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EU BUDGET REVIEW: TIME TO RELEASE COMMISSION REPORT

Commission input urgently needed...

The public consultation on the EU budget review, launched in September 2007, has revealed a strong consensus for a substantial reform of the EU budget. It is time for the Commission to issue its conclusions and stir the necessary debate before actual negotiations on the next programming period begin.

Need for EU budget reform exacerbated by the crisis...

The Commission deserves credit for effectively mobilising EU financial resources in response to the ongoing crisis. Advances from structural funds payments have allowed the continuation of programmes; the proposal to finance energy and broadband projects was strategically right and will support the development of Trans-European Networks; new public-private research partnerships will permit a stronger role for business in activities severely affected by the crisis.

However, policy priorities will need to be reconsidered more fundamentally. In an environment where government resources are wearing thin, the EU budget should target a few selected areas where European added value can be clearly identified (e.g. research and innovation, mobility and transnational infrastructures).

Top priority is research and innovation...

While there is at present no justification to increase the EU budget above 1% of GNI, we believe a further doubling of EU spending on R&D and innovation should be possible and will be needed in the next programming period. A thorough reform of the Common Agriculture Policy (CAP) should permit a significant shift in the structure of EU spending towards competitiveness and would result in substantial welfare gains.

Yet, Europe's framework for research and innovation also needs to be considerably revised. Bureaucracy of EU programmes hinders the participation of companies and the lack of coordination among different initiatives leads to the dispersion of resources across too many areas.

Effect of EU spending must be leveraged...

The development of financial instruments in coordination with the European Investment Bank Group is also crucial to guarantee a revolving effect of the EU's limited resources, moving away from a one-off grant culture. Effective public-private partnerships can also lead to a better allocation and management of funds, can encourage risk-sharing and increase value for money.



*Improved
governance will
help ...*

Finally, an effective system of EU expenditure auditing must be in place at both European and national level and red tape should be effectively cut back. Objective and independent evaluations to scrutinise programmes need to be put in place with more flexibility to allow a reallocation of funds to more performing programmes. In addition, more transparency during the negotiation process is needed and relevant stakeholders should be more closely involved.

Europe cannot miss the opportunity to reform its budget. BUSINESSEUROPE counts on the Commission to speed up the publication of an ambitious report which underpins the need to fund excellence and to proceed towards a more competitive Europe.