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THE PRESIDENT

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Remarks by President Herman Van Rompuy following the European Council

It has been a lengthy, but successful 24 hours: the European Council has just agreed on the next multi-annual budget. And not just any budget. It is a balanced and growth-oriented budget for Europe for the rest of the decade.

It was no easy task: this was our single longest meeting so far in my mandate, but it was worth working for this result.

This compromise shows a sense of collective responsibility from Europe's leaders, but we must remember that a final agreement must still be reached with the European Parliament. It's perhaps nobody's perfect budget, but there's a lot in it for everybody. Obviously you can look at the end result through many, many prisms.

From the overall European perspective, I want to emphasize that this budget is future-oriented, it is realistic, and it is driven by pressing concerns.

These are its three key dimensions, and let me quickly run through each of them in turn. First: it is a budget for the future. This was the aspect I insisted most upon. We simply cannot sacrifice our investments in education, research and growth. Of course some might have wished to see more here, but let's not loose track of the figures. Compared to the previous Multiannual Financial Framework (MFF), there is an overall increase of €34bn (or nearly 40%) in the heading for Competitiveness for Growth and Jobs.

There will also be a real, net increase for programmes like "Erasmus for all" and "Horizon 2020" for innovation.

P R E S S

Dirk De Backer - Spokesperson of the President - ☎ +32 (0)2 281 9768 - +32 (0)497 59 99 19
Preben Aamann - Deputy Spokesperson of the President - ☎ +32 (0)2 281 2060 - +32 (0)476 85 05 43
press.president@consilium.europa.eu http://www.european-council.europa.eu/the-president

Finally, the focus is clearly on triggering new investments and on developing transport, energy and ICT networks, including €30bn for "connecting Europe".

Second dimension: this is a budget of moderation. We simply could not ignore the extremely difficult economic realities across Europe. So it had to be a leaner budget. For the first time ever, there is a real cut compared to the last MFF; we agreed it will be a cut of roughly €34bn for both commitments and payments (compared to the period 2007-2013), resulting in the overall ceilings of €960,0bn in commitments and €908,4bn in payments. It means a cap on commitments at exactly 1% of total European GNI: a sensible and nicely-round number.

To ensure better spending, new elements are introduced:
- for countries, a macro-economic conditionality to increase synergy between cohesion funding and economic governance;
- and for projects, incentives for results, with money set aside for the best-performing.

Across the board, funding programmes will become simpler and better controlled. In today's economic context, increasing efficiency and reducing costs is also in order for the EU administration itself.

We spent some time on the revenue side, or in EU-language: "own resources". Three points here:
- we decided on lower collection costs on duties and levies;
- we reached a compromise on rebates;
- and we opened perspectives for possible new own resources, in relation to a new VAT system and the future Financial Transaction Tax.

This brings me to my third and final main point: this is a budget driven by pressing concerns. The most urgent challenge is unemployment, in particular among the youth. That is why we have set aside €6bn for a new Youth employment initiative. A powerful incentive.

In allocating structural funds, special attention was given to countries like Greece, Portugal, Spain, Italy, Ireland, while overall, poorer countries will receive a larger share of cohesion funding.

One avenue for flexibility, among others, is the review clause for cohesion funds that we agreed, *"to take into account the particularly difficult situation of ... countries suffering from the crisis"*. Our support to the most vulnerable people remains intact. So does our external action funding, even despite the crisis. This budget will allow Europe to keep engaging on vital global issues, such as climate change, nuclear safety, and development aid.

Now that we have this agreement, how do we go forward? As I said, the MFF cannot be launched without the European Parliament's consent. Beneficiaries and investors count on this new MFF from 1 January 2014. To avoid any delays and uncertainty, all legislative procedures must be swiftly closed by the Council of ministers and the European Parliament.

Looking back now, I'm satisfied that all along this negotiation we kept the bigger picture in mind. Even in such difficult economic conditions, we have managed to keep essential factors of continuity and of growth.

Today we also talked about trade. Trade can help us achieve as much for growth and jobs, as all the growth investments made possible thanks to our MFF deal.

We concluded today with developments in the Arab world. Two years after the start of the Arab spring it was the right moment to take stock of Europe's support to the democratic transitions in the region. Recent events underline once more how these transitions can be challenging. The Union remains engaged.

Finally on Mali: we welcome the decisive action taken by the Malian army, supported by France and other European and African partners. The Union is committed to support this effort by using its full range of instruments to help restore democracy and constitutional order in Mali.