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THE PRESIDENT

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President of the European Council
A budget for the future

One week ago, after a long night of negotiations, the 27 presidents and prime ministers of our countries reached a deal on the European Union's budget for the next seven years. On Monday I will be presenting and defending it in the European Parliament.

As is clear from press reports, each of the leaders tried to get the best deal for their own country and citizens. This is perfectly legitimate, as is the fact that some focused more on the concerns of their taxpayers and others on the needs of beneficiaries. The important thing for me is that together we reached agreement on a budget for the rest of the decade, and a good deal for Europe as a whole.

The figures speak for themselves. Overall spending targets are going down, but the share of investments for growth and employment is rising. This reflects the two key considerations behind the choices we put forward: adapting to severe budgetary constraints across Europe, whilst investing for the future.

Just like everywhere else in Europe, the focus is on doing more with less money, including for administration costs, and ensuring that each euro goes where it can make the most impact. Belts are being tightened across Europe and the Union itself can be no exception, so the only option was a budget of moderation. For the first time ever, spending ceilings are down compared to the previous period, and capped at exactly 1% of EU gross national income.

P R E S S

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Given today's economic challenges, focusing on jobs, growth and competitiveness is our top priority. We simply cannot afford to sacrifice future-oriented investments, in education, research or innovation. That is why the new budget foresees an extra 37% (or €34 billion) precisely in those areas, also setting aside substantial sums for cross-border energy, transport and digital networks (€30 billion). Key initiatives like 'Erasmus for all', the exchange programme for students and teachers, or 'Horizon 2020', the continent's biggest research and innovation programme, will also see a real increase in their funding.

This was made possible by modernising the budget. For instance, for agriculture, a policy area exclusively dealt with at European level, the focus is shifting away from blanket subsidies and towards ensuring fair incomes for farmers, quality of life in rural areas and greener practices. A sustainable food sector is essential for all of us. Agriculture is not a thing of the past, but thanks to reforms of the common agricultural policy its relative weight in the budget is going down and will continue to do so.

In response to the rise in youth unemployment – which affects one in four young Europeans, one in two in some countries – a new initiative worth €6 billion will contribute to help fight this dramatic situation. Regional funds will be mobilised to help the countries hardest hit by the crisis. Funds will continue to target the poorest regions and most deprived people to improve social cohesion in our Union. And despite the crisis, the means allowing Europe to engage on vital global issues, such as development aid or climate change, remain preserved.

In many ways this is a modernised, realistic budget, focused on the most pressing concerns. As a compromise, it is perhaps nobody's perfect budget, but it does reconcile everybody's views. Some regret that not all investment proposals could be taken on board, as that would have proved too costly.

I may regret that myself, but it would be misleading to present adjustments to a draft as 'cuts', when in reality the budget we decided provides significantly more money for investment in growth than the current one. And this money will make a difference.

Last week's deal is not the end of the story. The European Parliament will now examine the political agreement reached by leaders in preparation for a final negotiation. Already in the run-up to the summit, its members voiced legitimate concerns, for instance on the need for new sources of revenue or for forms of budgetary flexibility. This makes sense, since nobody can predict where Europe will be seven years from now. Besides, flexibility helps ensure that the Union's payments can match its commitments.

A seven-year investment budget is a strong factor of predictability. Without it, we can only commit money for one year at a time. For scientists, charities and universities, for local and regional authorities across Europe, that would be a major setback. Big projects depend on it. At a moment when confidence in our economies is gradually returning, sealing this seven-year perspective for Europe will be a positive sign.