



## **- EU BUDGET REFORM - "SMARTER WAYS TO SPEND A TRILLION..."**

### **Delivering well-being for citizens and a strong economy for Europe**

The next long term EU Budget post 2013 is a **unique opportunity for Europe to ensure that public money is used for public goods.**

Harmful subsidies and inefficient investments are leading to environmental damage and economic inefficiencies. Ensuring smarter spending of tax payer's money can ensure that the free services we receive from nature, such as clean water and air, food, fibres and medicines, continue to underpin our well-being and society. With more intelligent investments, the EU can also drive forward a green economy and become more competitive on the global stage.

### **Making the environment a resource and not a burden for the economy**

The EU has committed to clear objectives by 2020 on several environmental fronts: 20% emission reduction, 20% energy savings, 20% usage of renewable energy, reversing biodiversity loss and achieving good ecological status for all European river basins. It also promised several times to make its external funding and development assistance coherent with green objectives. We believe the EU's credibility is now at stake, as they are constantly backtracking on these objectives. To solve these environmental challenges, EU spending should reflect these priorities.

Europe needs a new development path towards a sustainable economy that treats the environment as a resource instead of a burden. Smart and intelligent EU spending has the potential to maximise win-win options for jobs<sup>2</sup> and business, and help achieve of Europe 2020 Strategy targets.

### **Current EU spending: harmful subsidies and inefficient investments**

The current seven-year EU budget totals around €975 billion, or €139 billion per year. However, only around 10%<sup>3</sup> of this amount is currently directly spent on climate measures, energy and resource efficiency and nature conservation. The EU budget allocates huge amounts of harmful subsidies (about 25% or approximately €244 billion) that contribute to environmental damage and economic inefficiency, notably to intensive agriculture, road transport, aviation, ecosystem fragmentation and overfishing.

<sup>1</sup> In 2009, LIFE nature and biodiversity was awarded €124 million and funded 84 projects in 24 different countries.

<sup>2</sup> Potential of 3 million green jobs by 2020 according to President Barroso, State of the Union 2010, 7 September 2010

<sup>3</sup> BirdLife, et al. Changing Perspectives, How the EU budget can shape a sustainable future. Brussels, 2010.

### **Climate:**

The climate crisis is worsening and there are calls for immediate action. In 2010 greenhouse gas (GHG) emissions were the highest ever, with a 5% increase from the previously recorded year in 2008. The 2°C target is under serious threat. In this context it is crucial that the EU shows the way by taking climate change into account in every aspect of its new budget.

### **Transport:**

One would expect the EU to invest massively in green transport solutions able to reduce air pollution, CO<sub>2</sub> emissions and dependency on imported fossil fuels. Instead, half of cohesion funds, which have been spent on transport, have been used to build roads. One 21km stretch of motorway between Cervera and Santa Maria del Camí in Spain has cost the EU €135 million, this is more than the average amount nature and biodiversity conservation directly receives from the EU in one year<sup>1</sup>.

### **Agriculture:**

Water scarcity already affects at least 11% of Europe's population and 17% of the EU's territory. In 2008, a massive 65% of funds (around €4 billion) given to Spain under the Common Agricultural Policy (CAP) and direct payments were paid to areas with highly intensive crops, mainly under irrigation<sup>4</sup>.

## **Our demands**

1. Smarter spending: **at least 35% of the EU budget should be used to tackle climate change and reduce its impact and at least 15%, either directly or indirectly, should be invested to restore and protect biodiversity and ecosystem services.** Environmentally harmful subsidies in the EU budget, which cause further environmental degradation, waste resources or increase greenhouse gas emissions, make up about 25% of the current Financial Perspective (2007-2013) and should be reduced to a minimum.
2. Intelligent investments: 50% of the EU budget should be invested in sectors that underpin a green economy (i.e. renewable energies, energy efficiency, research on green technologies, water quality, waste recycling, nature protection, agri-environment schemes, organic farming etc..).

## **How EU public money should be spent for the benefit of the public in specific EU funds?**

Funds should be coordinated under one EU plan with common priorities and targets (including biodiversity, climate, etc) and should be adopted and translated at national and local levels ("**Common Strategic Framework**"). National mandatory financing plans for Natura 2000 ("**Prioritized Action Framework**") should be included under this plan.

## **COMMON AGRICULTURE POLICY (CAP)**

<b>Current spending</b>	<b>The EU Budget we want</b>
Only 5% of the CAP supports the environment (under Axis 2 of Pillar 2) ; <ul style="list-style-type: none"><li>• 74% of CAP money is spent on direct</li></ul>	At least 50% of CAP to support environmental measures: <ul style="list-style-type: none"><li>• 50% of Pillar 1 used for green measures</li></ul>

<sup>4</sup> [http://www.birdlife.org/eu/pdfs/Transparency\\_FINAL\\_Spanish\\_case\\_study.pdf](http://www.birdlife.org/eu/pdfs/Transparency_FINAL_Spanish_case_study.pdf)

payments (Pillar 1), 26% of CAP (Pillar 2) is spent on rural development.	(such as farm level green infrastructures, crop rotation, high nature value farming, and organic farming); <ul style="list-style-type: none"> <li>• 50% of pillar 2 used for agri-ecological measures;</li> <li>• Pillar 1 and Pillar 2 to be split equally (50:50).</li> </ul>
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## COHESION POLICY

Current spending	The EU Budget we want
30% currently contributes directly or indirectly to the environment.	<ul style="list-style-type: none"> <li>- 50% contributes directly and indirectly to the environment;</li> <li>- Environmentally harmful spending is eliminated.</li> </ul>

## TRANSPORT FUND

Current spending	The EU Budget we want
49% of current EU transport spending (from TEN-T and Cohesion funding) is allocated to the most carbon intensive modes of transport (aviation and road).	<ul style="list-style-type: none"> <li>• Prioritise project funding on the most climate friendly and cost-efficient projects and aim at reducing GHG emissions from the sector;</li> <li>• Solid methodology to measure GHG emissions from transport investments.</li> </ul>

## LIFE PROGRAMME (EU's financial instrument supporting the environment)

Current spending	The EU Budget we want
LIFE is 0.2% of the EU Budget.	<ul style="list-style-type: none"> <li>• LIFE represents 1% of the EU budget;</li> <li>• €750 million of LIFE supports Natura 2000 annually.</li> </ul>

## RESEARCH AND INNOVATION FUNDS

Current spending	The EU Budget we want
<ul style="list-style-type: none"> <li>• Environment research represents 3.7% of total research funds;</li> <li>• Renewable energy and energy efficiency research represent 16% of total energy research spending</li> </ul>	<ul style="list-style-type: none"> <li>• Environment research is increased by 50%;</li> <li>• 50% of all energy research funding (including the funding that is dedicated for Euratom) is devoted to renewable energies and energy savings.</li> </ul>

## EXTERNAL DIMENSION

Current spending	The EU Budget we want
The thematic programme for the environment (ENRTP) is on average €127 million per year.	<ul style="list-style-type: none"> <li>• The thematic programme for the environment (ENRTP) is tripled;</li> <li>• A funding line for additional climate</li> </ul>

	finance is created with a target of €20 billion by 2020 (average of €2.85 billion per year) <sup>5</sup> .
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## EUROPEAN FISHERIES FUND

Current spending	The EU Budget we want
<ul style="list-style-type: none"> <li>• 13% of the fund is supporting sustainable fisheries;</li> <li>• - the rest mainly supports subsidising scrapping of vessels, boat modernisation, fishing industry, and port infrastructures.</li> </ul>	<ul style="list-style-type: none"> <li>• 50% supports sustainable fisheries and marine environment;</li> <li>• No investments in supporting or increasing fishing capacity.</li> </ul>

## CITIZENS WANT REAL CHANGE!

- The European Commission's 2007-2008 consultation on the EU budget revealed that the fight against climate change is a top priority for a vast majority of stakeholders<sup>6</sup>;
- A Eurobarometer poll from May 2011 shows that 89% of EU citizens agree that "EU funding should be allocated more to support environmentally friendly activities and developments"<sup>7</sup>
- The Commission's public consultation on the single EU fund for the environment LIFE+ from 2011 shows that 86% of respondents think there is a need for a specific EU financial instrument for environment and climate action and 55% want to see it increased.<sup>8</sup>

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<sup>5</sup> EU 2020 Target: mobilise, jointly with other developed countries, \$100 billion annually for climate mitigation and adaptation needs of developing countries; assumes that the EU budget contribution to European climate financing could be the same as the EU budget contribution to European ODA (around 20%).

<sup>6</sup> COM, *Consultation report - Reforming the Budget, Changing Europe: Short Summary of Contributions*, SEC2008(2739), 3.11.2008

<sup>7</sup> Eurobarometer "Attitudes of European citizens towards the environment", European Commission, fieldwork 13/04 - 08/05/2011, interviews of 26,825 people in EU27, [http://ec.europa.eu/public\\_opinion/archives/eb\\_special\\_379\\_360\\_en.htm#365](http://ec.europa.eu/public_opinion/archives/eb_special_379_360_en.htm#365)

<sup>8</sup> <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/647&format=HTML&aged=0&language=EN&guiLanguage=en>