BRIEFING
Govern the EU efficiently

BUSINESSEUROPE

Fix budget and policies to enhance competitiveness

BACKGROUND

The agreement on the financial perspectives for the period 2007-2013 makes provision for a total budget for the EU of € 974,769 billion. As an outcome of difficult and painful negotiations, Member States agreed to undertake a wide-ranging review of the EU budget in 2008 and 2009 of all aspects of spending, including the Common Agricultural Policy and all aspects of resources, including the UK rebate.

The Commission assumes leadership in this budget review with the involvement of the European Parliament. BUSINESSEUROPE believes that this offers a golden opportunity, first to stimulate an in-depth debate on the long-term priorities for the EU in an increasingly interconnected world and with an ageing population, and second to modernise the budget to reflect these political priorities.

What BUSINESSEUROPE wants :

An EU budget that matches the EU's ambitions

The EU budget should primarily support research, market innovation, infrastructures, education and training, mobility and adaptability. An effective orientation of cohesion policy towards these objectives will be the means to deliver sustainable convergence in the regions.

A significant shift in EU funding resources from the Common Agricultural Policy (CAP) towards competitiveness programmes

The CAP health check allowed some progress to be made towards a more modern agricultural policy which better responds to the needs of the market. However, further steps must be taken to efficiently reform this policy and permit a significant shift in the structure of EU spending towards competitiveness-related items.

EU spending should be consistent with other policy instruments

The EU budget should help deepen the Internal Market, reinforce Lisbon objectives at the national and regional level, and be better coordinated with other EU policies such as state aid or competition rules.

Use the EU budget to leverage up investment to a much greater extent

Fiscal discipline and the principle of subsidiarity make it unnecessary to increase the EU budget above 1% of EU Gross National Income, but its effectiveness must be bolstered through the development of financial instruments in collaboration with the EIB Group, co-financing with national and regional authorities and more involvement of the private sector in EU-funded programmes.

Effective management of funds at all levels

It is particularly important to have more objective criteria to allocate funds and evaluate their performance and to foster strong and efficient Public-Private Partnerships (PPPs).

A flexible redeployment of resources

Funds should be redeployed from non-performing programmes and in line with changing priorities. Capacity for redeployment must be facilitated at the national and regional level, while a more effective mid-term review process should be put in place.

A financing system that ensures simplicity, stability and fairness

The financing system should guarantee a balanced distribution of net contributions across Member States, seek to alleviate where possible the need for compensation measures on the income side, and guard against higher tax burdens on companies and citizens.