

Barroso: EU budget 'is austere'

The European commission president tells the Sunday Times that the EU's proposed budget is both realistic and ambitious in austerity

Jose Manuel Barroso

Published: in the Sunday Times online on 3 July 2011



Last Wednesday, the European commission proposed a budget for the European Union that is at once realistic and ambitious. Yet I have seen a lot of inaccurate claims about the amounts we are proposing. This is not a five percent increase. We will not be adding £10bn to Britain's contribution.

Our proposal is realistic because it reflects our common desire to keep a tight rein on spending in these times of austerity. Under our proposal, payments over the seven-year period of the budget – from 2014 to 2020 – would come to exactly one percent of the EU's Gross National Income. Our budget will not cost the taxpayer more. But it will give more in return.

The EU budget does not seek to do what can and should be done at national level. It invests in things that are important, but which national governments cannot fund with their own budgets – either because resources are insufficient or because the projects require coordination between different member states, making the EU budget a more effective mechanism. That is how it has a real impact.

That is also why it is ambitious. Take the example of the new 'Connecting Europe' facility, which will step in to help fund major transport, energy and ICT projects such as the new High Speed 2 railway line or the new integrated offshore electricity grid in the North Sea, which will help boost the supply of

energy from renewable sources to British households. Our aim is to complete the missing links in Europe's essential economic infrastructure and in doing so remove obstacles to effective competition in the single market.

To underpin future growth and sharpen our competitive edge, we need to invest in brains. Under the commission's proposals, the EU's research and innovation programme will receive a big boost to €80 billion. This will give a fillip to European science and allow more universities to plug into international research cooperation. Already now, the University of Cambridge is the number one university recipient of EU support for research in recent years.

In the 2014-2020 period, the Common Agricultural Policy's share in the overall EU budget will continue to fall – from 41% to 36% (down from 71% in 1984). Moreover, the new budget will help to modernise farming and make it more environmentally friendly. Thirty percent of direct payments to farmers will now be conditional on using green farming practices. And there will be a fairer distribution of support, with a cap on payments to larger agricultural holdings.

The budget will help us to make better use of the resources we devote to tackling climate change. At least 20% of the overall-budget will be climate-related. This spending will be made more effective through our proposal to integrate climate considerations into all of our key policies – from energy to transport and research.

Another area in which spending will be streamlined is home affairs, with the creation of a new Migration and Asylum Fund and an Internal Security Fund. These choices will help the EU to strengthen its external borders, so that migration flows can be effectively managed, as well as enabling us to step up our joint action on terrorism and organised crime.

And finally, it will allow us to refocus our external relations policies. We are giving ourselves the tools to respond to and support the momentous changes taking place in our southern neighbourhood. And we are making sure that we maintain and strengthen the EU's essential commitment to the Millennium Development Goals. On this note, I very much welcome the UK government's strong support for development aid, both through its national budget and the EU budget.

The European Union spends in seven years what the British government spends in one year. And the UK derives countless benefits from its membership of the EU. These are not only economic. Over the past twenty years, the EU has supported the peace process and other projects in Northern Ireland to the tune of more than £2.5bn.

One issue that has dominated budget negotiations over the last thirty years has been the UK rebate. The current budget includes a system that almost nobody understands. We want to go back to the original principles behind the 1984 agreement which established the rebate, which stated that "any member state sustaining a budgetary burden which is excessive in relation to its relative prosperity may benefit from a correction at the appropriate time." The new

system we are proposing, based on a lump-sum reimbursement, would mean that Britain would be entitled to receive a gross amount of €25.2billion over the seven-year period from 2014-2020.

These are just a few of the reasons why we believe our proposal addresses the right issues at the right time. Budgetary discussions in the EU are seldom easy and in the current economic climate they will be particularly challenging. The commission has launched this round of discussions with a proposal that is both balanced and forward-looking. We fervently hope that we will be able to say the same of the debate that will now ensue.

José Manuel Barroso is President of the European Commission