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**EEB'S POSITION ON EU BUDGET REFORM**

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Important to realize: at the national level, each year a full debate about public spending takes place. At the EU level only every seven years. Financial Perspectives set the basic orientation for that period, followed by legislation to structure the implementation of these Perspectives. Coming three years are therefore deciding how the EU funding will be spent between 2014 and 2020!

The UK Government, during its Presidency in 2005, got a promise from the other Member States and the Commission that after 2006 a debate should be organised about EU Budget Reform. The Commission kicked off such a debate in 2007, ending a conference in November 2008. Some hoped that this debate would lead to changes into the agreed Financial Perspectives 2007-2013. This was not the case. Changes that have happened in the meantime are due to the economic crisis, leading to changes of some rules and agreements on the use of the structural funds.

The EEB has been involved in discussions on the future EU Budget in two platforms: the Green 10 and the Civil Society Contact Group. Interesting is the difference in approach between environmental groups and other civil society organisations: virtually all other sectors want the EU to spend more money in the areas they are active in. Environmental organisations are in the first place concerned about the way the EU funds are being used: in the Common Agriculture and Fisheries Policies, in support for international highway construction, the sponsorship of waste incinerators etc. But ofcourse we also have specific demand for **more** money to be spent. In 2005-2006 we campaigned in particular for a secured EU contribution to the implementation of Natura 2000. The Commission had calculated, in a Communication that was discussed at EU level in 2004, that proper implementation of Natura 2000 (the programme to implement biodiversity protection, in particular the birds and habitats directives) would require 6 billion Euro/year. And the Commission then proposed that the bill would be split in half between the EU budget and the Member States. However, when the Commission came with its proposals for the Financial Perspectives 2007-2013, it did not ringfence the EU's contribution, but simply advised the Member States to include this issue in their National Development Programmes so that sufficient money from the Rural Development Fund and the Structural Funds would be allocated to Natura 2000. We campaigned for ringfencing this money, but the Commission and many Member States prevented this. As a result many Member States prioritized other issues and financing Natura 2000 remains a problem.

The Green 10 also made a checklist of 10 points for the future Perspective [I brought some copies with me]

1. Public funds must deliver public goods, creating environmental and social benefit.

2. EU funds must be targeted at improving people's health and wellbeing.

3. EU funds must aim to make the EU the most energy and resource efficient economy in the world.

4. EU funds must contribute directly to the achievement of the EU's Sustainable Development Strategy and environmental commitments.

5. The EU Budget must make a positive contribution to sustainable development globally and enhance environmental protection outside the EU.

6. EU-funded projects and programmes in the EU must be fully consistent with the environmental acquis, and EU funds must not be released to EU recipients unless they comply with all relevant environmental legislation.

7. There must be an immediate end to all environmentally harmful subsidies.

8. Use of funds must be based on principles of transparency, accountability and partnership.

9. Funds must be audited to ensure that positive environmental benefits are generated and negative impacts are avoided.

10. The commitment to integrate environmental protection and improvement into all EU programmes must be assessed and strengthened to ensure that the above environmental requirements are met.

In the consultation in 2008 we condensed our message to two principles for a new budget:
*1. Sustainability, in Europe and globally, with its economic, environmental and social dimension, must be the overarching and fundamental goal of a new EU budget.*
*2. Public money should go to democratically-agreed policies, delivering public goods and services for society as a whole. EU funds must deliver clear and definable benefits for all EU citizens in an accountable and transparent way.*

And we put the following elements as foundation stones for a new EU budget:
– An ambitious **Sustainable Development Strategy**, building on the agreement of 2001 – renewed in 2006 - which recognises the social, economic and environmental as inseparable and interdependent components of human progress and provides an overarching objective of EU policy and which includes the follow up of the post Lisbon Strategy for reform, the social agenda and more weight than previously to the international dimension.
– A **climate policy** that ensures that the EU is doing its utmost, domestically and globally, to keep global warming below the 2 degrees Celsius from pre-industrial times;
– The **Lisbon Treaty** – with its Europe of rights and values; its commitment to social justice and protection, solidarity and security, democracy and transparency, environmental protection and sustainable development; its social market economy; its Charter of Fundamental Rights; its strengthened provisions for the EU to be a global player and its repeated commitment to sustainable development.
– The **EU's key international commitments** such as the UN Charter, the UN Millennium goals, the UN Convention on Climate Change ,the UN Convention on Biodiversity and the Aarhus Convention.

In the consulation EEB has particularly emphasized the first point: the Financial Perspectives 2014-2020 need to be an instrument for an EU Sustainable Development Strategy that includes a roadmap for the next decade for all sectors of policy the EU has a role in, including agriculture, energy, industry, transport, cohesion, infrastructural development, external trade and aid, etc.

The SDS should incorporate the continuation of the Lisbon process, and should have as its starting point the need for the EU to reduce its energy and resource use to sustainable levels, understood as staying with the carrying capacity of the planet while not using more as its fair share in relation to the total global population.

The SDS should also prescribe that finance policies re-enforce rather than undermine the Polluter Pays Principle (laid down in the EU Treaties) and contribute to pricing of goods and services approaching the internalization of external (environmental and social) costs.

Our approach obviously questions the flexibility that member states want in the use of, in particular structural funds, and even with the reduction of administrative burdens demand. Because we want tax-payers money channeled through the EU to be used properly, according to agreed policies and restrictions.

With regards to the biggest recipient of EU funding, the Common Agriculture Policy, we have specific demands (see our position paper on future of CAP and our input into consultation as part of CAP Health Check). We want financial support to be predominantly linked to services provide for society as a whole, in particular the maintenance and improvement of the natural environment they work in: soil fertility, diversity of plants and animals, water and landscape protection. Assistance to farmers to assist them to overcome difficult times we do not exclude, but it should be limited to extreme situation, so to not seduce them to take increased risks themselves if these have environmental consequences.

The environmental organizations have focused on the expenditure side of the Budget Reform. The Greens in the European Parliament have approached us with the idea to campaign for European green taxes, as a new source of income. We have strongly warned against this. As environmental organizations we have no position on whether the EU should have income directly from the citizens, but we find it very dangerous to combine the fight for environmental fiscal reform with the EU-budget debate. Environmental fiscal reform is usually presented as a shift in taxation income for the national governments. If we at the same time change the recipient of new, green, taxes to the European Commission, you are not only interrupting this zero-sum game idea, you also make the idea vulnerable to attacks from EU-critics and reduce the potential support amongst the public.