;
- improving the functioning of the internal market, by removing obstacles to services, financial and goods markets, by improving connectivity of European networks, by simplifying and rationalising customs procedures as well as tax rules applying to cross border transactions and by stepping up implementation and enforcement of rules including those relating to state-aid and anti-trust in the enlarged Union;
- establish conditions to boost investment in research and development, innovation, resource efficiency, the uptake of environmental technologies, the use of new communication and information technologies;
- promoting mobility in education and learning, higher skills levels, effective use of the potential of youth and a better use of an ageing workforce, further labour mobility and greater consideration of the potential of immigration so that Europe is better skilled and adapted to change.

**Prosperity: key initiatives for 2006:**

The following key initiatives have been selected:

- Draw up a comprehensive Strategic Report on progress towards the Lisbon Goals to the 2006 Spring European Council, on the basis of the National Action Programmes expected in late 2005, and the commitments taken at the level of Member States, social partners as well as the European bodies.
- Propose measures to strengthen the solvency of insurance companies, improve market access of firms to clearing and settlement of financial transactions (post-trading) and recast the insurance Directives (except for life assurance).
- Follow-up to consultation on copyright legislation.
- Propose measures to develop further the internal market in postal services and improve their quality.
- Propose initiatives in the automotive sector, including legislative simplification.
- Launch initiatives on defence procurement markets and enhance legal security to facilitate the application of public procurement rules to public-private partnerships.
- Strengthen the internal market for goods by further enhancing mutual recognition and

revising certification procedures.

- Review the regulatory framework for electronic communications.
- Promote environmental technologies through the continued implementation of the Environmental Technology Action Plan (ETAP).
- Launch the initiative “i2010: a European information society for growth and employment”.
- Finalise the internal market for natural gas and electricity.
- Launch an initiative to promote ‘Knowledge for Growth’ including fast-track implementation of the 3% R&D Action plan, stimulating human resources in research and reinforcing the links between Science and Society.
- Launch a comprehensive policy to fight tax fraud and evasion.
- Develop a European Qualifications Framework (EQF) and a related European Credit Accumulation and Transfer System (ECVET) for vocational education and training to facilitate transparency and transfer of professional qualifications within the EU.
- Launch the European Year of mobility for workers.
- Launch the operational and IT aspects of the e-customs initiative to offer better service to companies involved in international trade.
- Launch the industrial project ‘Sesame’ for modernisation of air traffic control as part of the Single Sky initiative.
- Launch the technological and industrial project ‘ERTMS’ aimed to ensure interoperability in the railway sector.

## **2.2. Solidarity**

Improvement in Europe’s growth and economic dynamism must allow for a reinforced commitment toward solidarity, social justice, and a strengthening of Europe’s cohesion and common values. In 2006, the expression of solidarity will be ensured through:

- cohesion policies as essential instrument to pursue the goal of economic convergence, by promoting growth and competitiveness and the approval of strategic guidelines for the years 2007-2013;
- protection of the environment and proper management of natural resources, ensuring higher but environmentally sustainable economic growth, inter alia by means of increased competitiveness through more market orientation of the Common Agricultural Policy as well as through rural development to be programmed in 2006, and safeguard of long term energy supply;
- protection of fundamental rights and fight against discrimination, promotion of gender equality, cultural diversity, full integration of young people in society and working life, and equal opportunities for all;
- a comprehensive approach to migration issues, on the basis of The Hague programme;
- combating climate changes.

**Solidarity : key initiatives for 2006:**

The following key initiatives have been selected:

- Complete the sectoral reforms in the Common Agricultural Policy with wine and fruit and vegetables.
- Put forward a Green Paper on a future EU Maritime Policy, with a view to developing a thriving and sustainable marine economy.
- Set up an assistance programme to help SMEs comply with EU environmental legislation.
- Ensure that respect and promotion of fundamental rights is mainstreamed in all Commission's proposals and activate preparatory work in view of the entry into force of the European Agency of Fundamental Rights by January 2007.
- Adopt a legislative proposal on the establishment of a European Migration Observatory/Agency.
- Prepare for the creation of a European asylum support office on the basis of the structures put in place in 2005.
- Facilitate the lives of citizens confronted with family-related problems in the European area of justice in civil matters.
- Propose a Communication and strategy in the field of gender equality.
- Propose a new Community strategy as regards health and safety at work.
- Adopt and follow-up the Green Paper on the evolution of Labor law.
- Design an optional European framework for trans-border collective bargaining.
- Full implementation of the European Youth Initiative in its several strands: endowing the young people with the human capital and skills needed in a knowledge based economy; reducing youth unemployment and facilitating entering into the labour market; improving facilities, such as childcare, to support family life; combat poverty and promote healthy life and active citizenship.
- Promote language learning and linguistic diversity by ensuring the application of the language action plan and a further development of the European Indicator of Language Competence.
- Step up people to people and communication activities encouraging dialogue between cultures and promote cultural diversity worldwide taking into account relevant UNESCO standard-setting instruments.
- Develop a new Health Strategy to bring all actions under a coherent framework, in order to step up protection against new threats such as communicable diseases.
- Launch the European Public Health Portal, single pan-European access point to data and information on public health and related areas.
- Climate change: launch the development of relevant legislative and non legislative measures; launch a comprehensive review of the Emissions Trading scheme and assess the second round of national allocation plans.
- Complete the mid-term review of the 6<sup>th</sup> Environment Action Programme.



### 2.3. Security

Terrorist action, organised crime or trafficking networks are not constrained by national borders and national legal frameworks. Crises against public health, environment, transport or energy supply are not bounded by national schemes either. Security has increasingly become a common concern, demanding a range of actions and solutions from local to European and even global level. Particularly in cross border threats and crises against security, the role of the EU becomes more and more essential. The implementation of the related chapter of The Hague Programme will concentrate important efforts while ensuring the protection of citizens' civil liberties. In addition, European action will be forward looking and innovative in dealing with the challenges posed by other emerging threats.

Particular emphasis will be placed in 2006 on:

- progress in the implementation of the EU Action plan on combating terrorism, focusing on increasing effectiveness of cross-border exchange of information, cutting the financing of terrorism and improving assistance to victims;
- facilitation of legal travel for third country nationals within EU borders;
- improved cooperation between judicial, police and customs authorities, through reduced legal obstacles and strengthened coordination;
- mutual recognition and free circulation of judicial decisions in civil and criminal matters to ensure that justice is ensured across borders;
- early warning and immediate response, as well as long-term prevention to environmental, food safety and health risks crisis, through reinforced information and surveillance networks;
- transport safety, whether air or road transport and maritime safety;
- greater security of Internet related services and networks;
- greater security of energy supply through reinforced cooperation with the main producer and transit countries, and promotion of renewable energies.

#### **Security : key initiatives for 2006**

The following key initiatives have been selected:

- Adopt proposals on the obstacles that police forces have to overcome to operate on the territory of another Member State and on the use of databases for external border control for law enforcement purposes.
- Launch of a computerised system of exchange of information extracted from criminal records Develop and start implementation of an EU Action Plan on Public Private Partnership in combating organised crime and terrorism.
- Enhance the financing of security research by improving the coordination of existing capabilities across the civil, security and defence continuum.
- Enhance the EU defence capabilities by overcoming the present fragmentation of the submarkets and developing interoperability.
- Launch a new action plan to promote network and information security, including cyber crime, identity and privacy.
- Develop security inspections in ports and airports.

- Put forward a Communication and a strategy on public health preparedness and response to influenza pandemics and terrorist health threats.
- Launch the Global Monitoring for Environment and Security (GMES) Initial Services.
- Establish an action plan for energy efficiency.
- Develop a Community risk management system for the security of the external borders.
- Develop new initiatives and further develop safe storage of nuclear waste and reinforce nuclear safeguard policies.
- Propose a new set of measures to reinforce maritime safety.

#### **2.4. External projection**

None of the previous priorities can be achieved by Europe alone: Europe cannot reach higher prosperity in a vacuum. Prosperity in third countries helps build EU prosperity and reciprocally. Europe can certainly not limit its solidarity efforts to inside its borders. It can not foresee security for its people without cooperation with third countries. External relations are indeed a way to promote and protect our priorities and values outside our borders. To do so efficiently, the Union needs to rely upon the confidence of its citizens, the health of its economy and needs to speak with a single voice and promote a coherent stand. In this respect, 2006 will also be key year to prepare for the arrival of the Minister of Foreign Affairs/Commission Vice-President and the set up of the European External Action Service pending ratification of the Constitution.

In 2006, the Commission's external action will be geared to achieving the following objectives:

- preparing for accession of Bulgaria and Romania and advancing on negotiations related to future enlargements, notably initiating the process with Turkey;
- ensuring effective implementation of the European Neighbourhood Policy, and of the roadmaps for the four common space with Russia;
- pursuing international trade negotiations at all levels: in the World Trade Organisation, and also with key bilateral and regional partners.
- ensuring constructive engagement in the Middle East Peace Process, through the Quartet structure and in close cooperation with the parties;
- continuing support for regional stability as well as reconstruction and political transition in Iraq;
- continuing the reconstruction and rehabilitation in response to the Tsunami disaster;
- upgrading the transatlantic dialogue and establish coherent and effective relations with key partners, notably through closer security cooperation and regulatory convergence;
- intensifying dialogue with the most important energy providers in the light of Europe's increasing dependence on energy imports;
- implementing a new development policy to promote sustainable development and poverty reduction, on the basis of the framework proposed in 2005 and the review of the Millennium Development Goals, including a specific response for Africa;
- reaffirming our strong commitment to human rights;
- while tackling stability and security issues at their root, increasing European capacities to deal with crisis and global security challenges, through further implementation of the

European Security Strategy and the Union's five-point action plan on rapid response capacity.

## **External projection: key initiatives for 2006**

The following key initiatives have been selected:

### *External projection linked to Prosperity*

- Ensure appropriate monitoring before accession of Bulgaria and Romania.
- Monitor and report on negotiations with Croatia and Turkey, and possibly with the former Yugoslav Republic of Macedonia following the opinion on its membership request.
- Possibly open negotiations for a Stabilisation and Association Agreement with Bosnia-Herzegovina and Serbia & Montenegro.
- Propose a communication and an action plan on competitiveness and trade policy, promoting market access for EU industry.
- Negotiate air service agreements with third countries as a follow-up to the judgments of the Court of Justice of 5 November 2002 and the Council mandate of 5 June 2003.
- Achieve substantial progress in Economic Partnership Agreement negotiations with 6 ACP regions to allow entry into force in 2008.

### *External projection linked to Solidarity*

- Elaborate new policy guidelines on support for Human rights and Democratisation in the framework of the 4 new Financial Instruments (2007-2013).
- Contribute to the follow-up key initiatives on development notably on financing, coherence, Africa and international public goods, as a result of this year G8 Summit and High Level Plenary Meeting on Millennium Development Goals.
- Reinforce the Commission's response capacity to humanitarian disasters and strengthen its disaster prevention and preparedness strategy, and address the EU contribution to the Global Health Fund for AIDS/HIV, Malaria and Tuberculosis.
- Achieve progress in negotiations on climate change (under the Framework Convention on Climate Change) and on biodiversity (Convention on Biological Diversity and Convention on Trade in Endangered Species (CITES)).

### *External projection linked to Security*

- Negotiate agreements with main industrialised partners to respond to security needs while facilitating trade and travel.
- Mainstream drug issues in agreements with third countries to promote international cooperation on drug policies.
- Ensure the Union's contribution to the reconstruction process in Iraq.
- Expand political dialogue with ACP partners to include security.
- Propose two new Communications on Weapons of Mass Destruction (WMD) and Small Arms, Light Weapons, Explosive Remnants of War (SALW, ERW).

### 3. GENERAL FRAMEWORK FOR HUMAN AND FINANCIAL RESOURCES FOR 2006

#### 3.1. Human resources

##### 3.1.1. *Enlargement-related reinforcement*

On the basis of the Commission's assessment<sup>1</sup>, the Budgetary Authority has endorsed the necessary recruitment of 3 900 additional members of staff<sup>2</sup> between 2004 and 2008 in order to enable the Commission to extend its work to the new Member States and fulfil its institutional responsibilities. Following the requests for 1 280 posts and 700 posts made respectively in 2004 and 2005, the request in 2006 is for a net increase of 700 posts. As it did in 2003 for the previous enlargement, the Commission also requests 100 external staff, as a frontloading of posts related to the future accessions of Bulgaria and Romania. This recruitment constitutes, for 2006, the indispensable basis for carrying forward the management and supervision of Community programmes, and for implementing the *acquis communautaire* within the enlarged Union. The Commission will use these new resources to deal with the extension of its tasks following enlargement and to pursue its four policy priorities as far as they relate to an enlarged Union.

##### 3.1.2. *Contribution to a central pool*

Beyond these new posts, the Commission must mobilise additional resources to implement the priority initiatives independent of enlargement. It proposes to do so by way of redeployment within and between departments. As in previous years, it is proposed that a central redeployment pool be set up, drawing generally upon all staff. With the set up of the new Commission, the departments have already contributed in large numbers to various major internal redeployment exercises, and the contributions sought in 2006 for a central pool serving the four priorities will accordingly be limited to 1% of operational staff. Identifying negative priorities and other ways in which staff may be re-assigned to tasks linked to priorities will remain a fundamental element in justifying any request for new resources. Savings resulting from externalisation (setting-up of the EAC and SANCO executive agencies) are also redirected towards the priorities.

##### 3.1.3. *Total human resources available for the four priorities*

The table below summarises the human resources which are expected to be needed for launching new initiatives or reinforcing ongoing activities, by priority and according to source.

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<sup>1</sup> Communication of 5 June 2002, COM(2002) 311.

<sup>2</sup> This corresponds to an increase of 3 400 officials on the operating budget, 560 external staff and 150 research posts. On the other hand, provision is made for a reduction of the equivalent of 210 external staff financed from the pre-accession programmes.

APS priorities in 2006	New resources related to enlargement	Redeployment between departments	Redeployment within departments	Total resources available for the priorities
1. Prosperity	183	72	95	350
2. Solidarity	53	16	22	91
3. Security	34	12	20	66
4. External projection	25	52	49	126
Extension of existing activities in an enlarged Union (including phasing-out of pre-accession activities)	505	102	147	754
<b>TOTAL</b>	<b>800</b>	<b>254</b>	<b>333</b>	<b>1 387</b>

The allocation of new enlargement-related resources by policy area will be finalised during the preparation of the 2006 preliminary draft budget, including the breakdown between establishment posts and external personnel.

#### *3.1.4. Specific situation for some Services*

Within the Commission, the external relations field form a specific ‘family’ of services for which individual policy decisions, organisational choices and allocation of resources require a specific overall coherence. Following the significant reforms and the adjustments implemented at the time of the change over to the present Commission, notably the transfer of responsibility for the Western Balkans to Directorate-General for Enlargement, the organisational structure for the Relex ‘family’ is now in place. However, the devolution process, which is now very close to completion and generally viewed as being successful, has implied the transfer to Commission Delegations in third countries of a wide array of responsibilities concerning management of EC aid and assistance. It is therefore considered that the future organisation of EuropeAid Co-operation Office (AIDCO) should allow a further rationalisation, to free up resources for reallocation within the rest of the Relex ‘family’ of services to serve other priority initiatives. The proposed reduction in the establishment plan staff of AIDCO will complete the process of rebalancing following deconcentration of financial management from headquarters to delegations.

The Commission is actively reflecting on how best to deal with the resource implications of the current requirement for its Internal Auditor to act also as the internal auditor for the Community agencies, given that existing resources are not entirely adequate.

### 3.2. Financial resources

As a result of the APS discussions, some new initiatives are proposed, and existing ones may require an adaptation of resources. This is particularly important for headings 3 and 4, since any adjustments will affect not only the margins available under the ceilings of the financial perspectives, but also the financial programming. These changes are outlined below.

#### Framework, for FP headings 3 and 4 resulting from the APS 2006 Decision (PROVISIONAL FIGURES)

(in million EUR, at current prices)

	2005 budget	2006		
		Fin. Prog.	Δ APS	APS 2006
Appropriations for commitments				
<b>3. INTERNAL POLICIES</b>				
FP ceiling	<b>9 012.0</b>	<b>9 385.0</b>		<b>9 385.0</b>
Total heading 3	9 052.0	9 244.9	27.2	9 272.1
<i>Margin</i>	<i>-40.0</i>	<i>140.1</i>	<i>-27.2</i>	<i>112.9</i>
<b>4. EXTERNAL ACTIONS</b>				
FP ceiling	<b>5 119.0</b>	<b>5 269.0</b>		<b>5 269.0</b>
Total heading 4	5 219.0	5 048.7	342.5(a)	5 391.2
<i>Margin</i>	<i>-100.0</i>	<i>220.3(c)</i>	<i>-342.5</i>	<i>-122.2(b)</i>

(a) This amount reflects all changes to the existing financial programming. The table below covers the four priorities.

(b) The margin under Heading 4 could be reduced to - EUR 162.2 million, if the sugar reform is taken into account (EUR 40 million).

(c) The margin in the Financial Programming from November was EUR 193.3 million. The difference (EUR 27 million) is explained by reductions due to the transfer of East Timor to the EDF; and respect of co-decided amounts for poverty-related diseases, and for decentralised cooperation.

Taking into account the additional appropriations resulting from the new initiatives proposed by the APS 2006, expenditure allocated within heading 3 “Internal policies” leaves a margin under the ceiling of EUR 112.9 million.

As far as category 4 “External actions” is concerned, there will be significant calls on, and above, the margin available for the 2006 budget. The first of these is aid for Iraq, which amounts to EUR 200 million in the 2005 budget. Further to the Communication of 9 June 2004, it is expected that the same amount will be required in 2006, subject to further assessment of the delivery capacity on the ground. Secondly, the reconstruction aid which has been promised for the regions affected by the earthquake in the Indian Ocean and the resulting tsunami will also have to be funded from heading 4. A total amount of EUR 350 million has been announced by the Commission for this purpose over a period of 2 years, half of which will fall on the 2006 budget. A third possible call on resources is the restructuring aid to ACP countries affected by the sugar reform, which is currently assessed at an amount of EUR 40 million. It is clear, therefore, that only a part of this additional expenditure can be financed within the ceiling of heading 4, without affecting the Union’s current policy stance and policy priorities. The Commission will therefore propose the use of the flexibility instrument to ensure that the remaining needs are covered.

The impact in financial terms of the selected initiatives is summarised in the following table, details follow in the sections below. The figures provided for each of the policy areas contributing to the four priorities relate to changes vis-à-vis the existing financial programming, and thus reflect the additional financial resources deemed necessary to fulfil the established objectives.

Changes in financial resources in comparison with financial programming

Appropriations for commitments (in million EUR) FP headings 3 & 4	Indicative Changes in Financial Resources 2006			
Policy Area	Prosperity	Solidarity	Security	External
Employment and Social Affairs	8.0			
Health and Consumer Protection			3.0	
Area of Freedom, Security and Justice		0.6	14.0	
External Relations				357.6
<b>TOTAL</b>	<b>8.0</b>	<b>0.6</b>	<b>17.0</b>	<b>357.6</b>

### 3.2.1. Financial implications of priority "Prosperity"

A number of policies contribute significantly to "Prosperity" in the programming for 2006, notably Research's sixth framework programme (EUR 5 285 million), Education and Culture's youth and training programmes (EUR 755 million), and TENs (EUR 720 million).

With regard to changes in the existing programming, 2006 will be the European Year of Mobility for Workers, and to facilitate this initiative EUR 5 million will be added to the existing financial programming for the policy area employment and social affairs. A further EUR 2 million will be added to the measure concerning social dialogue, of which EUR 1 million will contribute to support for exchanges and technical assistance between organisations in new and old member states, and implementation of the agreements signed by the social partners in accordance with the Commission's communication of 12 August 2004 on the social dialogue. The other EUR 1 million will be used in a campaign to increase awareness of the social responsibility of businesses. The lines studies and other actions in the area of working conditions, including health and safety at work, are both increased by EUR 0.5 million. It is needed for evaluation tasks in the enlarged union, and in preparation of the next enlargement. In addition, an amount of up to EUR 1.6 million is needed to prepare for the expected entry into force of the REACH Agency at the beginning of 2007, and an amount of EUR 2.5 million for the European Medicine Agency (EMA) to implement the recently adopted pharmaceutical legislation.

### 3.2.2. Financial implications of priority "Solidarity"

The structural funds provide the most important share of financing for the "Solidarity" priority; however, there are also parts which fall under heading 3 of the financial perspectives. Within the area of freedom, security and justice, and in the context of the forthcoming Council decision on new narcotic and synthetic drugs, an additional EUR 0.1 million is added to the budget of the EMCDDA to enable them to carry out new activities including monitoring of misuse of licit drugs (medicines), and information exchange and risk



assessment on new narcotic drugs and synthetic drugs. Also in the field of freedom, security and justice, EUR 0.5 million will be added to the financial programming to aid the development of the operations of EURODAC and DublinET. This will entail consolidation and evaluation to ensure the smooth operation of the extended network, and the replacement of obsolete infrastructure. Within the policy area environment there is a shift of EUR 1.5 million from policy development to policy implementation. This reflects an increased focus on implementation, particularly in the areas of nature and biodiversity, the quality of life and sustainable production, consumption and use of resources, and the importance of implementation in the pre-accession phase for Bulgaria and Romania.

### *3.2.3. Financial implications of priority "Security"*

The key policy areas for this priority are Freedom, Security and Justice, Health and Consumer Protection, and Transport and Energy. Under the area of freedom, security and justice, an amount of EUR 10 million is allocated in 2006 for the development of the VIS to include biometric data. A crisis centre for the management of ARGUS (secure general rapid alert system) is to be set up within the Commission for use in emergency situations. The additional financial needs total EUR 1 million, of which EUR 0.6 million is for the protection of installations and electronic shielding, and EUR 0.4 million is for IT. In the context of establishing a genuine European area of justice in criminal and civil matters, an additional EUR 1 million will be provided to put in place the first stage of a computerised system for the exchange of information on convictions. Eurojust will also receive an increase of EUR 2 million to complete the setting up of its infrastructure including ICT systems. In the area of health and consumer protection EUR 1 million is added to the financial programming for the European Centre for Disease Prevention and Control (ECDC), arising from the decision to locate the agency in Stockholm rather than Brussels or Luxembourg. Also in this policy area, EUR 2 million is added for a preparatory action for public health preparedness and response, reflecting the need to create a pre-emergency system or co-ordination mechanism which can mobilise resources should a major health crisis arise.

### *3.2.4. Financial implications of priority "External Projection" of the three internal priorities*

In the area of external relations, the 2006 budget is certain to include further assistance for Iraq, which is the same as the amount for 2005 (EUR 200 million).

With regard to the reconstruction aid to those regions of Asia affected by the tsunami, the Commission has confirmed its intention to provide EUR 350 million in reconstruction aid spread over 2005 and 2006. Following from the assessment reports carried out by the World Bank and the Asian Development Bank, it has been decided to enter EUR 150 million in fresh commitments for 2006.

In the area of development, the Commission has committed itself to help the ACP countries who may find their exports adversely affected by the entry into force of the new common market organisation for sugar. For the first year, the assistance is currently estimated at an amount of EUR 40 million. The option of the budget and the legal base must be decided in time for the assistance to be deployed in 2006. The budget part of the financing would have to stem from the flexibility instrument.

Since the combination of these measures will overshoot the margin under Heading 4 (up to – EUR 162.2 million, if the maximum amount of EUR 40 million for the sugar reform is taken

into account), recourse will have to be made to the flexibility instrument for part of the amount. The call on the flexibility instrument requires an examination of possible redeployment during the preparation of the preliminary draft budget. In the case of the post-tsunami aid the possibilities for reprogramming in the envelope for Asia should be explored. Further to the reduction in the financial envelope for TACIS by EUR 5.6 million, programmes facing serious implementing delays and/or difficulties may be asked to contribute to the re-allocation.

Other changes related to this priority are as follows:

- EUR 6 million will be added to the programme to support North-South cooperation in the fight against drugs. The strengthening of this initiative will be financed by redeployments from the relevant geographical envelopes.
- For CFSP, an additional EUR 7.6 million will be added to the financial programming (EUR 55 million) so that the budget for this measure does not drop below that of 2004 and 2005.
- Finally, the Commission announces its intention to comply strictly with the co-decided financial reference amounts, even if this means a decrease in 2006 compared with 2005.