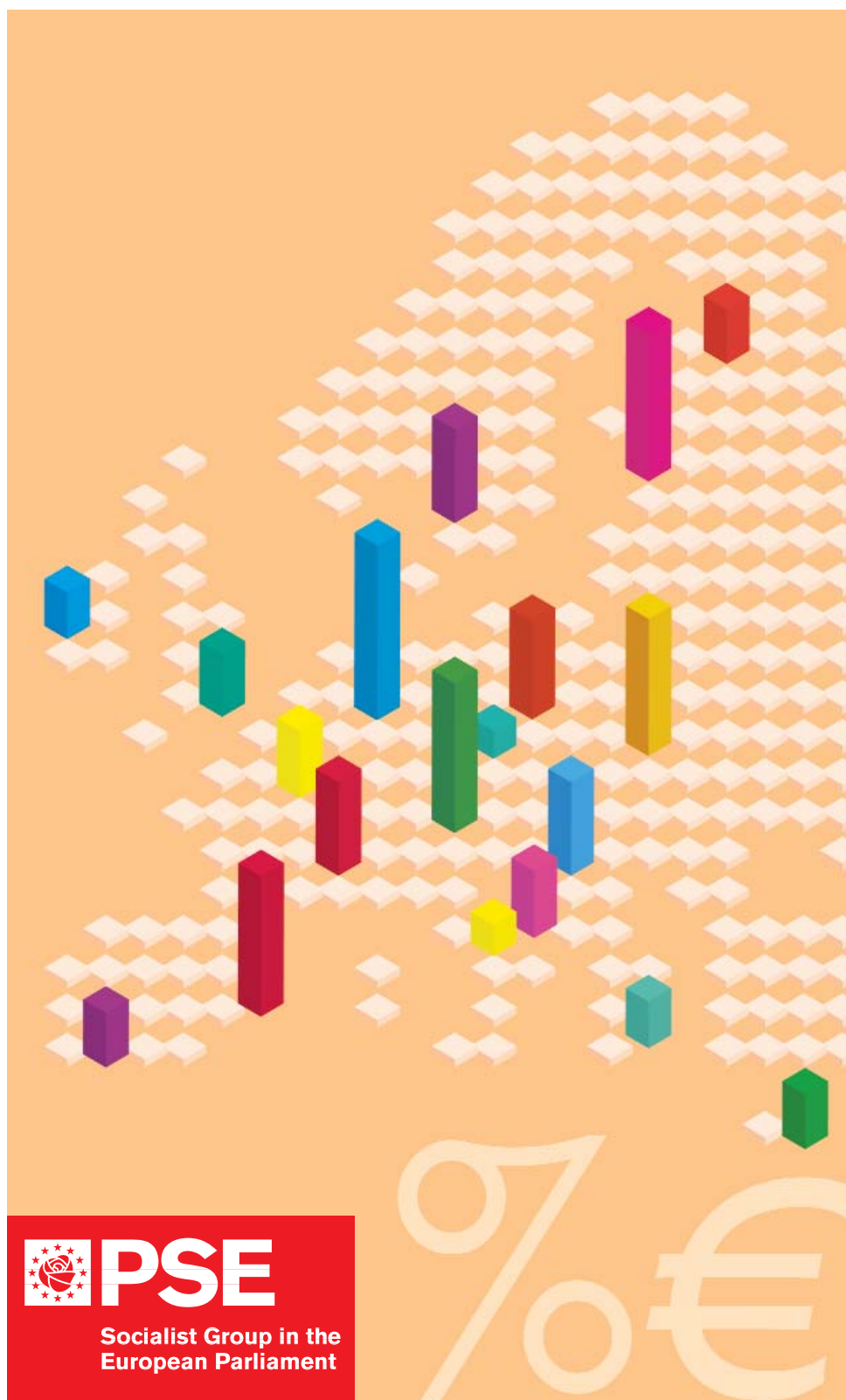


# EUROPEAN UNION BUDGET 2007

A SOCIALIST PERSPECTIVE



**PSE**

Socialist Group in the  
European Parliament

## **WHO DOES WHAT?**

The European Union budget is decided upon each year by the Members of the European Parliament and the Council (the 27 Finance Ministers of the EU Member States).

The European Commission puts forward the proposals but the MEPs and the national governments take the final decision. The MEPs have the last word on approximately 65% of the expenditure, the remainder being approved by the Council.

The Council and the European Parliament must respect multiannual expenditure ceilings set by common agreement for the period 2007-2013, within the framework of what is known as the 'Financial Perspectives'.

Since 1988 the ceiling of the European budget has been set at 1.24% of the GNI (Gross National Income) of the Union as a whole, a decision taken exclusively by the national governments.

The budget of the European Union (126.5 billion euros) for the 495 million European citizens, in 27 Member States, is approximately equivalent to the public spending of Austria, a little less than that of Belgium, half as much as that of the Netherlands, 3 times less than that of Spain, 4 times less than that of the United Kingdom, 6 times less than that of Italy, 9 times less than that of France and 10 times less than that of Germany.

# THE EU BUDGET IN 2007

A NEW GENERATION OF EUROPEAN PROGRAMMES TO BENEFIT SOCIALIST PRIORITIES

## ADMINISTRATIVE EXPENDITURE

5 %

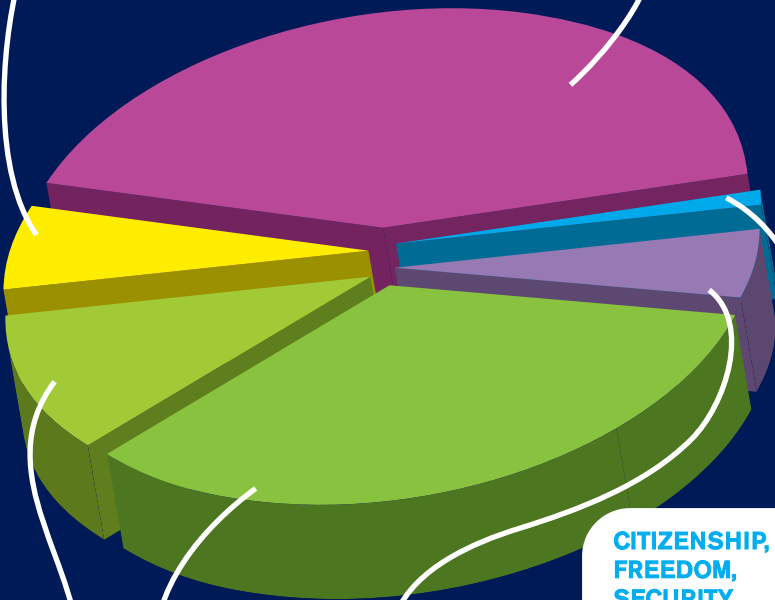
Ensuring the smooth running of Europe's Institutions for its 495 million citizens

## GROWTH, INNOVATION, EMPLOYMENT AND COHESION

43 %

Investing in research, innovation and social cohesion

Fostering economic cohesion and growth across the regions



## NATURAL RESOURCES

45 %

Fostering rural development and protecting the environment (11%)

Contributing to safer and better food, and a cleaner environment (34%)

## A GLOBAL PLAYER

6 %

Promoting peace, stability and sustainable development around the world

## CITIZENSHIP, FREEDOM, SECURITY AND JUSTICE

1 %

Protecting our health and our rights as consumers

Promoting European culture and debate on Europe

Defending fundamental rights

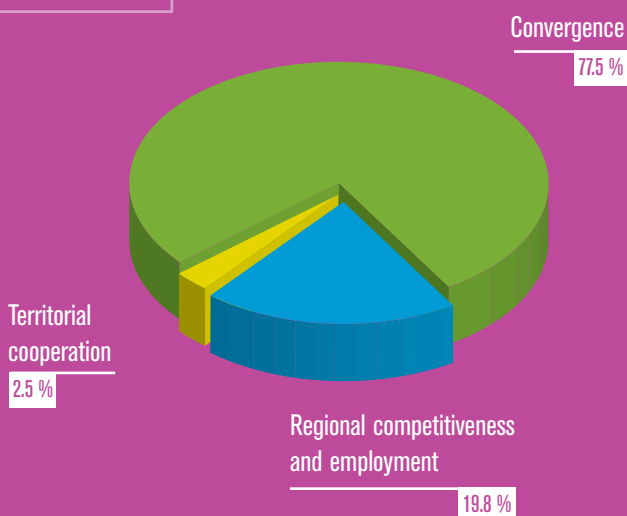
Towards a common immigration and integration policy

# Growth, innovation, employment and cohesion

Making a success  
of the Lisbon strategy

## Fostering economic cohesion and growth across the regions

45.5 billion euros



► **More than 35 billion euros will be shared among the least developed territories of the European Union**, in the 12 new Member States of Southern and Eastern Europe, but also in certain regions of Germany, Spain, Greece, Italy, Portugal and the United Kingdom. This major investment is designed to enable these territories to modernise and develop their infrastructure, implement projects that promote a sustainable environment, improve training of the workforce and stimulate employment with a view to achieving greater social cohesion.

### ► **Making a success of the Lisbon strategy in the regions**

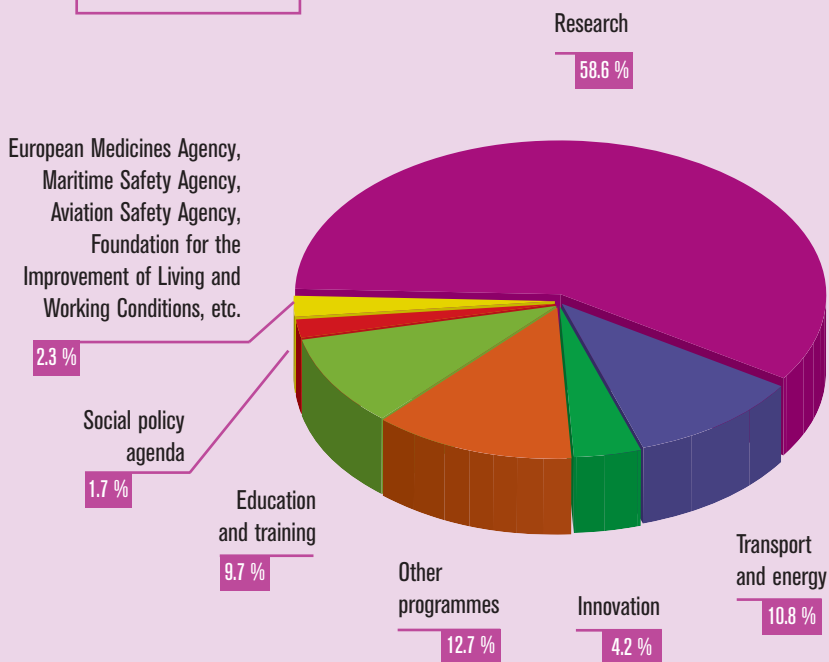
9 billion euros will be shared among the other European regions (those whose GDP is higher than 75% of the Community average) in order to make these territories more attractive, foster entrepreneurship and innovation, support training and employment policies or urban policies, and improve transport and information networks.

🇪🇺 The Socialist Members of the European Parliament made great efforts to ensure that these levels of appropriations were maintained, in particular for the new Member States.

**The European budget is a budget for solidarity that benefits everyone.**

## Investing in research, innovation and social cohesion

9.4 billion euros



### ► Research ideas put to the test

Young researchers will have more than 261 million euros to investigate the 250 ideas they have proposed.

### ► More qualified researchers


Researchers will benefit from 430 million euros available for training, better career prospects, and greater interaction between academia and industry.

### ► Lifelong learning


🇪🇺 Thanks to the European Socialists, 824 million euros will be allocated to this policy: more than 175 000 students will study abroad through the Erasmus programme, 41 000 young people will receive vocational training and some 1 400 adult education teachers will participate in mobility programmes.

The European Socialists proposed to make these measures available to other beneficiaries: 'Erasmus for apprentices', 'Erasmus for secondary school pupils' and 'Erasmus for young entrepreneurs' are now being tested.


► **Support for SMEs**

 More than 90% of jobs in Europe are provided by SMEs and cottage industries. Your Socialist MEPs support the measures aimed at improving the vitality of this sector by increasing aid for risk capital or loan guarantees in all EU countries.

► **Employment, solidarity, social progress for all**

 200 million euros: this is the amount the European Socialists obtained for the European programme for employment and solidarity in order to finance networks of associations that combat all forms of discrimination and facilitate exchanges of best practices among the Member States in the field of employment, social protection and social dialogue.

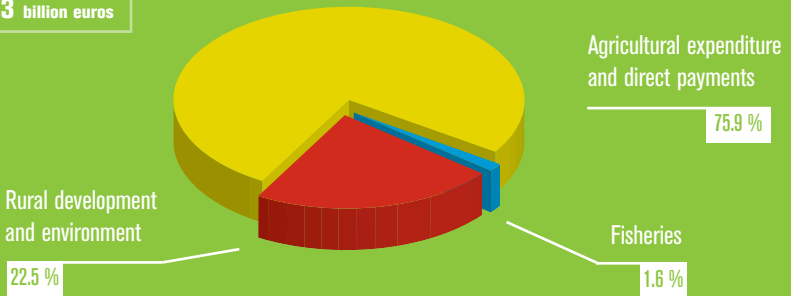
► **Globalisation Adjustment Fund**

 Thanks to the efforts of the European Socialists, a fund totalling 500 million euros is available to help workers, made redundant as a result of company relocations, to find jobs. This fund may be accessed by all EU Member States affected by sudden, large-scale job losses. At the initiative of the Socialists, an Internet site will be set up and will be available to anyone who wishes to find out about their labour rights, vocational training and corporate restructuring.

# Natural resources

Contributing to safer and better food,  
and a cleaner environment

56.3 billion euros



## ► Reforming Europe's agriculture: Market-oriented and environment-friendly production

Thanks to European funds, farmers in the European Union now adjust their production to market demand and comply with strict environmental and animal welfare standards, while benefiting from stability in their income. Around 42.7 billion euros will be paid as direct and indirect aid to farmers.

**For the first time in 50 years European support for regional development is greater than direct and indirect agricultural aid.**

## ► Investing in rural communities

12.4 billion euros for:

**People:** creating new employment opportunities

**Economy:** making the agrifood sector stronger through knowledge transfer, modernisation and innovation

**Environment:** protecting biodiversity and traditional agricultural landscapes, and promoting environment-friendly farming

## ► Encouraging knowledge and dissemination of techniques to ensure better soil conservation

🇪🇺 Almost 157 million ha (16% of Europe's land) is affected by soil degradation and erosion caused by conventional farming. Better soil conservation also means protecting biodiversity and reducing energy consumption. The European Socialists backed the introduction of an innovative European measure to support growth and the dissemination of soil conservation techniques.

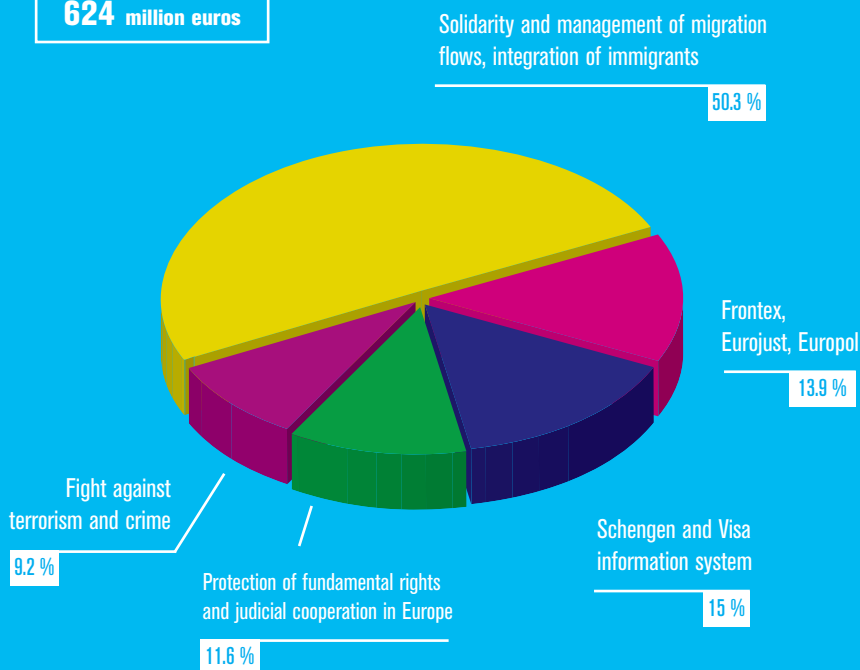
## ► For more fish in our seas and jobs on the shore

The EU has more than 250 000 fishermen on 89 000 fishing vessels and 130 000 people working in the processing sector. Some 571 million euros will be available under the **European Fisheries Fund** to ensure the future of our fish stocks and to offer alternative employment opportunities in all 300 coastal zones.

# Citizenship, freedom, security justice

## Towards a common immigration and integration policy


**624 million euros**



## Managing immigration together with a view to better integration

Through the European External Borders Fund, 170 million euros will be used to improve controls over the flow of people across 91 000 km of land and sea borders, and to provide better consular services in third countries.

 The European Integration Fund, a Socialist priority, will make 65 million euros available to EU countries for helping both EU citizens and legal immigrants to live in a diverse society. An additional 67 million euros will be available through the European Refugee Fund to help the EU countries that receive massive flows of refugees.

 With a view to ensuring solidarity amongst all the EU Member States, the European Socialists supported an increase in the budget allocated to the Frontex agency (up 10 million euros), which is responsible for European cooperation in the area of border controls.

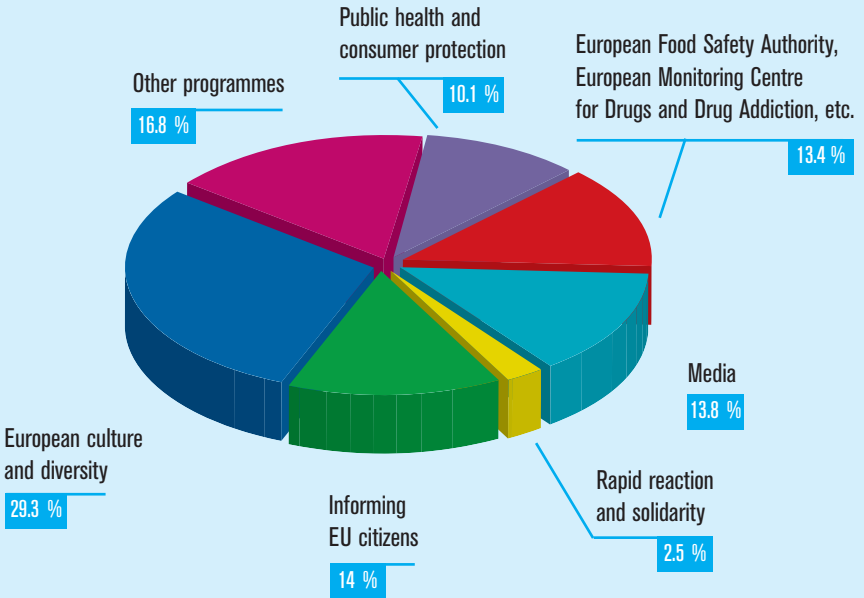


## Protecting our health and our rights as consumers


## Promoting European culture and debate on Europe

## Defending fundamental rights

**615 million euros**




### ► **Discussing Europe, finding out, exchanging, meeting**

 As far as European Socialists are concerned, the debate on Europe must be a citizens' debate, open to all. With more than 200 million euros allocated to this policy (up 12% compared to 2006), 400 000 citizens will be able to continue to benefit from town twinning measures in order to find out more about one another. European Socialists will continue to ensure that information relays are closer to the citizens, information booklets are more informative, and communication and information methods are updated, with greater participation of regional and local media.


### ► **Young Europeans make their voices heard**

There are some 60 million Europeans between the ages of 15 and 25. With 115 million euros, 'Youth in action' will provide more than 100 000 young Europeans with the opportunity to participate in youth exchanges and the European Voluntary Service, and to become active players in democratic life, both at a national and European level.

► **European Socialists support e-democracy**

 The European Union supports innovative projects to improve electronic forms of democracy with a view to ensuring greater participation and understanding of the decision-making processes.

► **Broadcasting Europe beyond our borders:  
a Socialist idea**

 In 2007 the 24 hour news channel *Euronews* should be available in Arabic and broadcast programmes from the Arabic world.

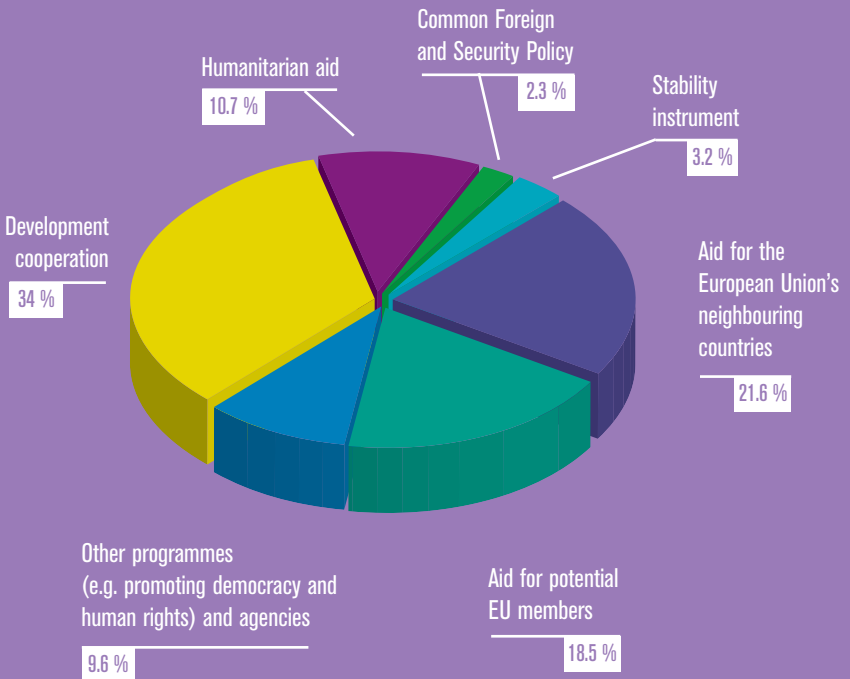
► **What to do in the case of fighting  
an EU-wide flu pandemic?**

Around 3.7 million euros will be used to set up a network of public health institutes, known as *Flusecure*, to share information and produce an effective flu vaccine quickly and in sufficient quantities.

# The EU as a global player

Spreading peace, stability and sustainable development beyond our borders

**6.8 billion euros**




## ► Helping potential members get closer to the EU


1.3 billion euros will be available to the former Yugoslav Republic of Macedonia, Croatia, Turkey and the Western Balkans. These funds will be used for institution building, regional and cross-border cooperation, developing local human resources, etc.

## ► Working together with our neighbours for mutual prosperity and stability

The European neighbourhood instrument will allocate 1.4 billion euros to increase cooperation with neighbouring countries to the east and south, mainly in the fields of respect for human rights, sustainable development and the rule of law.

 As a result of the efforts of European Socialists, these appropriations were increased (up 42 million euros) for both the Mediterranean countries (including Lebanon and the Palestinian Authority) and countries that border the EU in Eastern Europe, including Russia.

### ► **Clearing anti personnel mines**

 Thanks to Socialist amendments, anti-personnel mine detection and clearance actions will be eligible for funding from the EU's budget.


### ► **Tackling poverty in developing countries**

The aid from the EU budget (2.2 billion euros) will be used mainly for development projects in Latin America, Asia and Africa.

 European Socialists highlighted 4 points:

- Geographical distribution of the funds in line with the major global challenges in fulfilling the Millennium Goals; they opposed a disproportionate increase in the sums available for the rebuilding of Iraq, which part of the European Right wanted to approve without any guarantee of effectiveness.
- Promotion of decentralised cooperation among local authorities and developing countries as well as maintenance of the amounts for NGO actions on the ground, which certain Liberal MEPs wanted to do away with;
- Allocation of 20% of these funds to projects promoting primary and secondary learning as well as health services;
- Support for major programmes to combat diseases such as AIDS.

### ► **Joint management of water resources**

 European Socialists also succeeded in ensuring that new funds to strengthen cooperation between the developing countries in the area of water management were included (3 million euros).

# The cost of the European Union institutions

Approximately 5.5% of EU expenditure



Out of every euro spent from the EU budget, some 5.5 cents ensure that EU policies are decided and implemented in the best interests of the Union's 495 million citizens, and in the 23 official EU languages.

There are fewer civil servants serving in the institutions in Brussels than civil servants working for the Cities of Paris or Berlin!

This 5.5% of the European budget pays for the day-to-day running of all the EU institutions:

- **the European Parliament**, with 785 elected Members, which represents the citizens of the entire Union;
- **the European Commission**, which proposes European 'laws' and ensures that they are correctly applied in the Member States;
- **the Council of Ministers**, in which the ministers of the 27 Member States meet;
- **the Committee of the Regions**, which is the voice of all the regions of Europe;
- **the Economic and Social Committee**, in which European civil society debates the EU's main policies;
- **the Court of Justice and the Court of First Instance**, which ensure respect for European law;
- **the Ombudsman**, an indispensable guarantor of the European citizens' rights vis-à-vis the institutions and
- **the European Court of Auditors**, which monitors expenditure.

# EU budget 2007 in figures

**Expenditure estimates  
for EU policies**  
(in billion euros)

**Budget 2007**

<b>Sustainable growth</b> .....	<b>54.9</b>
Competitiveness, including: .....	9.4
Education and training .....	0.9
Research .....	5.5
Competitiveness and innovation .....	0.4
Energy and transport networks .....	1.0
Social policy agenda .....	0.2
<b>Cohesion, including:</b> .....	<b>45.5</b>
Convergence .....	35.3
Regional competitiveness and employment .....	9.0
Territorial cooperation .....	1.1

<b>Natural resources, including:</b> .....	<b>56.3</b>
Environment .....	0.2
Agricultural expenditure and direct aid .....	42.7
Rural development .....	12.4

<b>Freedom, security and justice</b> (including fundamental rights and justice, security and civil liberties, migration flows) .....	<b>0.6</b>
<b>Citizenship</b> (including culture, media, public health and consumer protection) .....	<b>0.6</b>

<b>EU as a global player, including:</b> .....	<b>(1) 6.8</b>
Pre-accession .....	1.3
European Neighbourhood .....	1.4
Development cooperation .....	2.2
Humanitarian aid .....	0.7
Democracy and human rights .....	0.1
Common foreign and security policy .....	0.2
Stability instrument .....	0.1

<b>Administration, including:</b> .....	<b>6.9</b>
European Commission .....	3.3
Other institutions .....	2.6

<b>Compensations to new EU countries (2) .....</b>	<b>0.4</b>
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<b>Total</b> .....	<b>126.5</b>
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(1) Including Emergency Aid Reserve.

(2) Amounts fixed by the Accession Treaties.

# Where does the money come from?

National contribution of each of the Member States proportional to their gross national income

69 %

Unspent amounts from previous years, contributions of EU staff, etc.

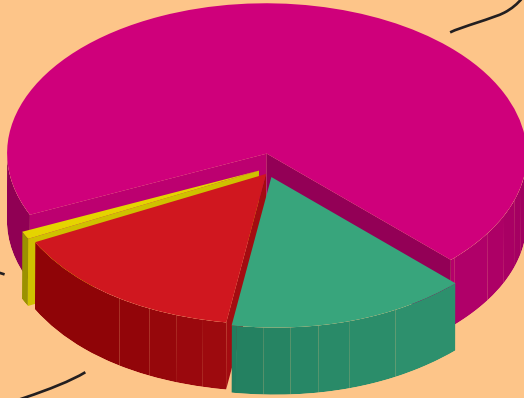
1 %

Levy on VAT collected in the Member States

15 %

Custom duties, agricultural duties and sugar levies

15 %



## DID YOU KNOW ?

On average since 1996 the EU budget has only risen by 8.2% even though Europe has grown from 15 Member States to 27! In comparison, public spending in the Member States has risen by an average of 23%.

The European Union budget is always balanced. The Treaties establishing the European Union prohibit the Union from having a deficit and borrowing funds. There is therefore no interest to pay on any debt in the European budget.

The European Union's Budget is managed by the European Commission, the European Court of Auditors monitors it and the European Parliament is responsible for the final control

In managing the budget, the European Commission does not act alone: the national, regional and local administrations of the 27 Member States are responsible for 80% of spending (mainly agricultural expenditure and expenditure relating to regional policy). The European Commission must rely on their efficiency and effectiveness.

There is always some room for improvement! For example, in 2006, just under 112 billion euros was to be spent. At the end of December 2006, after adjustment, this figure fell to just over 107 billion euros; that means that 4.5 billion euros remained in the coffers of the Member States. And 2006 is not the exception... it is the norm!

To ensure that the priorities in this publication can have maximum impact, the review of expenditure (budget discharge) by the Parliament is used annually to pinpoint more clearly the areas for improved expenditure and use of the budget in future years. In this way, we work to promote even more effective use of EU funds to benefit people across the EU.

**For more information**

EU budget

[http://europa.eu/pol/financ/index\\_en.htm](http://europa.eu/pol/financ/index_en.htm)

Dalia Grybauskaitė,

Commissioner for Financial Programming and Budget

[http://ec.europa.eu/commission\\_barroso/grybauskaite/index\\_en.htm](http://ec.europa.eu/commission_barroso/grybauskaite/index_en.htm)

European Parliament

[http://www.europarl.europa.eu/comparl/budg/presentation\\_en.htm](http://www.europarl.europa.eu/comparl/budg/presentation_en.htm)