MEMO/07/350

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EU Budget – facts and myths

Myth 1: "EU Budget is decided undemocratically by eurocrats in Brussels and spent without any control"

NOT TRUE

This is the Council of Ministers (representing Member States' governments) and the European Parliament that decide the EU budget. The process is fully democratic and transparent – starting from the Commission making its proposal of the preliminary draft budget in April/May each year to the final agreement of the Council and the Parliament in November/December.

As much as 76% of the EU expenditure is managed by Member States themselves (under so-called shared management). It is up to the European Parliament, following the judgement of the Court of Auditors and on the recommendation of the Council, to decide whether the Commission has managed EU funds correctly.

All EU institutions together (the Council, the European Parliament, the Commission, the Court of Justice, the Court of Auditors, European Economic and Social Committee, Committee of the Regions etc.) "cost" around EUR 5.5 cents per each Euro spent from the EU budget.

Myth 2: "The size of EU budget exploded because of the recent enlargement to Eastern-Central Europe"

NOT TRUE

The relative size of the EU budget decreased substantially in the recent years: from 1,05% of EU Gross National Income (GNI) on average over the period 1993-1999 to only 0,94% of EU GNI on average over 2000-2006.

1n 2005, the last year for which data are available at this stage, the countries that joined in 2004 were allocated EUR 9,1 billion or 9,4% of the total for the EU-25.

Myth 3: "The structure of the EU budget has not changed in the last twenty years and most of the money is wasted on the CAP"

NOT TRUE

In the first year of the first ever EU financial framework (1988-1992), the agriculture expenditure represented nearly 61% of the budget. By 2013, the share of traditional CAP spending (excluding rural development) will have almost halved (32%), following a decrease in real terms in the current financing period.

The amounts earmarked for structural action represented 17% of the EU budget in 1988. They will more than double to reach almost 36% in 2013.
Funding for other policies (mainly related to competitiveness, external actions and rural development) was originally very limited – they represented around 7% twenty years ago. The new emphasis on economic development and competitiveness will see the share of such policies rise to 26% of EU spending in 2013.

Myth 4: "Each citizen has to contribute over EUR 1000 annually to the EU coffers"

NOT TRUE

The executed EU budget for 2006 was EUR 106.6 billion, which is around 2.1% of EU public expenditure. It represents around EUR 63 cents per day (not even a cup of coffee in most of the Member States) for each of the then 464 million inhabitants of EU-25. For the whole 2006 this was EUR 230 per EU citizen.

Myth 5: "There is no real accountability in the budget"

NOT TRUE

The Court of Auditors has given last year, as it did in previous years, a clean bill of health on the EU accounts. The Court confirms these accounts faithfully reflect how the EU budget was spent.

The Court also gives a separate opinion on whether all payments have been correctly processed, i.e. paid on time, the invoice properly signed, amounts paid correctly, whether the best and cheapest suppliers have been chosen, etc. The Court says it can only give positive assurance on some spending, not on the whole budget, as it has found errors in some of the payments under scrutiny.

Most of the errors found by the Court concerned EU funds under national management.

Myth 6: "The EU accounts do not meet national standards in Member States"

NOT TRUE

The EU test is much more rigorous than that of the private sector, where only book-keeping records are audited.

Sir John Bourn, the UK's Comptroller & Auditor, has recently confirmed that if the UK had a similar test to the European one, he might have to qualify the whole of British Central Government expenditure. In the UK some 500 accounts representing the expenditure of the British government are audited and signed off separately, with some not passing the test each year, whereas the whole of EU expenditure is subject to a single verdict.

Many experts say that the unique way the audit process for the EU accounts has been designed in the treaties, and the resulting current Court of Auditors' methodology, do not ever allow a clean bill of health for all payments.