

Brussels, 27 April 2010

EU draft budget 2011: The future beyond the crisis

Boosting economic recovery, investing in Europe's youth and in tomorrow's infrastructures are the priorities of the 2011 draft budget adopted by the Commission on 27 April 2010. Out of a total of €142.6 billion (bn), some €64.4bn are geared towards economic recovery actions (+3.4% on 2010). Furthermore, the funds backing the flagship initiatives of the EU 2020 strategy (for growth) represent some 57.9bn (some 40% of the Budget).

"The ambition of the draft budget is to continue to promote economic recovery together with the EU Member States, in particular in favour of the most vulnerable, in the current post crisis, while reflecting at budgetary level the new EU comprehensive approach for job creation and growth" says EU Commissioner for financial programming and budget Janusz Lewandowski.

"The draft budget adopted today gives Europe and its citizens incentives to develop an economy for the future: research and innovation, sustainability and inclusion are its cornerstones. This draft budget focuses on helping our youth be better equipped for their future, on enticing small and medium enterprises to make full use of EU funds to bounce back from the crisis".

€64.4 billion: A budget for future sustainable growth

The Structural Funds and the Cohesion Fund are now in a phase of active implementation on the ground. Though commitments for new projects increase by 3.2%, payment appropriations for active projects increase by 16.9%, to reach over €42.5 bn. This increase in payments is expected to contribute in real terms to the necessary stimulus of national economies, while promoting the structural adjustment to the model of sustainable growth identified by the EU in its recently agreed strategy for Growth and Jobs. The execution of the European Economic Recovery Plan is also coming on stream, with over € 1bn to finance the on-the-round implementation of the energy projects agreed in 2009 and beginning of 2010 in the area of carbon capture and storage, offshore wind energy, and energy infrastructure. Similarly, some € 500M will fund the agreed IT-broadband projects in rural areas.

Whereas funding for market related expenditure and direct aids under the Common Agricultural Policy (CAP) as well as for rural development will remain stable, funding for protection of the environment through the Life+ programme will benefit from an additional +8.7% in funding, to reach €333M.

The draft 2011 budget also increases investments in research, development and innovation, infrastructure and human capital. The 7th Framework Programme for research and technical development will grow by 13.8%, reaching €8.6bn; never before has the EU invested so much in that programme. Research and development alone cannot boost economic recovery: the Trans-European transport and energy networks will grow by 16.8% (€1.3bn) whereas the Competitiveness and Innovation Programme (CIP) will receive 4.4% more funding compared to 2010 (€549M).

A budget for the future of our youth and the reinforcement of citizenship

"Over 20% of Europe's youth is unemployed, says Janus Lewandowski. This is clearly untenable. The EU budget should help equip them for their professional career be it through education or exchanges".

To that end, the funding of the Life Long Learning Programme will increase by 2.6% (€1.1bn), thus making over 200,000 Erasmus grants available to students. A further 120,000 participants will be funded via the Youth in Action programme that allocates €127M (+1.6%) to help young people be recruited via non formal learning activities.

Funding for programmes in the area of freedom, security and justice will grow by 12.8% - the highest increase among the headings of the draft budget 2011. The substantial contributions to securing and safeguarding liberties (+24.4%) and managing migration flows (+18.5%) reflect the importance attached to the implementation of the EU Action Plan on citizenship, justice, security, asylum and immigration for the next five years, recently adopted by the Commission.

The EU as a global player

The sustained level of funding for the EU as a global player (+5.6%) is confirmed by three main proposals:

- a) Reinforcing the EU pledge at the UN Conference in Autumn on the Millennium Development Goals (€65M);
- b) Reinforcing the EU support to the developing countries in addressing climate change (€ 65M);
- c) Allocating a new amount for encouraging the economic and social development of the Turkish Cypriot community(€25M).

Administrative expenditure

Administrative expenditure for all EU institutions will stand at €8.3 billion or 5.8% of the budget. The Commission will continue to respect its commitment for zero growth in staff and redeploy staff internally to meet new challenges tasks.

What comes next?

"This is the first budget under the Lisbon Treaty, explains Janusz Lewandowski. There are two main differences: first, the whole procedure is much faster than in the past considering that there is only one reading in the European Parliament as opposed to two in the past. Second, for the first time, the Council and the Parliament have equal power in adopting the budget. This calls for more cooperation than ever between the three EU institutions involved in the process."

The Council will make his position known on the draft budget in June, followed by the European Parliament in October. In case of disagreements between them, a 21-day conciliation procedure will be triggered with the European Commission in the role of the honest broker. The final 2011 budget is expected to be adopted by the Parliament.

Note: The budget forecasts both *commitments* (legal pledges to provide financing, provided that certain conditions are fulfilled) and *payments* (actual cash or bank transfers to the beneficiaries).