



Brussels, 23 January 2013

To: Heads of State and Government of the Member States of the European Union  
Cc: President of the Council, Herman van Rompuy  
President of the European Commission, José Manuel Barroso

### **Letter to the European Council of 7-8 February 2013**

#### **EU budget 2014-2020: towards a people-centered green EU budget for the future**

Dear President,

Dear Prime Minister,

On 8<sup>th</sup> February you will hopefully finalise the negotiations on the Multiannual Financial Framework. Following the latest proposal from the President of the European Council, we are extremely concerned about the intended reduction of the overall amount for the EU Multiannual Financial Framework and the impact this will have on those parts of the budget that deliver the most for people and planet.

In particular it will affect the cohesion policy – including the European Social Fund and the Rural Development Fund - development policy, and the EU's only dedicated environment fund, LIFE+. Such reductions will have severe consequences for reaching the objectives of the Europe 2020 Strategy and of the Lisbon Treaty.

In view of our concerns, we would like you to integrate the following proposals which would secure a major step towards a more people-centered and green EU budget:

#### **MULTIANNUAL FINANCIAL FRAMEWORK:**

- 1. Having a strong EU budget is good for the implementation of EU common objectives at European and national level - keep the overall amount of the EU budget (1.025€ billion of commitments and 972.2€ billion of payments) as proposed by the Commission**
  - We are against any attempt to reduce the EU budget. We support the Commission's proposal and the position of the Parliament agreed in October.

- The budget proposed by the Commission represents only around 1% of EU-27 GDP (67 cents on average per day and per citizen to finance the budget). Europe needs to have an adequate budget to meet the challenges represented by the current crisis: growing inequality, persisting poverty within Europe and beyond, food insecurity, resource constraints, unsustainable growth, global competition, aging of the population, technological change and the transition towards a low-carbon economy. Without adequate funding the implementation of the objectives, reforms and structural changes Member States committed themselves to under the Europe 2020 Strategy and the Lisbon Treaty will not be achieved.

## **2. At least 20 per cent of the MFF should be spent on climate change-related activities**

- Climate change is one of the major challenges the EU is currently facing. The EU budget should complement the various policy tools in place and should significantly contribute to the decarbonisation of the European economy. Climate-related objectives and requirements should be mainstreamed across the different policy areas, notably through the cohesion policy.

### **COHESION FUNDS:**

## **3. Support the 336 billion euro for the cohesion policy to respond to current and future needs**

Cohesion funds are the most important financial instrument for the social and economic development of the EU. In many European regions these represent the main source of public funding at national, regional and local level, as national support has been cut as a consequence of the crisis and austerity measures.

## **4. Ensure the minimum allocation of 25% of the cohesion policy funds to the European Social Fund (ESF) and earmark 20% of the ESF to social inclusion and the fight against poverty**

- The next ESF will aim at “targeting the long term unemployed and other disadvantaged people” – this is essential at a time when unemployment is the highest in 15 years with 26 million people out of work ([Eurostat](#), January 2013) and when poverty is also increasing in Europe (120 million Europeans are at risk of poverty) despite the target set in 2010 to decrease it by 20 million by 2020.
- According to the OECD, **investment in human capital has the best impact in terms of medium term growth. The ESF is the major EU instrument to do this.** In 2010 it supported more than 16 million people in Europe.
- In the current period the **ESF has helped many Member States to mitigate the crisis** by supporting training, short-term working schemes, hiring incentives, apprenticeship schemes, individualised job-search support, counselling, and requalification measures. **Active inclusion policies are needed to complement employment policies.** Some people need targeted, specific support to enter employment, while some may never enter employment, and employment alone is not enough as shown by the increasing numbers of working poor.

## **FUNDING FOR THE ENVIRONMENT AND CLIMATE ACTION:**

### **5. Reject cuts to the Rural Development Budget of the CAP**

- Cuts proposed in the CAP budget so far disproportionately affect the rural development part of the budget, which forms the smallest part of the budget and the part that is actually most likely to deliver for people and the planet. Worse, all Member States would be allowed to transfer up to 15% of the already insufficient Pillar 2 funds into Pillar 1, with the co-financing requirements under Pillar 2 providing an economic incentive to do so. Should all Member States choose to do so, this would result in a 26% cut in Rural Development funding in comparison with the 2007-2013 budget - tantamount to a demolition of the most progressive and forward- looking part of the CAP. Any reduction of the Rural Development budget will put us back 30 years; it will not only undo the few positive environmental advances that have been achieved through the CAP in recent years, but would also fatally undermine the prospect of meeting our environmental objectives while at the same time putting a question mark on the legitimacy of the CAP itself.

### **6. Increase the LIFE Fund to 1% of the overall EU budget**

- The EU's only dedicated environmental instrument, LIFE+, has proven itself as a highly efficient instrument supporting EU Member States in achieving EU environmental objectives. Now, it should be significantly increased in order to provide the 'seed money' for the implementation of the EU's core biodiversity policy, the Natura 2000 network.
- Investment in ecosystems is a sound investment: for each €1 invested in Natura 2000, society gets back €33-€50. The tourism alone generated by Natura 2000 creates the equivalent of 4.5 to 8 million full-time jobs in the EU. By contrast, failure to invest in our natural support systems could cost the EU €1 trillion in lost ecosystem services by 2050.

## **DEVELOPMENT FUNDING:**

### **7. Protect the development budget as proposed by the Commission, both for Heading 4 and the European Development Fund**

At the current state of the negotiations it remains crucial to underline the importance of the 'Global Europe' Heading and the European Development Fund and thus protect the figures of €23.295bn for the Development Cooperation Instrument and €34.276bn for the European Development Fund (current prices) as proposed by the Commission. Development based on a Human Rights Based Approach with poverty eradication, fighting inequalities and with environmental sustainability at its heart, is an investment for the future; it creates peace, prosperity and well-being for all.

- **A stronger EU external action policy is at the core of the Lisbon Treaty.** The EU cannot play the leading role it wants to play in the global arena without a strong external action budget and EDF, allowing them to face new challenges and help shape and implement a post-2015 development framework.

- In addition, **EU external actions have been chronically under-resourced** (as observed each year since 2007 during the annual budgetary process) and the Commission's proposal for Heading 4 is a **realistic plan to put Europe back on track in reaching its collective 0.7% ODA/GNI target**.
- **EU aid is widely supported by EU citizens** – as shown by Special Eurobarometer 392 – **and delivers significant results with little money** because of its comparative advantage in terms of its high levels of accountability and transparency, global field presence, its wide-ranging expertise, its role as a coordination facilitator, its supranational nature and the economies of scale in financial cooperation.
- **The integration of the EDF in the budget does make sense, but the interests of the ACP countries must be guaranteed.** Therefore budgetisation should only be considered if conditions are realised that will safeguard the development policy objectives and the central principles and essential elements contained in the Cotonou Agreement and the EDF. It is important that sufficient funding is being guaranteed for ACP countries to address the challenges they face.

Across Europe people expect that the EU and Member States jointly commit and show solidarity with those facing the worst social situation since World War II. This can only be achieved with a strong EU budget that puts people and the planet first and will enable concrete actions in response to the economic crisis. Therefore we strongly encourage you to integrate our concerns and proposals in your final decision on the budget of the European Union for the coming years.

Yours sincerely,



Bernadette Ségol  
General Secretary  
ETUC



Conny Reuter  
President  
Social Platform



Jeremy Wates  
Secretary General  
EEB



Olivier Consolo  
Director  
Concord