

Financing the EU
The EU Budget. David Rees. 2013



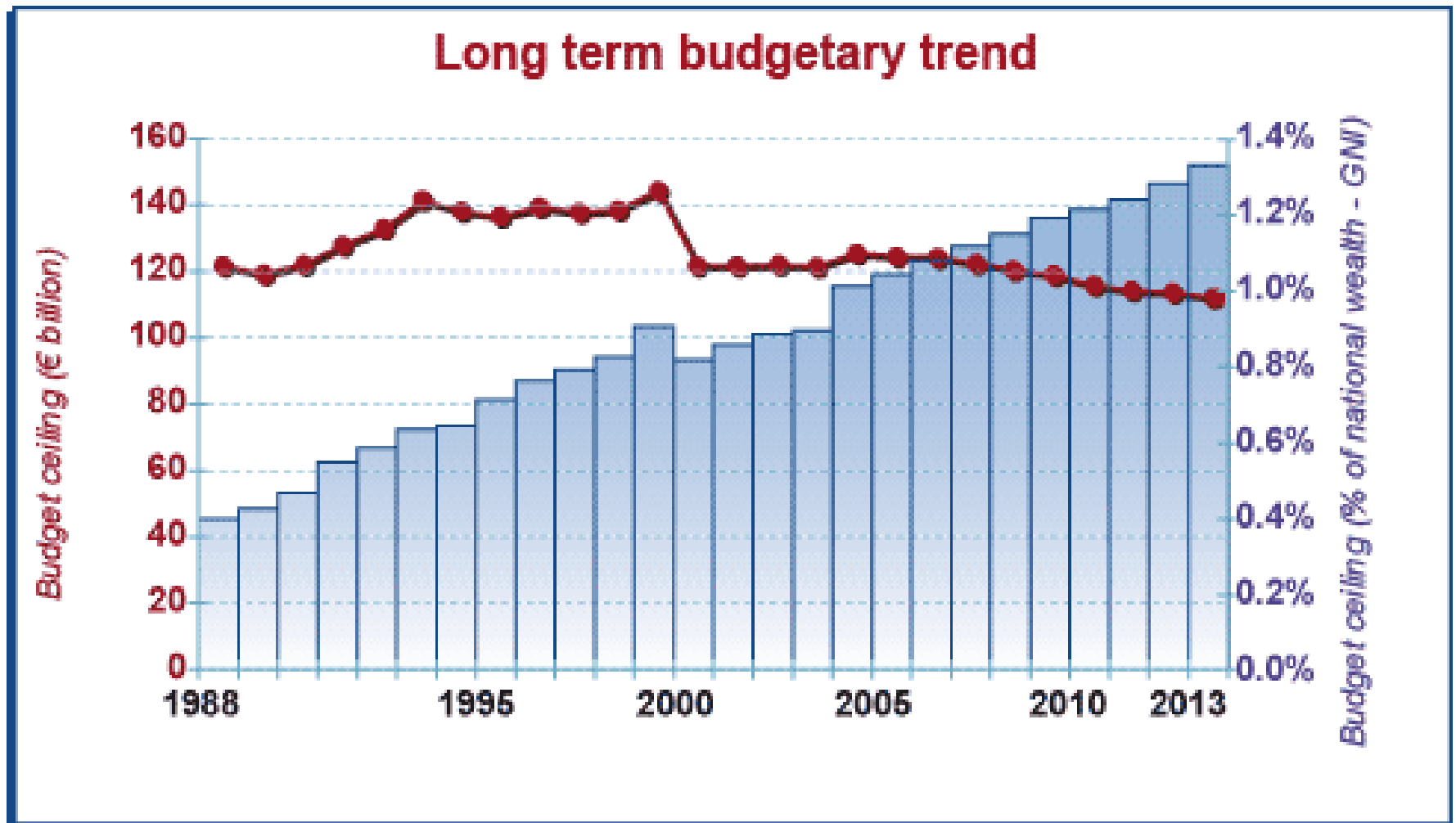
The EU-budget amounts to about 1% of the European Union's national wealth.

It is equivalent to about 235 EURO per head of the EU population.

A budgetary limit, the financial framework, is set within a time span of seven years

(2007-2013)

Budget ceiling of national wealth = about 1 % national wealth



Reflecting economic growth and enlargement, the EU budget has increased in absolute terms. As a percentage of the EU's wealth, it has remained largely stable at around 1 % of gross national income (GNI).

Where does the money come from ?

VAT

A standard percentage is levied on the VAT of each EU country. The VAT resource accounts for around €14bn.

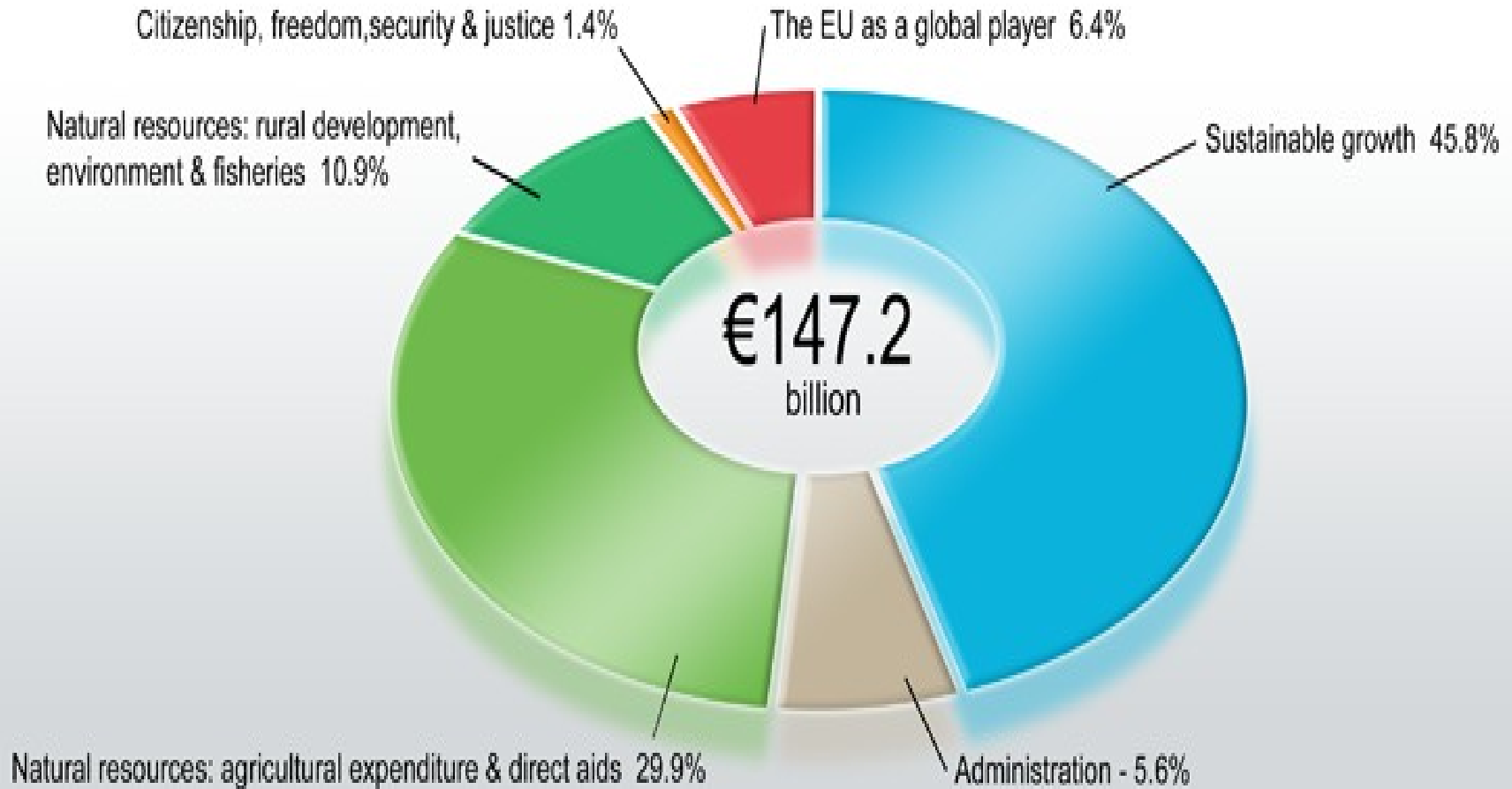
The VAT base to be taxed is capped at 50% of GNI for each country. This rule is intended to prevent less prosperous countries having to pay a disproportionate amount (in such countries consumption – and so VAT – tend to account for a higher percentage of national income).

GNI

A standard percentage is levied on the GNI of each EU country. It is used to balance revenue and expenditure, i.e. to fund the part of the budget not covered by other sources of income.

Although designed simply as a balancing system, this has become the largest source of revenue – €92.7bn in 2010.

How the EU budget is spent



The 2007-2013 financial framework

Sustainable growth (45.8%)

Competitiveness for growth and employment

– research and innovation, education and training, trans-European networks, social policy, economic integration and accompanying policies.

Cohesion for growth and employment

– convergence of the least developed EU countries and regions, inter-regional cooperation.

Preservation and management of natural resources (40.8%)

Includes the common agricultural policy, common fisheries policy, rural development and environmental measures.

Citizenship, freedom, security and justice (1.4%)

- justice and home affairs, border protection, immigration and asylum policy.
- public health, consumer protection, culture, youth, information and dialogue with citizens.

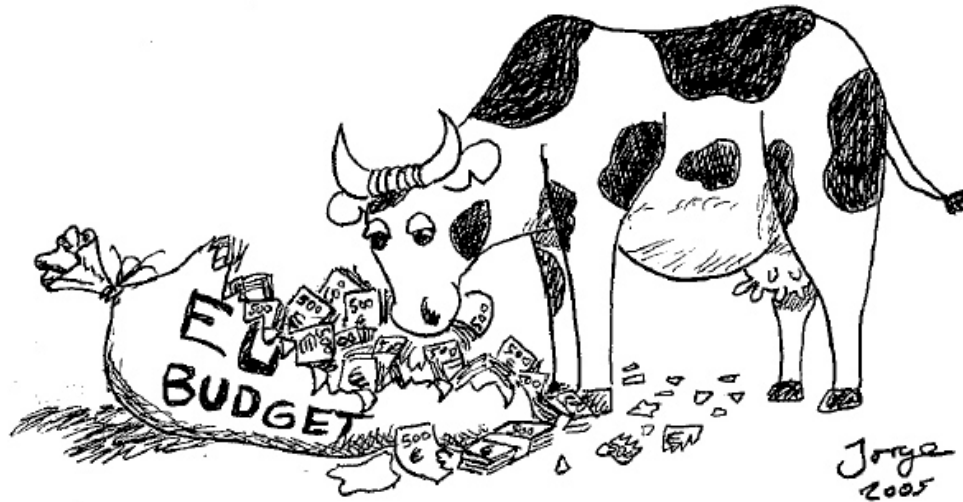
EU as global player (6.4%)

Covers all external action ("foreign policy") by the EU.

Administration (5.6%)

Covers the administrative expenditure of all the European institutions, pensions and EU-run schools for staff members' children ("European Schools").

The CAP's share of the EU budget:
71% in 1984 to 30% in 2013.



Facts and myths

There are many myths about the EU budget.

Go to Europa to see the facts

http://ec.europa.eu/budget/explained/myths/myths_en.cfm

If you had the power to influence the general spending of the EU-budget, would you make any changes, or do you think it is good as it is?

1. Changes in budget area expenditure

2. Changes in the redistribution mechanism

