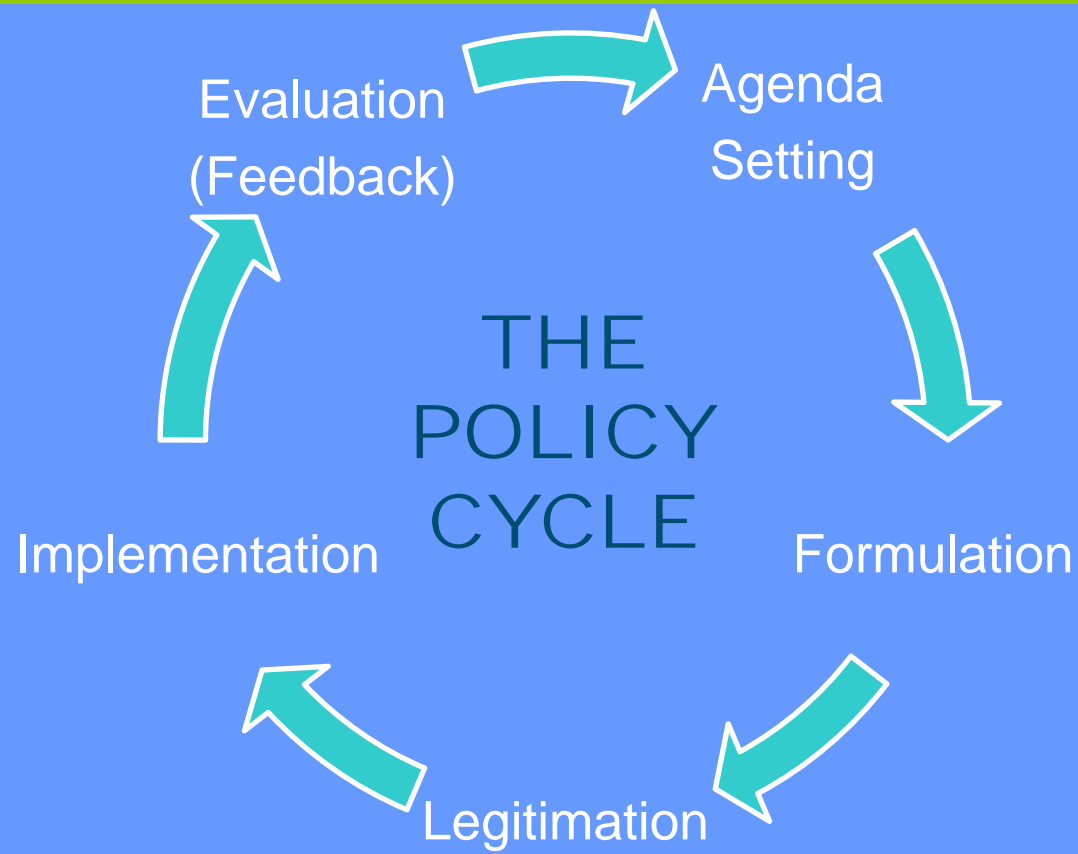


Public and Economic Policy in the EU

- I. The Policy Process
 - A. The Policy Cycle
 - B. The Budget
- II. Economic Policy
 - A. The Single Market
 - B. The Euro



A. The Policy Cycle



B. The Budget

EU budget 2009 in figures

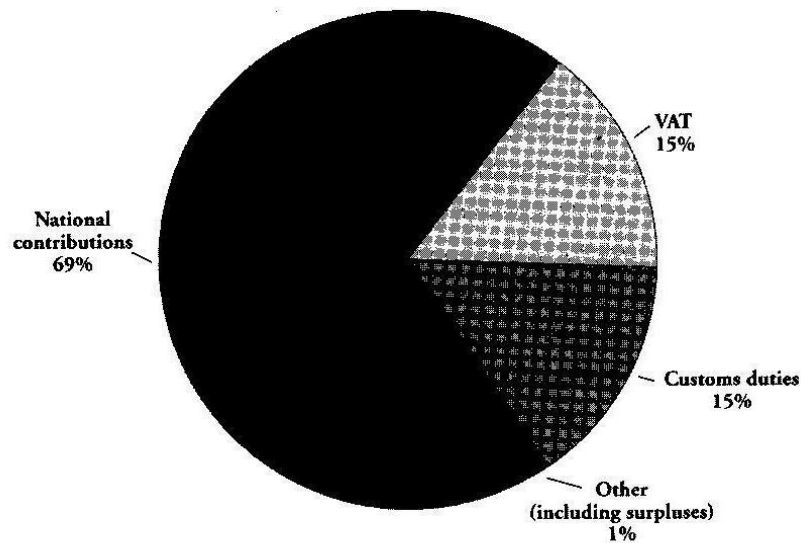
Expenditure estimates for EU policies (in billion EUR)	Budget 2009	Change from 2008
Sustainable growth	60.2	3.2 %
Competitiveness	11.8	6.2 %
Cohesion, including:	48.4	2.5 %
Natural resources	56.1	1.0 %
Citizenship, freedom, security and justice	1.5	12.3% ⁽¹⁾
Freedom, security and justice, including fundamental rights and justice, security and liberties, migration flows	0.9	18.1 %
Citizenship, including culture, media, public health and consumer protection	0.6	5.4 %
The EU as a global player	8.1 ⁽²⁾	7.3 %
Administration	7.7	5.7 %
Compensations to new EU countries ⁽³⁾	0.2	1.2 %
Total	133.8	2.5 %

⁽¹⁾ Excluding the amounts allocated in 2008 from the Solidarity Fund.

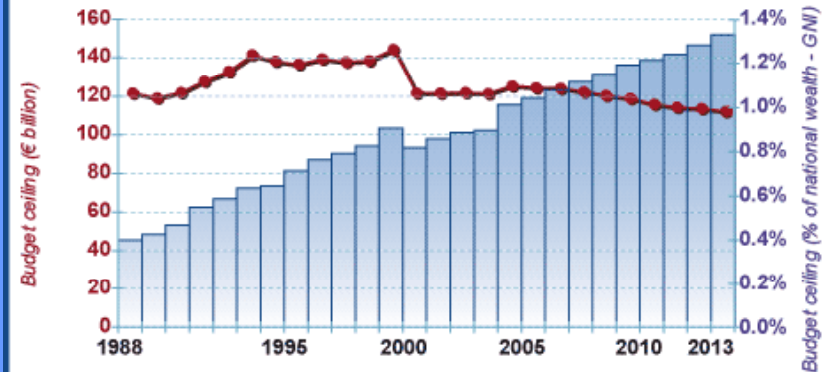
⁽²⁾ Including emergency aid reserve.

⁽³⁾ Amounts fixed by the accession treaties.

Revenues



Long term budgetary trend



II. Economic Policy

- The Single Market
 - Physical Barriers (Schengen Agreement)
 - Fiscal Barriers (VAT and Excise taxes)
 - Technical Barriers (Standards and Qualifications)
 - Services Directive for the Internal Market (Bolkestein Directive)



II. Economic Policy

- The Euro
 - Rationale for the Single Currency
 - Price Stability
 - Price Transparency
 - Transaction Costs
 - Reserve Currency
 - Performance of the Euro
 - Structural rigidities, cyclical asymmetries, and exchange rates



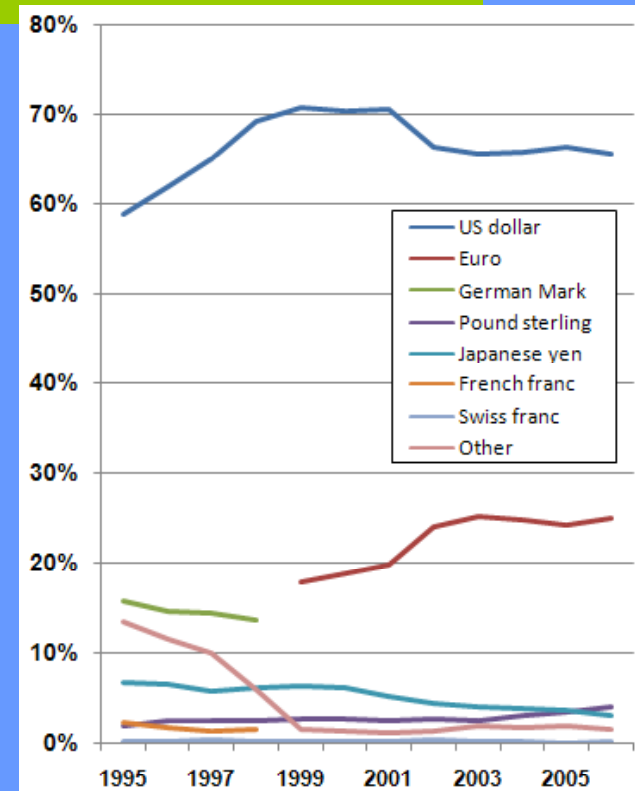
Exchange Rates and Reserve Status

Trans-Atlantic Volatility

The euro-dollar exchange rate in the decade since the euro was launched on Jan. 1, 1999



Source: Thompson Datastream/WSJ Market Data Group



The €/ \$ Exchange Rate

% of Foreign Reserves in Various Currencies