



EUROPEAN COMMISSION

*Brussels, 12/11/2009*  
C/2009/8773

*Dear Mr Forsberg,*

*Thank you for transmitting the Swedish Parliament's contribution to the Annual Policy Strategy for 2010 {COM(2009)73}.*

*In line with the Commission's decision to encourage National Parliaments to react to its proposals to improve the process of policy formulation, we welcome this opportunity to respond to your comments. I enclose the Commission's response, and I hope you will find this a valuable contribution to your own deliberations.*

*I look forward to developing our policy dialogue further in the future.*

*Yours sincerely*

*Margot WALLSTRÖM*  
*Vice-President of the European Commission*

*Mr Anders Forsberg*  
*Secretary-General of the Riksdag*



EUROPEAN COMMISSION

Brussels, October 2009

## **COMMENTS OF THE COMMISSION ON AN OPINION FROM THE SWEDISH RIKSDAG**

### **COM (2009)73 FINAL – ANNUAL POLICY STRATEGY FOR 2010**

The European Commission thanks the Swedish Riksdag for having examined the Annual Policy Strategy (APS) for 2010 and for having provided an opinion on the policy priorities to be taken forward in 2010. This opinion is a helpful and constructive input to the preparation of the Commission's Legislative and Work Programme for 2010. The Commission's comments on specific points raised by the Riksdag are presented below.

#### **Economic and social recovery**

The Commission thanks the Riksdag for its comments regarding the current economic crisis and the recovery measures at Member State and community level. The Commission shares the view that the crisis has underlined the importance of continued medium- and long-term economic reforms to work against current economic turbulence, whilst laying the ground for long-term, sustainable growth in Europe. Moreover, the Commission agrees that Member States in accordance with the Stability and Growth Pact should return to sound and sustainable public finances as quickly as possible.

The Commission also welcomes the comments made concerning financial regulation in the EU. The statement points to the importance of the Commission's ongoing programme of proposals to improve regulation and supervision of the financial institutions in the EU and recognises the De Larosière Report as the basis for these measures.

Following the Commission's Communication of May 2009 which outlined an ambitious new European supervisory architecture to better protect European citizens and rebuild trust in the financial system, and the broad support given by the European Council of 18-19 June 2009, on 23 September 2009 the Commission presented a package of legislative proposals for the creation of a European Systemic Risk Board (ESRB) and a European System of Financial Supervisors (ESFS) with three new European Supervisory Authorities, for banking, securities and insurance and pensions..

The European Systemic Risk Board will monitor and assess potential threats to financial stability that arise from macro-economic developments and from developments within the financial system as a whole ("macro-prudential supervision"). The European System of Financial Supervisors will consist of a robust network of national financial supervisors

working in tandem with new European Supervisory Authorities to safeguard financial soundness at the level of individual financial firms and protect consumers of financial services ("micro-prudential supervision"). These two pillars are aimed at achieving valuable synergies; to mutually reinforce the impact on financial stability while ensuring a fully connected macro-micro supervisory framework.

The Commission is very pleased that swift progress on the question of a new supervisory structure is a priority for the Swedish Presidency and that a general agreement on the macro-prudential supervision proposals was already found at the 20 October meeting of the ECOFIN Council. The Commission will continue to work closely with the Presidency to ensure that the new arrangements can be in force by the end of 2010.

### **The EU budget**

The Commission thanks the Swedish Riksdag for its comments regarding the *2009 Budget Review*, which reiterate an earlier statement issued by the Committee on Finance (your ref.: 2007/08:FiU). The Commission refers to its reply to the said statement delivered in August 2008. In September 2007, the Commission presented its general approach towards the Budget Review in its Consultation paper "Reforming the budget, Changing Europe"<sup>1</sup>. This report has been subject to a broad public consultation, the results of which are contributing to the preparation of the Budget review report which the Commission is due to present by the end of 2009.

The Commission takes note of the Riksdag's view that parts of the funds dedicated to agriculture and cohesion should be redirected to priorities such as competitiveness, research and development, strategic infrastructure projects, mobility in education, terrorism and cross-border crime, or global efforts to promote democracy and human rights. It agrees that these areas are of increasing importance in the light of the challenges facing Europe in the next decade and beyond, and will carefully assess the implications of this development in budgetary terms. The Commission notes that the basic principles on which the reform of the EU budget should be based are shared by the Riksdag and the Commission.

On the basis of the Commission proposals<sup>2</sup> and the March 2009 European Council Conclusions, the European Parliament, the Council and the Commission have agreed to revise the 2007-2013 financial framework so as to increase the ceiling of heading 1A for financing energy projects by an amount of EUR 2 000 million, while at the same time decreasing the ceiling of heading 2 by the same amount. In addition, within the existing margin of heading 2, EUR 600 million have been made available in the 2009 budget for financing broadband internet in rural areas and strengthening activities related to the "new challenges" identified in the context of the "Health Check" of the Common Agricultural Policy.

The financing of the remaining amount of the total EUR 5 bn (EUR 2 400 million) is intended to be secured through a compensation mechanism at the conciliation of the 2010 budgetary procedure by using all budgetary means foreseen in its legal framework, to be completed, if needed, at the latest at the conciliation of the 2011 budgetary procedure. To that purpose, the three institutions will examine all available sources that could provide for the compensation of funds. The overall ceiling of the 2007-2013 financial framework will not be exceeded.

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<sup>1</sup> SEC(2007) 1188 final: [http://ec.europa.eu/budget/reform/library/issue\\_paper/consultation\\_paper\\_en.pdf](http://ec.europa.eu/budget/reform/library/issue_paper/consultation_paper_en.pdf).

<sup>2</sup> COM(2008) 859 final of 10 December 2008, as amended by COM(2009)171 final of 8 April 2009.

## **Climate change**

The Commission welcomes the decision of the Swedish Presidency to place Climate Change as an overarching priority for its Presidential term. It shares the view that there is a need to integrate risk reduction and adaptation to climate change elements into development strategies and policies, as highlighted by the Commission's Communication on an EU Strategy for Supporting Disaster Risk Reduction in Developing Countries<sup>3</sup> and the White Paper on Adapting to Climate Change<sup>4</sup>, and looks forward to the recommendations of the International Commission on Climate Change and Development set up by the Swedish government.

The Commission favours the use of Market-based instruments (MBI) – such as indirect taxation, targeted subsidies and tradable emission rights – in the field of environment because they provide a flexible and cost-effective means of reaching policy objectives<sup>5</sup>. It therefore welcomes the support expressed for the use of MBI. Regarding the fight against climate change, the EU has decided to create the Emission Trading Scheme (ETS) as its central MBI for a number of industrial sectors. Furthermore, changes to the EU ETS agreed for 2013 and beyond, i.e. the switch to auctioning, imply that a significant amount of public revenue will be generated by the carbon market.

Carbon taxes can be an important complementary tool in this context, in particular for the non-ETS sectors. The Commission launched – in its 2007 Green Paper on MBI<sup>6</sup> – a broad discussion on how MBI can best be used at EU or Member State level in a number of areas, also beyond climate-related issues. The results of this consultation have also been made public<sup>7</sup>. They will be integrated into forthcoming Commission initiatives such as the future revision of the Energy Taxation Directive. The Commission also strongly supports green public procurement and has developed a number of toolkits<sup>8</sup> to provide guidance to public authorities on where to integrate environmental criteria into the public procurement process while fully respecting EC procurement laws.

## **Enlargement and the eastern partnership**

The Commission shares the comments of the Swedish Riksdag regarding the enlargement policy for the Western Balkans and Turkey. Successive enlargements have helped to consolidate democracy and the rule of law in Europe, increased economic opportunities and enhanced the weight of the European Union in the world to tackle global challenges. New membership applications received in the past months demonstrate the continued attractiveness of the EU membership perspective. The EU's present enlargement policy was endorsed by the European Council of December 2006 and repeatedly reconfirmed since

The Commission is of the view that the enlargement process must continue to be based on the own merits principle. This means that the pace of the countries moving towards accession must be based on their political and economic reforms as well as their capacity to assume the rights and obligations of membership in accordance with the Copenhagen criteria. This will

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<sup>3</sup> COM(2009) 84.

<sup>4</sup> COM(2009) 147.

<sup>5</sup> See Decision No 1600/2002/EC of the European Parliament and of the Council of 22 July 2002 laying down the Sixth Community Environment Action Programme.

<sup>6</sup> Green Paper on Market-based instruments for environment and related policy purposes, of 28 March 2007. COM(2007) 140.

<sup>7</sup> Commission Staff Working Document analysing the replies to the Green Paper on market-based instruments for environment and related policy purposes, SEC(2009) 53 of 16 January 2009.

<sup>8</sup> Accessible through: [http://ec.europa.eu/environment/gpp/toolkit\\_en.htm](http://ec.europa.eu/environment/gpp/toolkit_en.htm)

also be the guiding principle of the Commission when assessing new applications. At the same time, regional cooperation is an essential element of the Stabilisation and Association Process, the EU's policy for the Western Balkans.

The Commission appreciates the positive assessment of European Neighbourhood Policy (ENP) and welcomes the leading role played by Sweden in promoting the Eastern Partnership initiative (part of ENP).