

Proposed Budget 2007: Focus on economic growth and progress

An 11.5 % increase in EU funding for goals linked to competitiveness and a nearly 15% rise for cohesion for growth and employment – the European budget proposal for 2007 was presented by the European Commission today. It is the first one to run under the new financial framework which will guide EU finances until 2013. The Commission proposals for EU spending in 2007 amount to EUR 126.8 billion, a 4.6 % increase of commitment appropriations compared to 2006. Payment appropriations increase as well – by 3.9 % to EUR 116.4 billion.

The Commission adopted the Preliminary Draft Budget (PDB) for 2007 – the first step in the budgetary procedure before the budget is finally approved by the European Parliament and the Council. Commitment appropriations in the PDB are at the level of 1.08% of EU Gross National Income (GNI), and payment appropriations at 0.99% of GNI.

Dalia Grybauskaitė, European Commissioner for Financial Programming and Budget, commented: “The budget is more than just numbers: it is a precise translation of the EU’s political goals, mainly stimulating growth and employment, into concrete financial terms. Once implemented, this budget can make a substantial contribution to enhancing European economic competitiveness”.

More than EUR 54 billion to boost growth and employment

Out of the total EUR 126.8 billion in commitment appropriations, EUR 54.3 billion will be spent on **competitiveness** and **cohesion policies** for growth and employment (new heading 1 of the Financial Framework). This is EUR **6.8 billion more** than in 2006, where the figure is EUR 47.5 billion.

This increase is of strategic importance, as heading 1 encompasses key programmes such as the Competitiveness and Innovation Programme (CIP; increase in funding by 53% compared to 2006), Trans-European Networks (TENs; +18%) and Lifelong Learning (+30%), as well as a new generation of programmes under the Cohesion policy, in which countries that joined the EU in 2004 will fully participate for the first time in 2007.

Proposed expenditure on the **preservation and management of natural resources** (heading 2) amounts to EUR 57.2 billion, a modest increase of 1.2% compared to 2006. Heading 2 comprises direct payments and market related expenditure, which, at EUR 43.7 billion, remain at a relatively stable level (0.8% increase compared to 2006). Rural development, EUR 12.4 billion, will increase by 3% as compared to 2006.

A total of EUR 1 174 million is planned for expenditure on **citizenship, freedom, security and justice** (heading 3). This is 1.2% more compared to 2006, with significant increases in funding for actions under Fundamental Rights and Justice and Security and Safeguarding Liberties.

The EU will invest EUR 6.7 billion in **external relation actions** (heading 4), with new generation programmes such as European neighbourhood and partnership, development and economic cooperation, and the Instrument for Stability - a new instrument to tackle crises and instability in third countries and address trans-border challenges including nuclear safety and non-proliferation, the fight against trafficking, organised crime and terrorism.

Finally, EUR 7 billion (5.5% of the budget – the same share as in 2006), has been earmarked for **administration** costs (heading 5), including new posts necessary for past and the expected enlargement of the EU.

Budget proposal for 2007 by heading (commitment appropriations)

