

# RELEVANT FACTS ON 2007-2013 EUROPEAN UNION'S BUDGET ACCORDING TO EUROPEAN POLICIES FOR THE IMPLEMENTATION OF GENERAL ECONOMIC INTEGRATION

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**Abstract:**

*Regional policy in the U.E. has a critical role and the performance targets set at national level: employment opportunities for those who want to work, achieving a satisfactory pace of economic growth, income distribution and welfare in an equitable manner the whole economy. Financial perspectives for 2007-2013 have been reduced from eight to five chapters. This makes the system more rigid and allows more efficient use of available resources. The Expert Group recommended a radical restructuring of the EU budget order to cover the development agenda in accordance with the Lisbon objectives.*

**Key words:** regional policy, integration, economic growth, European budget.

**JEL classification:** A11

UE Budget on 2007-2013, EU regional policy, besides that it is oriented mainly on how the economy works in different regions, seeking to find solutions to the following two categories of problems:<sup>1</sup>

- reduction by elimination the chronic inter-regional disparities in the economies analyzed;
- assess consequences of various instruments of regional policy on the economies of the regions under examination.

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During 2007-2013, the budget revenues will be 1025 billion and will cover the following objectives:<sup>2</sup>

- sustainable growth: this heading includes structural funds, research and education, with a budget of 382 billion Euros for 7 years. It aims to two components: efficiency and cohesion, linked to economic growth and employment use factor;
- conservation of natural resources: it is financing the common agricultural policy and environmental policy, with a budget of 371 billion;
- citizenship, freedom, security and justice: 10.7 billion intended for activities related to justice and home affairs. This amount will cover programs that encourage European citizenship, such as exchanges between young people, town twinning and European dimension of media and culture;

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<sup>1</sup>[http://epp.eurostat.ec.europa.eu/pls/portal/docs/PAGE/PGP\\_PRD\\_CAT\\_PREREL/PGE\\_CAT\\_PREREL\\_YEAR\\_2009/PGE\\_CAT\\_PREREL\\_YEAR\\_2009\\_MONTH\\_02/3-27022009-EN-AP.PDF](http://epp.eurostat.ec.europa.eu/pls/portal/docs/PAGE/PGP_PRD_CAT_PREREL/PGE_CAT_PREREL_YEAR_2009/PGE_CAT_PREREL_YEAR_2009_MONTH_02/3-27022009-EN-AP.PDF)

<sup>2</sup> [http://epp.eurostat.ec.europa.eu/cache/ITY\\_PUBLIC/3-30042009-BP/EN/3-30042009-BP-EN.PDF](http://epp.eurostat.ec.europa.eu/cache/ITY_PUBLIC/3-30042009-BP/EN/3-30042009-BP-EN.PDF)

- U.E. as a global actor: 49.5 billion Euros will be allocated shares for developing countries, promoting human rights, foreign policy and security policy and support for development of neighbouring countries;
- Administration (including– translation services) will receive 49.8 billion Euros, or 5.75% of the total budget.

The breakdown by years of 2007-2013 financial perspective is presented in the following table.

In the recent years the EU has accelerated the pace of change, while developing a policy agenda toward the future, which will determine the main priorities of the Union for the next decade and beyond in the future. It is possible to outline new policy challenges that could have a significant impact on the direction in which the Union shall conduct work in the future:<sup>3</sup>

<b>Payments for direct helps</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Sustainable development	58,735	61,875	64,895	67,350	69,795	72,865	75,950
The management of natural resources	57,180	57,900	58,115	57,980	57,850	57,825	57,805
Citizenship freedom	2,570	2,935	3,235	3,530	3,835	4,145	4,455
U.E. global partner	11,280	12,115	12,885	13,720	14,495	15,115	15,740
Administration	3,675	3,815	3,950	4,090	4,225	4,365	4,500
Compensations	0,120	0,060	0,060	0	0	0	0
<b>Total</b>	<b>133,56</b>	<b>138,70</b>	<b>143,14</b>	<b>146,67</b>	<b>150,20</b>	<b>154,31</b>	<b>158,45</b>

- Europe should promote its values against a background of increasing diversity and change in a global context of increasingly complex competition for resources and markets became more intense. The economic balance of power changes. Opening new markets create enormous opportunities for many Europeans, but will test at the same time, Europe's capacity to adapt to the structural change and manage their social consequences;
- stimulate scientific and technological globalization, which gives the European dimension greater importance in promoting awareness, mobility, competitiveness and innovation. U.E. can help harness the benefits of continental size to promote excellence and convert it into growth;
- transformation into a knowledge economy and services is as profound as the earlier shift from agriculture to industry. This changing nature of work. Information technology and personal skills are particularly sought. Too many young people - one in six - give up too early in school, while even more have basic skills necessary knowledge economy;
- current levels of birth rates will change the structure and balance of our societies, raising important issues both in terms of economic efficiency and

<sup>3</sup> Marchis G., Impactul extinderii Uniunii Europene asupra strategiilor și politicilor regionale. Rolul Fondurilor Structurale, Teză de doctorat, A.S.E. București, 2008.

intergenerational equity. Appropriate responses must be found to promote demographic renewal, longer working lives in better conditions, a more productive and dynamic, integrating migrants and sustainable public finances. From this point of view, are also important, aspects of childcare and work life balance in the context of supporting the growing number of large families where both parents work;

- European solidarity and commitment to social justice is an important dimension of the European way of life in a globalized world. U.E. made in its budget an instrument for promoting economic development in less developed regions of its territory, but increasing disparities following enlargement underlines the importance of economic and social cohesion and raises questions about the most effective way in which the budget can be used to promote solidarity.

Initially, the resources allocated to the European Regional Development Fund shall consist of contributions - the default rate - the Member States. Member States U.E. cofinanced projects F.E.D.R. national public funds, in accordance with the principle of additionality.

Almost 85% of regional projects undertaken by the ERDF in the period '70 - '80, included infrastructure improvements.<sup>4</sup> Extensions U.E. years 1981 and 1986 led to increased regional disparities and the need to compensate some states, like Greece, France and Italy, for losses incurred as a result of enlargement to the south. Therefore, integration programs were conducted Mediterranean, which proved to be the pioneers of European regional policy reform in the late '80s.

The main stimulus for development of EU regional policy was the formation of the European Single Market. Single Market required the financial assistance of EU Member States to help them increase their economic competitiveness. To this end, the European Commission's powers were increased and was dropped from the system of fixed quotas for participation in ERDF.<sup>5</sup>

Maastricht Treaty, in Article 2, spoke of objective economic and social cohesion, which could not be achieved without a proper European regional policy. The Maastricht Treaty led to the change of regional policy instruments. The Cohesion Fund was created and the European Investment Bank, European Investment Bank related.

Cohesion Fund was established under the provisions of Article 161 (2) of the Maastricht Treaty, to ensure funds for the development of infrastructure and environmental projects in Member States whose GDP / capita was less than 90% of the EU. European Investment Fund was intended to facilitate funding of projects in peripheral areas of the EU, involving acceptance of a risk of higher than standard bank loans to operate the European Investment Bank. In the period 1988 - 2007, extension has increased the EU population by 50%. In 1988, four of the 12 Member States had a GDP per capita below 75% of the EU. After 21 years, 10 of the 27 Member States are in the same situation, and 7 of them have a per capita GDP below the level of the poorest Member State in 1988;<sup>6</sup>

- environmental impacts of climate change and European society has become a central element of the European agenda, forcing policy makers to reflect on the most appropriate response to use policy instruments available to EU This applies both to efforts to curb climate change by stopping the increase in emissions of

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<sup>4</sup> Tsoukalis L., *The New European Community: The Politics and Economics of Integration*, Oxford University Press, Oxford, 1997.

<sup>5</sup> Bianchi G., *The IMPs: A Missed Opportunity*, Frank Cass, London, 1993.

<sup>6</sup> European Commission, *Financial Perspectives 2007 – 2013*, Brussels, 14<sup>th</sup> of July 2004.

- greenhouse gases and the need to take measures to adapt to the consequences of climate change;
- pressures of climate change in the countryside and sea, with demographic changes and changes in consumer requirements, work together to play a new dimension of EU policies on agriculture, natural environment, rural society and marine areas;
  - energy safe, sustainable and competitive is one of the main challenges of society. Limited supply, increasing global demand and urgent need to reduce emissions led to a new awareness of the need to create a European economy whose level of carbon is really low;
  - migration pressure will have a powerful effect on Europe, because of its proximity to the poorest regions of the world and those who are likely to be affected largely by climate change. The worsening situation in our southern and eastern borders will require a strong response from Europe, which combines secure borders, innovative methods of managing migration and convincing efforts to combat the root causes behind migration: wars, instability and poverty;
  - European dimension is becoming closer to the centre of the mission of ensuring safety and security, either by fighting crime and terrorism, either by limiting the risk in transport, environment, health and safety. New security threats are more diverse, less visible and less predictable. Combining the tools necessary to provide effective European responses in these areas involves a careful combination of different actors and different instruments;
- globalization has led to the– need for Europe to have an effective presence in the world, to project their interests and values successfully. Expansion and strengthening of mutual solidarity turned Europe into a more credible and effective actor on the world stage. However, there have been changes in the global context. The world has become more interdependent.

Therefore, there is only a matter of principle, but a vital necessity for Europe to intensify its efforts to ensure a stable and prosperous neighbourhood, effective multilateralism, human rights and rule of law and its role in leadership combating poverty. Differences between internal and external policies are blurring, and major cross-cutting policy concerning, for example, climate change and bio-diversity, demographic change and migration, competitiveness, terrorism and organized crime or energy needs can not be addressed only in an international context.

Both the budget and in other respects, European action should provide clear additional benefits compared with action by individual Member States to develop policies that promote the common European interest.

2007-2013 financial perspective was adopted in December 2005. Budgetary procedures remained, however, still difficult. This is why the European Commission asked an independent panel of experts to find solutions to simplify.

The Expert Group recommended a radical restructuring of the EU budget order to cover the development agenda in accordance with the Lisbon objectives. Simplify budgetary procedures would be a significant contribution to the EU operation in a crucial moment of its evolution.

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