2008 budget: section III, Commission

2007/2019(BUD) - 18/12/2007 - Final act

PURPOSE: to present the final adoption of the general budget of the European Union for the financial year 2008.

LEGISLATIVE ACT: 2008/165/EC, Euratom.

CONTENT: the European Parliament adopted the European Union budget for 2008 on 18 December 2007. It is in line 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 13.12.2007).

The 2008 budget is the second one to be issued under the 2007-2013 financial framework. For the first time ever, the largest share of the EU budget - 45% of all EU spending – will be dedicated to economic growth and greater cohesion in the EU-27. Spending more on competitiveness reflects Europe's commitment to prosper in a constantly evolving global economy. The EU is also ensuring stable support for farming: agriculture will continue to receive over 40% of EU cash.

The adopted budget amounts to **EUR 129.1 billion in commitment appropriations**, an increase of 2.2% compared to 2007. It corresponds to 1.03% of the EU Gross National Income (GNI). The payment appropriations will amount to **EUR 120.3 billion**, or an increase of 5.7% in nominal terms. This represents a level of only 0.96% of EU-27 GNI.

The priorities of the 2008 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: of the **EUR 58 billion** which will go to boosting growth and employment by promoting competitiveness and cohesion, EUR 11.1 billion is available for programmes aimed at improving competitiveness, an increase of 18.3% on 2007. This includes investment in research, transport and energy networks, education and training, as well as GALILEO (EUR 860 million) and the EIT. The other EUR 46.9 billion will support structural and cohesion policy.

This heading is allocated EUR 50.3 billion in payments. With 44.9% of the Union's budget, this heading has become, for the first time, the European Union's priority with a budget superior to that of agriculture. It includes 2 sub-headings:

- **Heading 1a – Competitiveness for Growth and Employment**: in 2008, the EU budget will allocate EUR 11.086 billion (+18.3% from 2007) to boost the Union's competitiveness. Of this amount earmarked for competitiveness, EUR 6.1 billion will go to research (+11%), EUR 1.9 billion to energy and transport networks (+92.5%) and EUR 1 billion to education and training (+9. 3%).
- **Heading 1b - Cohesion for growth and employment**: EUR 46.9 billion (+3.1%) to foster prosperity and economic cohesion across Europe's regions. This amount has increased by 9.5% from 40.5 billion in 2007.

Heading 2 – Preservation and management of natural resources: financial support for the preservation and management of the Union's natural resources remains fairly stable at **EUR 55 billion**, but with growing emphasis on environmental policy (+ 12 %) and on rural development (+ 4.5 %). The 2008

commitments for natural resources will also reflect the changes in the Union's spending priorities. As a result of recent reforms in European agriculture, the allocations for market expenditure and direct aids will decrease by 3.4% in comparison to 2007 and will amount to EUR 40.88 billion. This decrease is partly offset by increases in the commitments for rural development (+4.5%) and the environment (+12.0%). This will see EUR 267 million go to the EU's environmental protection programme LIFE+ and EUR 12.9 billion for rural development.

Heading 3 – Citizenship, Freedom, Security and Justice: **with 1.343 billion in commitments** (and 1.242 billion in payments) heading 3 only represents 1% of the budget but has made considerable progressed compared to 2007 in particular in terms of consumer protection (+14.1%) as well as actions supporting youth, culture and communication.

- **Heading 3a – Freedom, security and justice**: the EU support in the field of freedom, security and justice has grown by 16.7% compared to 2007 to reach a total of EUR 728 million. The main programmes under this sub-heading will be concentrated on fostering fundamental rights and justice, security and safeguarding liberties, and solidarity and the management of migration flows.
- **Heading 3b - Citizenship**: in 2008 this sub-heading suffered an overall reduction in commitment appropriations with 25% less expenditure compared to 2007 (sub-heading 3b is allocated EUR 615 million in commitments instead of EUR 623 million in 2007). However, it includes important increases for public health and consumer protection (+ 14.1 %), as well as supporting youth, culture (+6.1%) and communication actions (+20% MEDIA 2007) and Europe for Citizens which increases by 35%. Communication actions increase by nearly 8%. However, other programmes under the heading decrease by nearly 80% compared to 2007 in commitments (- 83 million).

Heading 4 – the EU as a global player: the budget for external actions increases by 7.3% to **EUR 7.3 billion**. Within this heading, the Common Foreign and Security Policy grows by almost 80 %, to EUR 285.25 million, in particular, to cover operations in Kosovo. Importance increases are also included for pre-accession programmes (+14%) and for the EU's neighbourhood policy (+10.2%). Payment appropriations amount to EUR 8.12 billion (+10.3% increase compared to 2007). Increases under the Stability Instrument (+29%) and the external environmental policy (+60%) are also noted.

Heading 5 – Administration: the budget for administration grows by 4.4% to **EUR 7.28 billion** (in commitments and payments). Since 2004, the number of Member States has increased from 15 to 27, which has had an important effect on the workload and staffing requirements of the institutions.

Heading 6 – Compensation: as Bulgaria and Romania enter their second year of EU membership, budgetary compensation is gradually reduced to **EUR 206.6 million**, as agreed during the accession negotiations. This will ensure that both Member States will have a positive budgetary balance during the first years after accession.