2011 general budget: all sections, second version

2010/2290(BUD) - 15/12/2010 - Final act

PURPOSE: definitive adoption of the European Union's general budget for the financial year 2011.

LEGISLATIVE ACT: 2011/125/EU, Euratom.

CONTENT: on 15 December 2010 the European Parliament voted the EU budget 2011 – the first EU budget under the Lisbon Treaty.

Elements of the procedure and application of the Lisbon of Treaty's new rules: the Council adopted its position on the new EU draft budget for the financial year 2011, approving the informal agreement reached between the Belgian Presidency and the European Parliament at the trilogue of 6 December 2010. Negotiations on a first draft budget for 2011 submitted by the Commission in spring this year failed within the Conciliation Committee on 15 November 2010. Having regard to the fact that the Conciliation Committee did not agree on a joint text, the Commission presented a new draft general budget of the European Union for the financial year 2011 on 26 November 2010, in accordance with Article 314(8) of Treaty on the Functioning of the European Union (TFEU). This draft was finally agreed upon by the European Parliament and the Council.

The procedure under Article 314 of the Treaty on the Functioning of the European Union is complete and the European Union's general budget for the financial year 2011 has been definitively adopted.

The 2011 budget

- the total payments for the EU budget 2011, as accepted by the Council, amount to **EUR 126.527 billion** (+2.9% compared to 2010), corresponding to 1.01% of the Gross National Income (GNI) of the EU;
- the commitments for 2011 amount to **EUR 141.909 billion** (+0.3%) leaving a margin of EUR 1.891 billion under the total ceiling of the financial framework.

The EU budget foresees a **14.5% increase in payment appropriations** for measures aimed at **boosting economic growth** (€41.7 billion, heading 1b – Cohesion for growth and employment) as well as a 10.1% increase in the area of Freedom, security and justice (€813 million, heading 3a). The increase in the level of payments for Cohesion is mainly due to the fact that many projects in regions across Europe are reaching cruising speed and that the Commission will have more bills to pay since it co-finances these programmes.

On the other hand, other parts of the budget are reduced compared to 2010:

I. agriculture and the environment (EUR 56.4 billion, heading 2 – Preservation and management of natural resources) would decrease by 3%;

II. citizenship (EUR 646 million, heading 3b) would see a drop of 3.9%;

III. the EU as a global player (EUR 7.2 billion, heading 4) would be reduced by 7.1%.

IV. Heading 5 of the budget (administration) remains at less than 6% of the total budget.

Main budgetary priorities: with issues such as energy, the environment, climate, trade, growth and financial stability best tackled at European than national levels, this budget is essential to start the year with the required tools. It will allow the continuation of investment in the EU's future through **growth- and employment**-enhancing measures.

There is also the matter of another important budgetary priority called for by Parliament: **Youth**. A series of concrete initiatives will be set in place in terms of this objective, in particular:

- education and lifelong learning programmes which will have EUR 1.2 billion to fund more than 290,000 individual scholarships enabling recipients to work and train abroad;
- the Youth in Action programme with a budget of EUR 130 million which will permit more than 120 000 young people to participate in youth exchange and intercultural democracy projects, as well as more than 5 300 to participate in the European Voluntary Service programme;
- ERASMUS for young entrepreneurs which will have EUR 2 million available to fund more than 1 200 partnerships between young professionals and established businesses.

The 2011 budget: heading by heading:

Heading 1 - SUSTAINABLE GROWTH: to stimulate the European economy, this heading has a record amount of **EUR 64.5 billion** in commitment and some EUR 53.3 billion in payment appropriations. It includes two specific sub-headings and accounts for 45.5% of the budget:

- **1a Competitiveness for growth and employment**: this sub-heading comprises the main actions of the European Economic Recovery Plan and includes commitments amounting to EUR 13.5 billion (a fall of 9% compared with 2010 in commitments but an increase of 2.5% in terms of payments with EUR 11.6 billion). This heading also covers the 7th RTD Framework Programme with EUR 8.6 billion which finances pan-European research and companies that are trying to tackle important societal challenges, such as climate change and the ageing of the population. Trans-European transport and energy networks will benefit from EUR 1.5 billion to optimise the safety and efficiency of passenger and goods transport and less polluting energy. The framework programme for competitiveness and innovation (CIP) will devote more than EUR 500 million to strengthening SMEs' innovation capacity, in particular in the area of services bases on information and communication technologies and environmentally-friendly solutions.

- **1b Cohesion for growth and employment**: with EUR 51 billion in commitments and some EUR 41.7 billion in payment appropriations, this sub-heading focuses on the union's structural actions and environment and spatial planning policy. In comparison with 2010, payment appropriations have increased by 14.5%. In the context of this sub-heading, EUR 31.4 billion will go towards investments designed to modernise and diversify the economic structures of Europe's least developed regions and territories (in particular, the development of rail transport). The aid will also enable almost a million people to benefit from water treatment and improvements in information and communication infrastructures. In order to allow Europeans to adapt to a changing economic environment, training programmes in new skills and information on employment possibilities will be funded by the European Social Fund to an amount of EUR 10.9 billion.

Heading 2 – PRESERVATION AND MANAGEMENT OF NATURAL RESOURCES: agricultural expenditures see a small fall in comparison with 2010, with an allocation of close to **EUR 42.9 billion** in commitments for market-related and direct payment expenditures. The overall 'natural resources' heading only covers 41.3% of the budget, thus barely more than 30% for market expenditure and 11% for rural

development, environment and fishing. This heading will permit the stabilisation of the financial situation of 7 million farmers who respect strict environmental standards by assisting with soil, water and air quality in Europe. In addition, EUR 14.4 billion will go towards economic diversification in rural areas where 50% of the EU's population lives. The European Fisheries Fund will have EUR 658 million to support the competitiveness and sustainability of the European fishing sector while maintaining reasonable prices for consumers. Lastly, some EUR 333 millions will be used to finance projects in the context of the LIFE+ programme relating to waste managements, atmospheric pollution and biodiversity loss.

Heading 3 – CITIZENSHIP, FREEDOM, SECURITY AND JUSTICE: this heading now accounts for 1.3% of the Union's budget with **EUR 1.8 billion** in commitment – an increase of 8% in comparison with 2010 – and EUR 1.5 billion in payment appropriations. The heading comprises the two following sub-headings (excluding the Union's Solidarity Fund):

- **Heading 3a – Freedom, security and justice:** EUR 1.1 billion in commitment. This sub-heading covers the management of migratory flows that will mobilise at EU level some EUR 612 million (made available to Member States to help them to reinforce measures to combat illegal immigration and to design programmes for the integration of eligible migrants). To strengthen the safety and wellbeing of European citizens, the Security and Safeguarding Liberties programme will spend EUR 134 million on combating crime and terrorism, designing efficient crisis management systems, exchanging information and improving cooperation between law enforcement services;
- **Heading 3b – Citizenship** (including funding for youth and culture) with EUR 700 million in commitments. To promote a dynamic cultural area in Europe, the MEDIA and CULTURE programmes with jointly allocate EUR 168 million in support for the European film industry, transborder cooperation between artists and the promotion of European cultural capitals.

Heading 4 – THE EU AS A GLOBAL PLAYER: in 2011, this heading amounts to **EUR 8.8 billion** in commitments (and EUR 7.2 billion in payments). It now accounts for 6.2% of the Union's budget. It includes instruments such as the Financing Instrument for Development Cooperation (DCI) which will have EUR 2.6 billion to respond to the basic needs of the populations of 47 developing countries in Latin America, Asia, Central Asia, the Middle East and South Africa . In addition, in the event of a humanitarian crisis, EUR 825 million are allocated to humanitarian aid of millions of people affected by crisis caused by man or natural catastrophes. Countries in Eastern Europe, the southern Caucasus and the southern Mediterranean that border on the Union will benefit from funding of EUR 1.8 billion via the European Neighbourhood and Partnership Instrument which promotes good governance and equitable economic and social development. The Pre-Accession Instrument will benefit from EUR 1.6 billion of support for EU candidate countries (Croatia, Turkey and the former Yugoslav Republic of Macedonia) and potential candidate countries in their efforts to introduce European standards and policies. It should be noted that with the entry into force of the Lisbon Treaty a new service has been established: the **European External Action Service** (EEAS). Composed of Commission, Council and Member State staff, the EEAS assists the High Representative/Vice President Catherine Ashton in the coordination and harmonisation of the European Union's external actions.

Heading 5 – ADMINISTRATION: this last heading represents 5.7% of the EU's total budget and comprises almost **EUR 8.2 billion** (in commitments and in payments) covering the expenditures of all the European institutions.