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NOTE FOR MRS DALIA GRYBAUSKAITÉ EUROPEAN COMMISSIONER FOR FINANCIAL PROGRAMMING AND BUDGET

MEETING WITH A BUSINESSEUROPE DELEGATION:

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BUSINESSEUROPE Priorities

1. Implement the reforms for growth and jobs

- Strengthen the link between research and innovation
- Adopt an efficient patent system
- Pursue a broad programme on better regulation
- Fight against public deficits
- Foster entrepreneurship and SME growth

2. Integrate the European market

- Ensure effective implementation of internal market rules
- Invest in efficient European network industries
- Remove all hurdles to movement of workers, goods, services and capital
- Implement the services directive which will effectively foster growth and jobs
- Take advantage of the opportunities of an enlarged European Union

3. Govern the EU efficiently

- Solve the EU institutional problems arising with 27 and more member states
- Improve economic governance to move to higher growth
- Coordinate better international trade and development policies
- Fix budget and policies to enhance competitiveness

4. Shape globalisation and fight all kinds of protectionism

- Conclude an ambitious WTO Doha Round
- Open new markets through bilateral trade and economic agreements

5. Promote a secure, competitive and climate-friendly energy system

- Fully implement the internal energy market
- Keep all energy options open, including nuclear
- Foster an international solution to the climate change threat

6. Reform European social systems to respond to global challenges

- Stimulate the flexicurity debate for more growth and jobs
- Secure the availability of skilled workforce e.g. through economic immigration
- Adapt social systems to an ageing population
- Give the necessary space for the social dialogue





BUSINESSEUROPE'S VIEWS ON THE EU BUDGET

I. FORTHCOMING EU BUDGETARY REVIEW 2008/2009: SET BUDGET AND POLICIES TO ENHANCE COMPETITIVENESS

BUSINESSEUROPE believes that the EU budgetary review offers a golden opportunity, first to stimulate an in-depth debate on the long-term priorities for an enlarged EU facing globalisation and with an ageing population, and second to modernise the budget to reflect these political priorities.

What BUSINESSEUROPE wants to achieve

➤ An EU budget that matches EU ambitions

It makes no sense for the Council to agree on far-reaching objectives for the EU without subsequently taking budgetary measures to meet them. Resources must particularly focus on measures fostering competitiveness, growth and job creation

The limited size of the EU budget cannot solve all challenges in Europe; therefore the review should redefine what has to be financed at Community level or at national level. The review should also be used to deploy funds more efficiently on meeting a few well-selected objectives. EU investment and funding should concentrate on areas that clearly foster a leverage effect such as infrastructure, R&D, innovation, training and education. The new cohesion policy, which is one of the largest items in the budget, rightly focuses resources on these issues.

➤ Spending must be effective and involve Public-Private Partnerships

EU funds should be managed and implemented effectively by Member States and regions, which have 80% of total EU expenditure in shared management. Good opportunities for synergies will only appear if national and regional policy-makers coordinate effectively and if they manage all available resources in a concerted way. Clear accountability for administrations' use of resources should guarantee that genuine progress is made towards achieving EU priorities.

Strategic investments can have effective leverage effects if dialogue with business is open, continuous and clear. Nevertheless, attracting private know-how and financing into a partnership needs well-defined objectives and participation rules. Developing the expertise of administrators at managing such tasks should be priority in order to make the best of Public Private Partnerships.

➤ Any change in the own-resources system should not lead to an increase in taxes

The EU needs to simplify its overly complex system of own resources. By deciding on a balanced financial framework in good time, the European Council should avoid being dragged into frustrating negotiations on net budgetary positions when deciding on the financial framework. Reform of the own-resources system should have a clear political link with expenditure reform. Any agreed change must not imply an increase in an already excessive tax burden.



II. FINANCIAL PERSPECTIVES 2007-2013

Effective deployment of the available funds for 2007-2013 is crucial if Europe is to reach the Lisbon objectives for growth and jobs.

Main issues for BUSINESSEUROPE in the current financial perspectives

➤ **Earmarking**

As it transpired that a doubling of the funding for heading 1a was out of reach, BUSINESSEUROPE welcomed the earmarking for competitiveness-enhancing expenditure from the funding for cohesion policy, as agreed by the Council in December 2005.

The Lisbon earmarking requirement is a step in the right direction to focus spending on areas that can help kick off endogenous growth. It should have been applied to all countries that joined the EU in 2004 and after. We are pleased to observe that they have voluntarily adhered to the requirement. In EU-15, where earmarking applies, the wide scope of eligible activities may imply a limited effect on allocation decisions.

➤ **Simplified access to funds**

Access to the funds must be simplified through non-bureaucratic and simple procedures. Payments should be made available faster, limiting the number of stages between the moment a beneficiary is designated and effective receipt of the funds

➤ **Accountability**

Enhanced accountability is very important with a view to effective use of the EU funds. We welcome the new financial inter-institutional agreement on this point. It states that as part of the enhanced responsibilities of Member States and regions in the shared management of structural funds, the relevant audit authorities in Member States will produce an assessment concerning the compliance of management and control systems with Community rules. This would break new ground.

➤ **Shut down non-performing programmes**

Programmes that do not perform must be shut down. Programmes should be time-limited and should be carefully evaluated against objective criteria, preferably by an independent agency. Regional programmes that do not achieve measurable performance criteria such as an increase in employment rate or GDP per capita should see their funds set aside. Remaining funds should be redirected to well-performing programmes.

➤ **Clarify restrictions to the use of funds**

The funding opportunities and the legislative arrangements for the use of funding from different Community sources for the same project are not always clear.¹

¹ Council Regulation 1083/2006



In addition, certain investments, particularly in the field of cohesion policy, may be in contradiction with obligations to comply with Community competition rules. State aid rules should thus be respected.
