2007 budget: section III, Commission

2006/2018(BUD) - 14/12/2006 - Final act

PURPOSE: to present the final adoption of the general budget of the European Union for the financial year 2007.

LEGISLATIVE ACT: 2007/143/EC, Euratom.

CONTENT: the 2007 budget was adopted on 14 December 2006 and is the first one to be issued under the 2007-2013 financial framework and the first involving the enlarged European Union of 27 Member-States. It is in conformity with the definitions set out by the budget authorities and with the European Parliament's text adopted at 2nd reading (see Parliament's resolution of 14.12.2006).

This budget supports a new generation of programmes which deal with the main priorities of the Union. The record increase in expenditure for programmes which reinforce sustainable growth, competitiveness, and the cohesion of the European economy reflects a greater sign of the political priorities of the Union being reflected in the budget plan.

The budget for 2007 amounts to **EUR 126.5 billion in commitment appropriations**. This represents 1.08% of Community GNI, and is an increase of 5% on the 2006 budget. A margin of EUR 1.85 billion remains available under the ceiling of the new financial framework.

Payment appropriations of EUR 115.5 billion have been agreed, or 0.99% of GNI. This represents an increase of 7.6% on 2006. This is a realistic assessment of the needs for payments in a year where many new programmes will start.

The priorities of the 2007 budget for the European Union: the key priority for the European Union remains growth and employment in line with the Lisbon Strategy.

The main budget headings are as follows:

Heading 1 – Sustainable development: this heading is allocated EUR 54.9 billion in commitments and EUR 44.9 billion in payments. It includes 2 sub-headings:

- **Heading 1a – Competitiveness for growth and employment:** this sub-heading amounts to EUR 9.4 billion, that is 7.4% of the total EU budget. Key programmes such as competitiveness and innovation (CIP), trans-European networks (TENs) for transport and energy, lifelong learning, and the framework programme for research and technological development implemented the goals of the Lisbon strategy with increased financial resources. Internal flexibility of the EU financial framework enabled an adaptation and shift in funds between policy headings, which helped secure the future of the European satellite navigation system (Galileo) and the brand new European Institute of Technology (EIT). The 2007 margin for heading 1 (sub-heading 1a) doesn't take into account the appropriations related to European Globalisation adjustment Fund (EUR 500 million) to support workers affected by the changes in world trade patterns, assisting them with retraining and job searches.
- **Heading 1b – Cohesion for growth and employment:** the commitments for the Structural and Cohesion Funds increase by 14.8% compared to 2006 to EUR 45.5 billion (3.5% of the budget). Payments increase to EUR 37.8 billion representing a 33% increase compared to 2006.

Heading 2- Preservation and management of natural resources: this heading continues to receive valuable support representing 44.4% of the budget .This heading receives **EUR 56.25 billion** in commitments and EUR 54.7 billion in payments. Commitments for rural development will increase to EUR 12.4 billion (+3%), and budgetary support for environmental policy increases by 17.9%. Agricultural expenditure and direct aids remain fairly stable at EUR 42.7 billion. This heading includes the LIFE+ programme (environment) with a budget of EUR 240 million.

Heading 3: Citizenship, freedom, security and justice: with **EUR 1.25 billion in commitments** (and **EUR 1.18 billion in payments**), heading 3 only represents 1% of the budget but has progressed by almost 7% compared to 2006 and includes 2 sub-headings:

- **Heading 3a - Freedom, security and justice**: budget 2007 will fund the launch of a new generation of programmes necessary for the realisation of a European area of freedom, security and justice, notably in relation to fundamental rights and justice, security and safeguarding liberties, and solidarity and management of migration flows. Commitments increase by 12.8% to **EUR 623.8 million**.
- **Heading 3b - Citizenship**: under the umbrella of Citizenship, the Commission proposes a number of programmes which aim at promoting a better understanding of the European Union among its people, and addressing their daily concerns. For 2007, **EUR 623.2 million** is committed for improving health and consumer protection, for programmes to foster European culture and diversity, and for communication actions. Payments (ceiling of 1 billion) made under the EU Solidarity Fund, which may vary considerably from one year to the other, are included under this heading.

Heading 4 - the EU as a global player: the enlarged EU has a growing role to play as a global partner, and a total of **EUR 6.8 billion** is budgeted for 2007 to cover the policies of pre-accession, neighbourhood, development cooperation, humanitarian aid, democracy and human rights, the Common Foreign and Security Policy and the Stability Instrument. This represents an increase of 4.5% for the beneficiaries concerned. Overall, heading 4 sees a drop of 20% of its budget compared to 2006. The 2007 margin for heading 4 doesn't take into account the appropriations related to Emergency Aid Reserve (EUR 234.5 million).

Heading 5 - Administration: the increase for Administration (+5.1%), can largely be explained by the evolution in the number of posts, itself explained by the ongoing needs related to enlargement. This heading totals almost EUR 7 billion (commitments and payments) covering the expenditure of all EU institutions. It represents 5.5% of the total EU budget.

Heading 6 - Compensation: this heading concerns notably the enlargement process : it provides **EUR 444.6 million** (commitments/payments) to help improve cash-flow in the national budgets of the acceding states (Cash-Flow Facility), and to finance control actions at the new external borders of the EU (Schengen Facility), as agreed during the accession negotiations with Bulgaria and Romania.