

Assessment
of public spending
in the European Union
and its Member States

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Main points

The *Assessment of public spending in the EU and Member States* from the Centre d'analyse stratégique is the first study to bring together data on the spending carried out by the EU and all of its Member States in all sectors of the public affairs.

The Community data used was taken from the EU's OJ L 71 of the 14th of March 2008, Eurostat national data or the OECD. This data relates to 2006 since the figures for spending actually carried out by all Member States of the EU are available later than those for Community spending (the 2006 data was the most recent data available for Member States). Wherever possible, the European data obtained was compared with the data gathered for the United States, Canada, Japan and Switzerland.

The *Assessment of public spending in the EU and Member States* is broken down into two sections, dealing respectively with:

- an overview of the level and structure of European public spending; and
- sectorial views of the spending carried out in particular domains.

The *Assessment* reveals the main information set out below, concerning the following points:

1. the overall level of European public spending (Member States + EU);
2. the share of European public spending allocated to each specific sector;
3. the distribution of public spending between the national and the Community level;
4. the relative weight of Community public spending.

1. Main points on the overall level of European public spending (spending of Member States and Community spending)

1.1. Total European public spending emerges as being higher than the spending recorded in the USA, Canada, Japan and Switzerland.

Total level of public spending in 2006 (as a % of GDP)					
	EU	USA	Canada	Japan	Switzerland
Total spending	47,6%	33,3%	37,8%	33,7%	34,5%
Spending excluding social welfare and health	22,9%	18,7%	22,1%	15,7%	25,7%

1.2. European public spending is higher overall than the spending recorded in the USA, Canada and Japan in certain sectors.

Total level of public spending by sector in 2006 (as a % of GDP)					
	EU	USA	Canada	Japan	Switzerland
Social welfare	18.2%	7.1%	7.8%	11.4%	7.1%
Education and training	5.2%	4%	3.8%	3.6%	10.7%
Development aid and humanitarian aid	0.5%	0.1%	0.2%	0.2%	0.5%

1.3. Finally, European public spending is in an intermediate position (i.e. sometimes higher and sometimes lower) with regard to the spending recorded for the USA, Canada and Japan in several sectors.

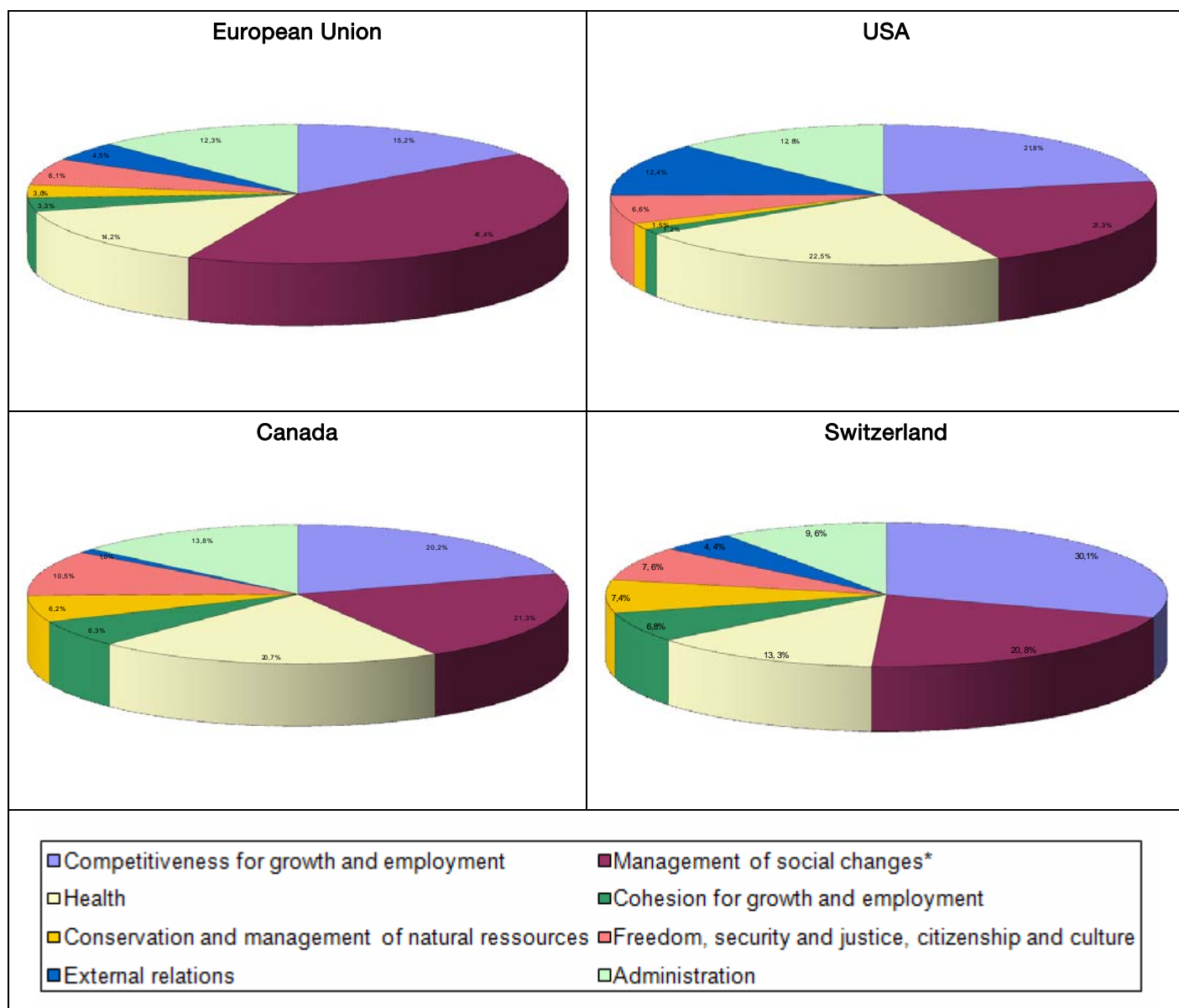
Total level of public spending by sector in 2006 (as a % of GDP)					
	EU	USA	Canada	Japan	Switzerland
Health	6.5%	6%	5.2%	6.6%	7.5%
Freedom, security and justice	1.8%	1.6%	2%	1.3%	2.9%
Defence	1.5%	3.1%	0.2%	0.9%	1.7%
Regional cohesion and housing	1.5%	0.3%	1.5%	?	2.3%
Conservation and management of natural resources	1.4%	0.3%	1.6%	?	4.3%
of which agriculture	0.5%	0.2%	0.4%	0,1%	2,4
Higher education	1%	1%	1.4%	0.5%	1.4%
Research and development	0.7%	0.8%	0.9%	0.7%	0.3%
Environment	0.7%	0.2%	0.7%	1.1%	?

This changing international hierarchy of spending levels per sector reflects the differences in spending distribution by sector between the EU, the USA, Canada, Japan and Switzerland (cf. 2.).

2. Main points on the breakdown of public spending by sector

2.1. The breakdown of public spending by financial heading reflects the strong priority given by European countries to social welfare (and health) spending and to other spending devoted to 'competitiveness and growth'.

Total European public spending by heading in 2006 (as a % of total)



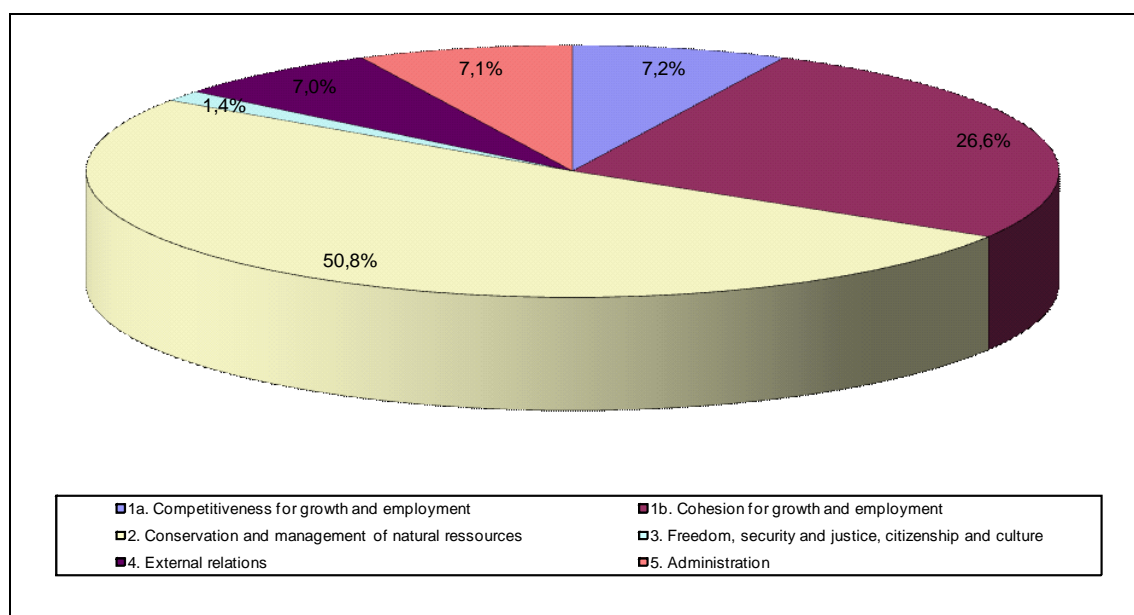
2.2. The breakdown of European public spending by sector shows the different degrees of priority given to each type of spending.

Hierarchy of European public spending by section in 2006 (as a % of total)	
Management of social changes*	41.4%
Health	14.2%
Education and training	11.3%
Administration	6.5%
Debt servicing	5.8%
Freedom, security and justice	3.8%
Foreign and defence policy	3.4%
Citizenship and culture	2.3%
Energy and transport	2.2%
Research and development	1.5%
Agriculture	1.1%
Cohesion	1.1%

* Management of social changes = social welfare + active policies for the labour market

2.3. The breakdown by sector of Community spending is very atypical with regard to the breakdown into national spending and total spending.

Community spending by heading in 2006 (as a % of the total)



Spending under the heading of 'Conserving and managing natural resources' essentially comprises agricultural spending (over three quarters of the total) and spending on rural development, fishing and the environment.

This atypical breakdown by sector of EU spending shows an equally atypical distribution of European public spending between the national and the Community level (see 3.).

3. Main points on the distribution of public spending between the national and the Community level

3.1. The vast majority of European public spending is carried out at a Member State level, in contrast to the situation in the USA, Canada and Switzerland.

Distribution of total public spending in 2006 (as a % of total spending)				
	EU	USA	Canada	Switzerland
Regional/national level for EU	98.1%	38.6%	61.2%	68.7%
Central/Community level for EU	1.9%	61.4%	38.2%	31.3%

3.2. The overall distribution of European spending between the 'regional' level (Member States) and the 'central' level (EU) is atypical¹ for several sectors in comparison with the distribution seen in the USA, Canada and Switzerland.

Weight of central public spending ('Community' spending for the EU) by sector in 2006 (as a % of total spending)				
	EU	USA	Canada	Switzerland
Research and development	5.4%	89%	84%	100%
Regional cohesion and housing	16.4%	84%	81%	100%
External relations	3.1%	100%	100%	94.1%
of which development aid and humanitarian aid	12.6%	100%	100%	100%

¹ For example, the distribution of European public spending is deemed to be 'atypical' where a sector is not very centralised in the EU but highly centralised everywhere else (weight of central spending > 50% of total public spending).

3.3. The overall distribution of European spending between the 'regional' level (Member States) and the 'central' level (EU) is in line² with the distribution observed in the USA, Canada and Switzerland in some sectors.

Weight of central public spending ('Community' spending for the EU) by sector in 2006 (as a % of total spending)				
	EU	USA	Canada	Switzerland
Agriculture (direct interventions)	72%	82.8%	52.4%	54.2%
Energy and transport	0.9%	36%	12%	47%
Citizenship and culture	0.5%	16.4%	28.9%	10.2%
Education and training	0.1%	10.2%	6.3%	11.5%

3.4. The distribution of European spending between the 'regional' level (Member States) and the 'central' level (EU) is in an intermediate position in some sectors, i.e. close to certain countries (generally Canada and Switzerland) but far from others (most frequently the USA).

Weight of central public spending ('Community' spending for the EU) by sector in 2006 (as a % of total spending)				
	EU	USA	Canada	Switzerland
Conservation and management of natural resources	34.5%	71%	33%	36.2%
Freedom, security and justice	0.2%	54.1%	29.3%	3.8%
Health	0.1%	65.2%	18.7%	0.8%
Management of social change	0.1%	85%	55%	40%

This sometimes atypical distribution of European spending between the central and the regional level fuels the debate on what constitutes the optimum geographical location of spending within the EU, and more precisely, the consideration given to the level and structure of the Community budget (see 4.).

4. Main points on the weight of Community spending

4.1. The total weight of community spending is very limited.

Year 2006	Weight of Community spending	Weight of 'distributed' Community spending*
As a % of GDP	0.9%	0.8%
As a % of total public spending (including social welfare and health)	1.94%	1.73%
As a % of total public spending (excluding social welfare and health)	4.3%	3.9%

* Distributed spending represents the presumed spending carried out within the territory of EU Member States.

4.2. The weight of Community spending may nevertheless be substantial in certain countries.

The relative weight of 'distributed' Community spending varies widely from country to country, first of all because this spending is spread differently (more agricultural spending in agricultural countries, etc.), but also and especially because of the heterogeneity in EU countries:

² The distribution of European public spending is considered to be 'in line' with the spending observed in the USA, Canada and Switzerland:

- either because one sector is just as centralised within the EU as everywhere else (weight of central spending > 50% of total public spending);
- or because one sector is just as decentralised within the EU as everywhere else (weight of central spending < 50% of total public spending).

- **heterogeneity in terms of absolute wealth levels**, which vary from 1 to 457 (discrepancy between Malta and Germany), **leading to a differentiated impact of distributed Community spending**, which fluctuates around the European average of 0.8% of GDP;
- **heterogeneity in terms of the level of national public spending** with regard to the Community average (46.7% of GDP), because this level varies from 54.3% (Sweden) to 31.7% (Slovakia) of GDP, with the figure for France being around 53%, **also leading to a very differentiated impact from the weight of distributed Community spending**, which fluctuates around the European average of 4.3% of public spending excluding social welfare and health.

Relative weight of distributed Community spending*				
	EU 25	Netherlands	France	Lithuania
As a % of GDP (EU or Member State)	0.80%	0.4%	0.72%	3.33%
As a % of total public spending	1.84%	0.94%	1.56%	9.8%
As a % of total public spending (excluding social welfare and health)	4.31%	2%	4%	17.17%

* Distributed spending represents the presumed spending carried out within the territory of EU Member States.

4.3. Community spending is very limited compared to national spending in numerous sectors and is more substantial in certain others.

Type of European public spending by sector in 2006		
Exclusively national (weight of national spending)	Partially 'Communitarised' (weight of Community spending)	Heavily 'Communitarised' (weight of Community spending)
Energy and transport (99%) Education and training (99%) 'Competitiveness and innovation' (97%) Management of social changes (99%) Housing (100%) Environment (99%) Freedom, security and justice (99%) Citizenship and culture (99%) Health (99%) Foreign and defence policy (99%)	Public development aid (11.6%) Humanitarian aid (36.7%) Research and development (6.9%)	Agriculture (72% for direct budgetary aid) Fishing (71.8%) Rural development (67%) 'Structural and cohesion policy' (50%)

4.4. Significant non-Community European spending exists in certain sectors.

Although the Europeanisation of public spending occurs chiefly via the EU budget (at a level of 0.9% of GDP), the debate on the distribution of spending between the national and Community level must also take account of the existence of non-Community European spending. This spending currently focuses largely on two sectors:

- **external relations**, where spending was 4.6 billion euros in 2006, almost two thirds of the Community spending for that sector; and
- **technological research and development**, where spending was over 3.8 billion euros in 2006, almost three quarters of the Community spending.

Introduction

An integrated and comparative view of European public spending

The exercise of reviewing the ‘financial framework’ of the European Union planned by the European Council provides a unique opportunity to determine which major changes need to be made to the Community budget by 2013, without taking a position from the outset on the precise nature of the political arbitrages that will be necessary, and will cover *a priori* the post-2013 period. This medium-term calendar is an appropriate vehicle for incorporating analytical data that is as in-depth as possible, in order to shed greater light on the considerations and decision-making process of public authorities. From this perspective, it seems necessary to extend the debate on the Community budget to take account of the spending carried out by EU Member States, which is sometimes referred to implicitly but on which no systematic statement has as yet been drawn up: it is this gap that this assessment is intended to fill, in order to provide a useful evaluative tool for public decision-makers and, more generally, for the intellectual community that devotes itself to these issues.

The chief medium-term aim of this ‘integrated’ presentation of European public spending is to shed light on discussions on reviewing the financial framework of the EU by 2013. This date must indeed be taken as the decision horizon, taking account of Community and national spending:

- firstly, because the spending carried out by the EU is virtually always made in fields of competence ‘shared’ with Member States, and is thus accompanied by frequently very significant national spending; the same is naturally true of spending on intergovernmental cooperations organised under the supervision of the EU (including for external policy), which are considerably subordinate to national spending;
- secondly, because the motivation demonstrated to adapt Community spending to the priorities of the Lisbon Strategy must not obscure the fact that implementing this strategy is chiefly incumbent on Member States themselves, as part of the ‘open coordination method’: it thus also seems logical to incorporate the spending they carry out into the analysis, something done only very occasionally (such as for R&D spending).

This integrated presentation of European public spending has a second aim: to enable an international comparison to be drawn (particularly with the USA) so as to shed light on the consideration given to national and Community public spending:

- as opposed to an approach centred uniquely on Community spending, this integrated approach enables us to respond directly to a central question: is the **overall level** of EU spending devoted to a specific sector sufficient with regard to the priority given to that sector and to the level of spending carried out by other countries?
- it also enables us to answer a longer-term question: is the **current distribution of public spending between the Community and national level** comparable, or required to be comparable, with the distribution observed in other confederal or federal groups (USA, Canada, Switzerland)? The purpose of such international comparisons is first and foremost to provide factual assessment items that can be every bit as illuminating as traditional information of the theory of ‘budgetary federalism’. These comparisons also recall the need to take account of the specific nature of the European political context, and the fact that any consideration of the distribution of public spending between the national and Community level cannot be restricted to its purely technical aspects (whether there are any externalities, public goods, etc.).

This integrated presentation of European public spending meets a third and more immediate aim: that of contributing to an analysis of how strategic community spending is for the Member States of the EU, including France:

- presenting European public spending in an integrated manner enables us first of all to highlight the relatively restricted level of Community spending compared with national public spending, this spending representing only around 2% of European public spending. This provides an opportunity to underline that the Community budget is *a priori* not intended to be used to meet all the economic, social and political objectives that the EU and its Member States have set themselves;
- an integrated presentation of European public spending also enables us to state that the Community budget is already strategic in certain sectors and for certain countries; it is used to help identify the sectors on which political consideration could beneficially be focused in order to consider an increased Europeanisation of certain national spending or, conversely, the renationalisation of certain Community spending.

The presentations chosen as part of carrying out this assessment of European public spending were naturally dictated by the political and statistical context. The political context, marked by the performance of a 'review' at the Community level, initially led us to favour a presentation based on the nomenclature of the EU financial framework. The issue was thus one of identifying the major money supplies devoted to the **major headings on which Community budgetary discussions concentrated (see below)**. This investigation also involved identifying, within each heading, the categories of spending that were the most well-known to Member States and national budgets, to which we will henceforth refer as 'sectors'.

Headings under the financial framework 2007-2013

Headings		Main domains concerned
Sustainable growth	1a. Competitiveness for growth and employment	Technological research and development Energy and transport Education and training Framework programme for innovation and competitiveness Management of social changes (including social welfare)
	1b. Cohesion for growth and employment	Structural funds Cohesion funds
2. Conservation and management of natural resources		Agriculture Rural development Fishing Environment Animal health and phytosanitary protection
Citizenship, freedom, security and justice	3a. Freedom, security and justice	Solidarity and management of migratory flows Security and protection of freedoms Basic rights and justice
	3b. Citizenship	Public health and consumer protection Culture/Media Information and communication campaigns Preparation for and reaction to emergencies
4. The EU as a global partner		External public aid, including development aid Humanitarian aid Macroeconomic assistance Common foreign and security policy (CFSP)
5. Administration		Commission Other institutions
6. Compensations		

The state of the statistical data available also influenced the orientation of this assessment, the methodology for which is set out in detail in the appendix:

- first of all, the change in Community budgetary nomenclature implemented between the 2000-2006 period and the 2007-2013 period had to be taken into account, by striving to establish the requisite links between financial figures;
- the assessment had to be based on the data for 2006, to adjust to the fact that the elements regarding the spending of Member States are available at a later date than those for Community spending;
- sometimes, the scope of international or inter-state comparisons had to be restricted, since data for the spending carried out in specific sectors was not always available;
- finally, where the specific financial data was not easily accessible, recourse to arbitrages and approximations, which are referred to as such and justified in each case, was necessary.

Even though all of these political and statistical restrictions meant that some figures could not be obtained with an absolute degree of accuracy, it was still possible to determine some very illuminating ‘orders of magnitude’, which will be set out in two parts below:

- the first part will be based on a general statement of Community and national spending (Part 1);
- the second part will a description of this Community and national spending for each of the sectors in the financial framework of the EU (Part 2).

Part 1

Community and national public spending: overview

Part 1

Community and national public spending: overview

Main points

1.1. Total public spending in the EU: overview

- 1.1.1. Level of total public spending in the EU (with and without social welfare and health)
- 1.1.2. Total public spending by heading of the financial framework (with and without social welfare and health)

1.2. Distribution of total public spending between the national and the Community level

- 1.2.1. Distribution of public spending between the national and the Community level as a % of GDP
- 1.2.2. Level of national public spending as a % of GDP and GDP of EU countries
- 1.2.3. Distribution of total public spending between the national and the Community level as a % of total public spending
- 1.2.4. Composition of national and Community public spending by heading of the financial framework
- 1.2.5. Distribution of spending between the national and Community level by heading of the financial framework: international comparison
- 1.2.6. The existence of non-Community European spending

1.3. Weight of 'distributed Community spending' within the EU

- 1.3.1. As a % of GDP of each Member State
- 1.3.2. As a % of total public spending in each Member State
- 1.3.3. As a % of public spending in each Member State per heading of the financial framework

Main points

1. Significant European public spending

Total European public spending (national spending + Community spending) totalled around **47.6% of the GDP in 2006**, a level significantly higher than that recorded in the USA (33.3% of GDP), Switzerland (34.5% of GDP) and Canada (37.8% of GDP). The level of European public spending **excluding social welfare and health was 22.9% of GDP**, a level comparable to that observed in Canada (22.1%), slightly higher than that observed in the USA (18.7%) and higher than that observed in Japan (15.7%).

2. European public spending very predominantly directed towards growth and competitiveness

In 2006, European public spending was chiefly allocated to:

- **spending on growth and competitiveness (57% of spending** – 36.7% excluding social welfare and health);
- spending on freedom, security, justice, etc. (20% of spending).

It was devoted to a much more limited extent to:

- spending on external relations, including defence (4% of spending);
- spending on territorial cohesion (3% of spending);
- and spending on the conservation of natural resources, including agriculture (3% of spending).

This **hierarchy of total public spending is identical** to the hierarchy seen in the USA, Canada and Switzerland for the first three spending headings. It is **different for the other two sectors**: spending on natural resources (including agriculture) is in 6th place in Europe, 5th place in the USA and 4th place in Canada and Switzerland; spending on external relations is in 4th place in Europe and the USA but in 6th place in Canada and Switzerland – these different hierarchies do not prejudice the relative proportions of this spending.

3. Community spending the overall weight of which is very limited

In 2006, Community spending represented:

- **0.9%** of the EU's GDP, as against 46.7% of the GDP for national public spending (22% of GDP excluding social welfare and health);
- **0.8%** of the EU's GDP, if only the operational spending 'distributed' in favour of Member States of the EU is taken into consideration (i.e. excluding spending on external relations and administration);
- **1.8% of total public spending** carried out in the EU, as against 98.2% for Member States (4.3% and 95.7% of spending excluding social welfare and health respectively).

4. Community spending of which the weight is substantial in certain sectors

The **average share of 'distributed' Community spending** (i.e. spending made within the territory of Member States) **compared with total spending** carried out within the territory of EU Member States under each heading is:

- substantial under the 'Conservation and management of natural resources' heading (**32.9%** of total spending on average);
- significant under the 'Cohesion' heading (**18.4%** of total spending on average);
- very limited under the 'Competitiveness' (**0.2% including social welfare, and 0.8% excluding social welfare**) and 'Freedom, security, justice, etc.' headings (**0.1% including health, 0.3% excluding health**)

The relative share of distributed Community spending in total public spending may be higher in **certain specific fields of intervention**. In France, this spending thus amounted to:

- over three quarters of total public spending on **agriculture**, if we restrict the calculation to direct aid given to farmers (see explanations in Part 2, paragraph 2.4.2.);
- around 60% of total spending on **rural development**;
- around 43% of total spending on **fishing**;

- around half of all spending on **territorial cohesion** (excluding housing), if we restrict the calculation to the spending cofinanced by the EU and French public authorities (see explanations in Part 2, paragraph 2.3.2.).

5. Community spending the weight of which may nevertheless be substantial in certain countries

The relative weight of ‘distributed’ Community spending varies widely from country to country, firstly because this spending is spread in different ways (agricultural countries receive more agricultural spending, etc.) but also and above all owing to the heterogeneity of EU countries:

- **heterogeneity in terms of absolute wealth levels**, which vary from 1 to 457 (discrepancy between Malta and Germany), **leading to a differentiated impact of distributed Community spending**, which fluctuates around the European average (0.8% of GDP) and varies from 0.4% of GDP in the Netherlands to 3.3% of GDP in Lithuania (with the level for France being 0.72% of GDP);
- **heterogeneity in terms of the level of national public spending** with regard to the Community average (46.7% of GDP), because this level varies from 54.3% (Sweden) to 31.7% (Slovakia) of GDP, with the figure for France being around 53%, **also leading to a very differentiated impact from the weight of distributed Community spending**, which fluctuates around the European average (4.3% of GDP excluding social welfare and health) and varies from 2% of the total public spending carried out in the Netherlands to 17.1% in Lithuania (with the level for France being around 4%).

The weight of distributed Community spending thus shows considerable discrepancies from one country to another:

- under the ‘**Cohesion**’ heading, the weight of distributed Community spending in total spending is under 10% in countries such as Denmark and the Netherlands but exceeds **40%** of total spending in **4** countries (reaching 49.3% in Estonia);
- under the ‘**Conservation and management of natural resources**’ heading, the weight of distributed Community spending in total public spending is under 10% in Malta and Luxembourg, but exceeds the threshold of 50% of spending in Ireland, Portugal and Greece.

6. The distribution of European spending between the ‘central’ (EU) and ‘regional’ (Member States) levels is atypical compared with the distribution observed in the USA, Canada and Switzerland, except for ‘Conservation and management of natural resources’ (including agriculture).

The **specific nature of the EU** with regard to the distribution of spending between the central and regional level is particularly marked:

- under the ‘**Cohesion**’ heading, where spending is very heavily centralised in the USA, Canada and Switzerland (almost 100%), whereas it is heavily (83.6%) carried out at a ‘regional’ level in the EU (i.e. by Member States);
- under the ‘**External relations**’ heading, where spending is very heavily centralised in the USA, Canada and Switzerland (almost 100%), whereas it is heavily (96.9%) carried out at a ‘regional’ level in the EU.

The situation in the EU for ‘**Freedom, security, justice, etc.**’ also appears **atypical** compared with the other three countries. This spending is 0.1% centralised in the EU, 3.8% in Switzerland, 29.3% in Canada and 54.1% in the USA. The situation in the EU for ‘**Conservation and management of natural resources**’ **on the other hand conforms** with that of two of the other three countries, since this spending is 34.5% centralised in the EU, 33% in Canada, 36.2% in Switzerland and 71% in the USA.

7. Significant non-Community European spending exists in certain sectors.

Although the Europeanisation of public spending occurs chiefly via the EU budget (at a level of 0.9% of GDP), the debate on the distribution of spending between the national and Community level must also take account of the existence of non-Community European spending. This spending currently focuses largely on two sectors:

- **technological research and development**, where spending was over 3.8 billion euros in 2006, almost three quarters of the Community spending for the sector;
- **external relations**, where spending was 4.6 billion euros in 2006, almost two thirds of the Community spending for the sector.

1.1. Total public spending in the EU: overview

1.1.1. Level of total public spending in the EU

Total European public spending (national and Community spending) is around **47.6% of GDP**.

This level of public spending is considerably higher than that recorded:

- in the **USA** (33.3% of GDP);
- in **Japan** (33.7% of GDP);
- in **Canada** (37.8% of GDP);

It should be noted that total public spending in **Switzerland** is 34.5% of GDP.

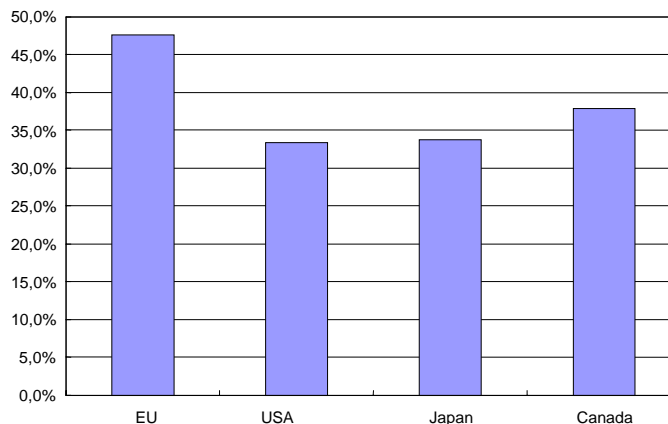
European public spending **excluding social welfare and health*** is **22.9% of GDP**.

This level of spending is:

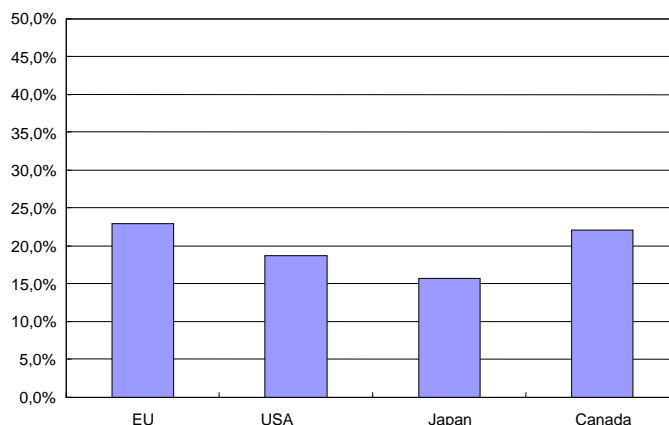
- **comparable** to that observed in **Canada** (22.1%);
- significantly **higher** than that observed in the **USA** (18.7%);
- **higher** than that observed in **Japan** (15.7%).

It should be noted that in Switzerland the level of spending is 25.7% of GDP, a higher level than that observed for the EU.

**Total public spending in 2006
(as a % of GDP)**



Total public spending excluding social welfare and health in 2006 (as a % of GDP)



Sources: OJ of the EU L 71 (14 March 2008), Eurostat, OECD, Bureau of Economic Analysis (USA), Statistique Canada (Canada), Administration fédérale des finances (Switzerland), CAS calculations

* The spending on social welfare and health considered comprises:

- (for social welfare) all services relating to sickness and invalidity, old age, survivors, family and children, unemployment, housing and social exclusion;
- (for health) all spending on medical products, devices and equipment, outpatient services, hospital services and public health services.

Evaluating European public spending excluding social welfare and health is interesting for two reasons:

- firstly, by virtue of their relative weight as a percentage of total spending (over half) but also their relatively large size in terms of international comparisons, which reveal institutional differences between countries, so it is thus interesting to evaluate this spending both with and without social welfare and health;
- secondly, because European spending on social welfare and health are not financed by the Community budget and *a priori* there is no reason why it should be, at least in the foreseeable future; hence the reason for excluding them from considerations on the process of communitarising/nationalising public spending within the European Union.

1.1.2. Total public spending by heading of the financial framework

a – Total public spending by heading of the financial framework (including social welfare and health)

In 2006, European public spending was:

- chiefly devoted to **spending on growth and competitiveness (57% of spending)**;
- then to spending on freedom, security, justice, etc., including health (20% of spending);
- spending on external relations, including defence (4% of spending);
- spending on territorial cohesion (3% of spending);
- and finally spending on the conservation and management of natural resources, including agriculture (3% of spending).

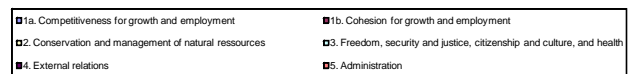
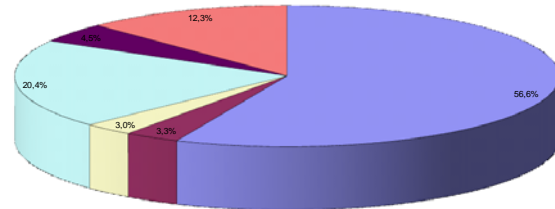
This **hierarchy of total public spending is identical** in the EU, the USA, Canada and Switzerland for the first three spending headings.

The hierarchy is on the other hand **different for the other two sectors**:

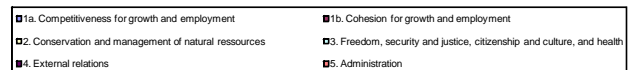
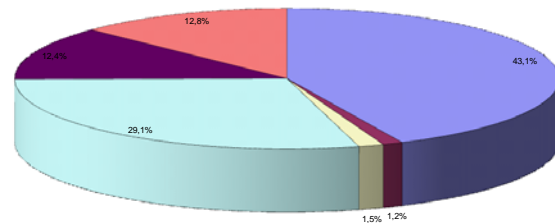
- spending on natural resources (including agriculture) is in 6th place in Europe, 5th place in the USA and 4th place in Canada and Switzerland;
- spending on external relations is in 4th place in Europe and the USA, but in 6th place in Canada and Switzerland.

Total public spending by heading of the financial framework in 2006 (as a % of total spending)

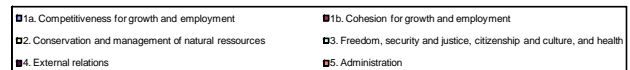
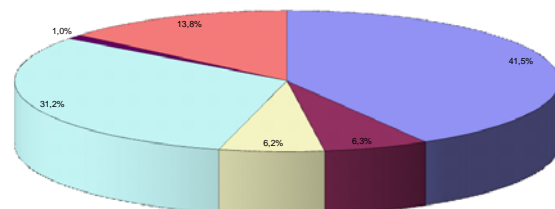
European Union



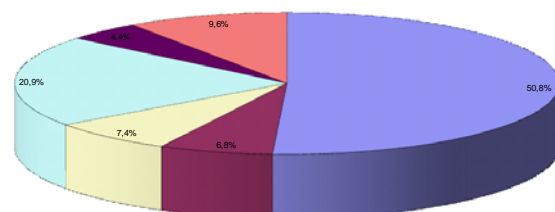
USA



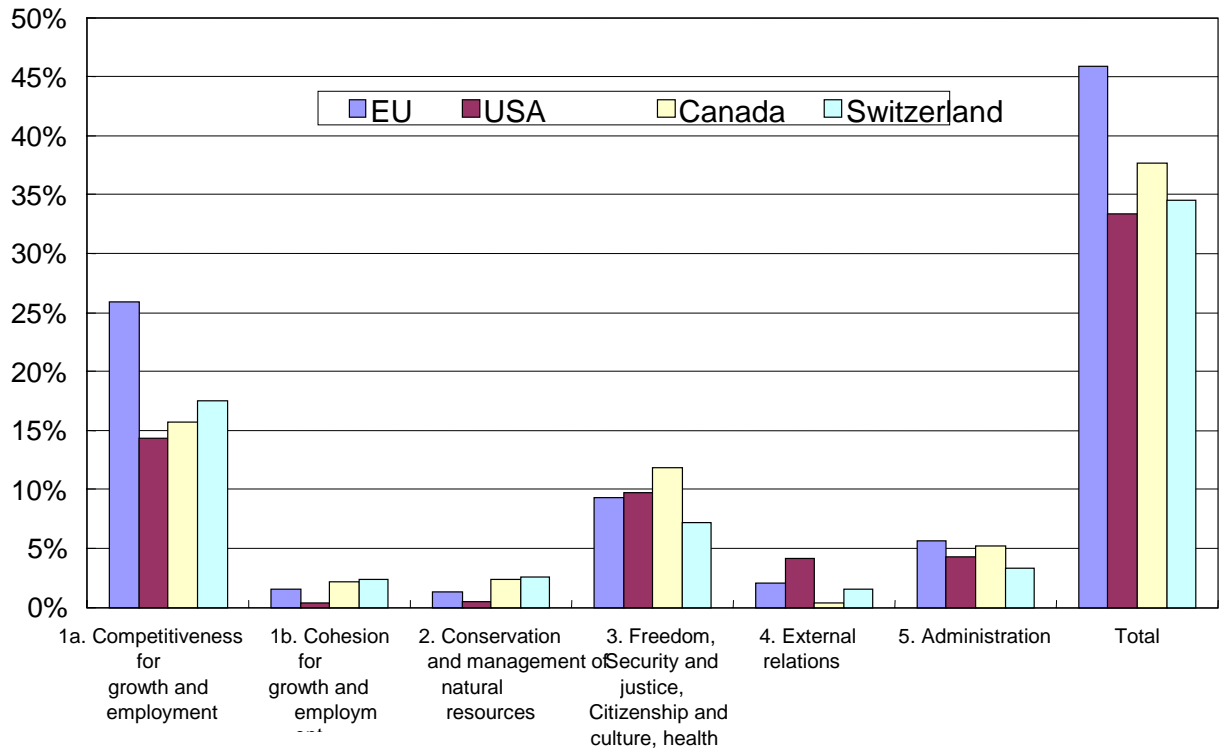
Canada



Switzerland



Total public spending by heading of the financial framework in 2006 (as a % of GDP)



Sources: OJ of the EU L 71 (14 March 2008), Eurostat, OECD, Bureau of Economic Analysis (USA), Statistique Canada (Canada), Administration fédérale des finances (Switzerland), CAS calculations

b – Total public spending by heading of the financial framework (without social welfare and health)

European public spending on **competitiveness** for growth and employment remains the **main heading of European spending excluding social welfare and health**, totalling **36.7%** of total spending.

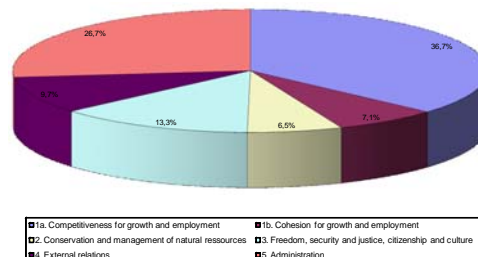
Even excluding spending on social welfare and health from the total spending recorded in the USA, Canada and Switzerland does not shift the heading of competitiveness for growth and employment from first position in these three countries.

Excluding spending on social welfare and health from the analysis leads to the observation that the **relative share of spending devoted to competitiveness and growth in Europe is:**

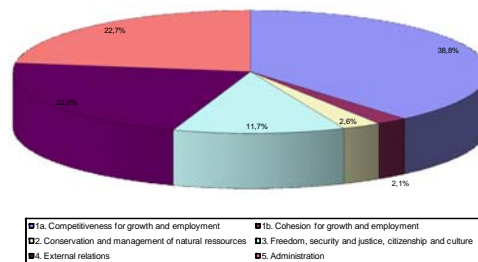
- lower than observed in Switzerland (45.6%), and very slightly lower than in the USA (38.8%);
- higher than observed in Canada (35.5%).

Total public spending excluding social welfare and health by heading of the financial framework in 2006 (as a % of total spending)

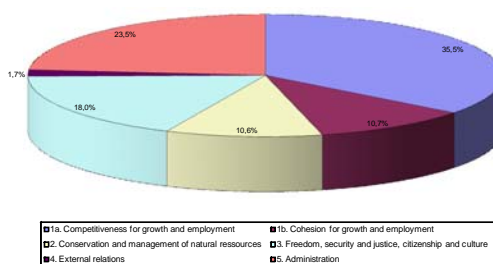
European Union



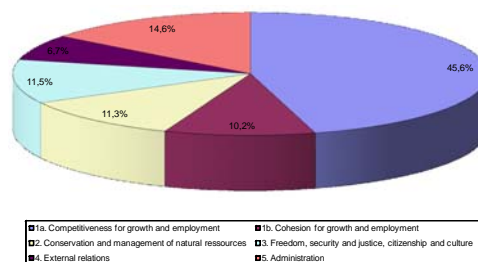
USA



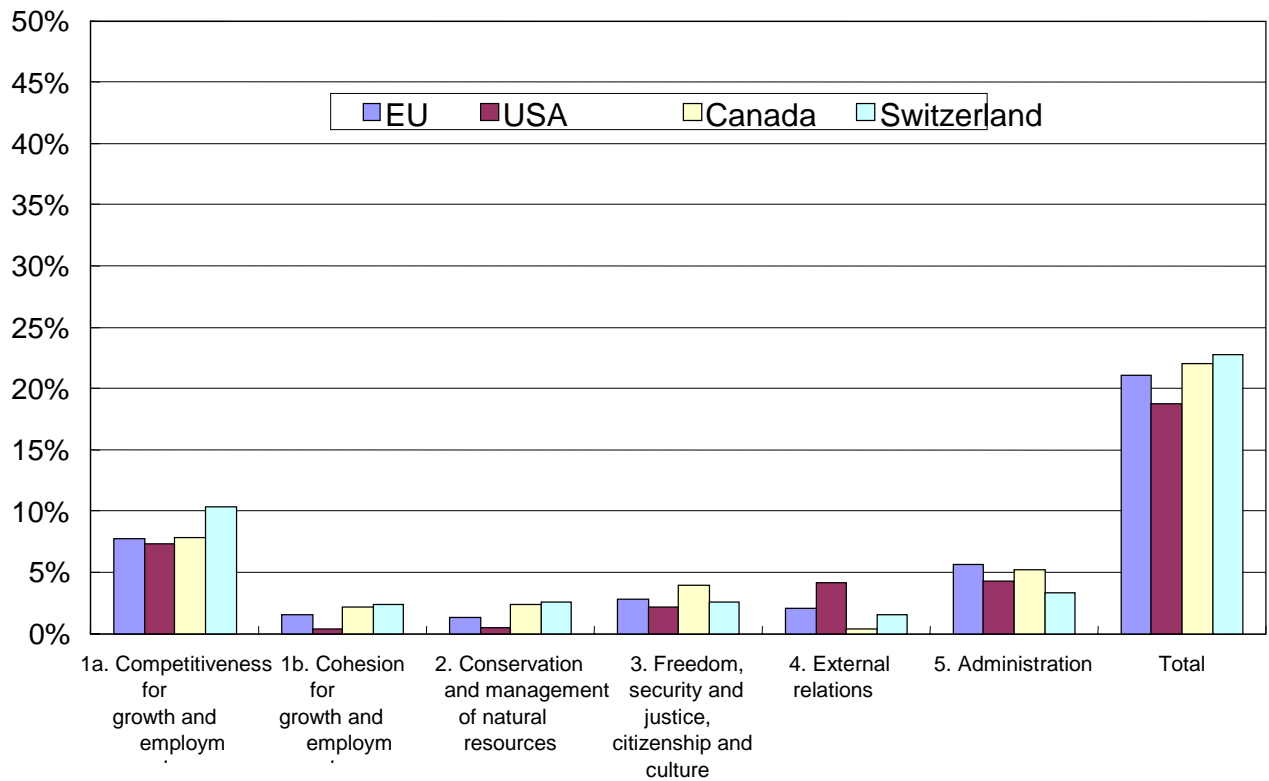
Canada



Switzerland



**Total public spending excluding social welfare and health
by heading of the financial framework in 2006 (as a % of GDP)**



N.B.: this excludes social welfare spending (incorporated under the heading of 'Competitiveness for growth and employment) and health spending (incorporated under the heading of 'Freedom, security and justice, citizenship and culture').

Sources: OJ of the EU L 71 (14 March 2008), Eurostat, OECD, Bureau of Economic Analysis (USA), Statistique Canada (Canada), Administration fédérale des finances (Switzerland), CAS calculations

1.2. Distribution of total public spending between the national and the Community level

1.2.1. Distribution of public spending between the national and the Community level as a % of GDP

<p>Community spending in 2006 represented 0.9% of the GDP of the EU, as against 46.7% for national public spending.</p> <p>If we exclude spending on social welfare and health, the relative weight of national spending drops by more than half (to 22%) whereas the weight of Community spending as against the GDP remains unchanged.</p>	Total public spending in 2006 (as a % of GDP)				
		EU	USA	Canada	Switzerland
	Central (or Community level for the EU)	0.93%	20.5%	14.5%	10.8%
	Local (or national level for the EU)	46.7%	12.9%	23.4%	23.7%
	Total	47.6%	33%	38%	34%
	<p><i>Sources: OJ of the EU L 71 (14 March 2008), Eurostat, OECD, Bureau of Economic Analysis (USA), Statistique Canada (Canada), Administration fédérale des finances (Switzerland), CAS calculations</i></p>				
	Total public spending excluding social welfare and health in 2006 (as a % of GDP)				
		EU	USA	Canada	Switzerland
	Central (or Community level for the EU)	0.9%	9.5%	8.6%	7.9%
	Local (or national level for the EU)	22.0%	9.2%	13.5%	14.9%
	Total	22.9%	19%	22%	23%
	<p>N.B.: this excludes social welfare spending (incorporated under the heading of 'Competitiveness for growth and employment) and health spending (incorporated under the heading of 'Freedom, security and justice, citizenship and culture').</p> <p><i>Sources: OJ of the EU L 71 (14 March 2008), Eurostat, OECD, Bureau of Economic Analysis (USA), Statistique Canada (Canada), Administration fédérale des finances (Switzerland), CAS calculations</i></p>				

* The figure of 0.9% of GDP (or 0.93% to be precise) differs from the figure of 1% frequently cited for the weight of the Community budget as against GDP: this difference emerges from the fact that this calculation is based on the spending actually realised by the Community budget (in 2006) rather than the level of guarantee credits envisaged during negotiations on the financial framework, which represents a guarantee ceiling that must not be exceeded.

1.2.2. Level of national public spending as a % of GDP and GDP of EU countries

The average level of **public spending per Member State** (excluding Community spending) is relatively disparate as against the European average (**46.7% at the national level***), varying as it does from 54.3% (Sweden) to 31.7% of the GDP (Slovakia):

- **8 countries** in the EU showed a level of public spending for 2006 **higher than the European average**, one of which was **France** (almost 53% of GDP);
- **10 countries** in the EU showed a level of public spending for 2006 of **between 40% and 46.6% of GDP**, including the UK (44.6% of GDP) and Germany (45.4% of GDP);
- **7 countries** in the EU showed a level of public spending for 2006 lower than **40% of GDP**, including Spain (38.6%) and Ireland (34.2%).

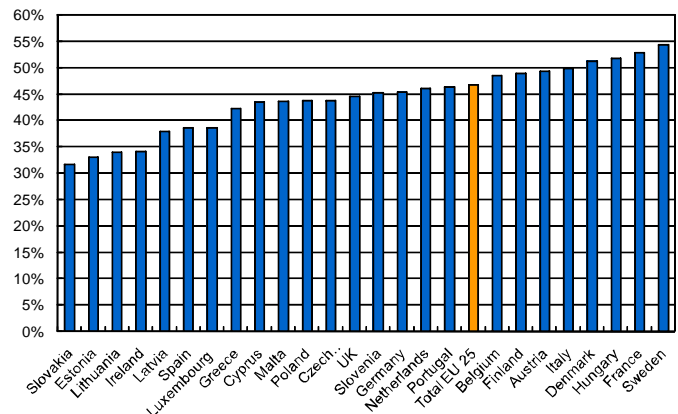
In total, only 2 EU countries (Slovakia and Estonia) showed a level of public spending relative to their GDP for 2006 lower than observed for total public spending in the USA (33.3% as a reminder) and Japan (33.7% as a reminder).

The average level of public spending excluding social welfare and health per Member State is also relatively disparate with regard to the European average (**22.9% of GDP, of which 22% at national level**), even though it is slightly less heterogeneous:

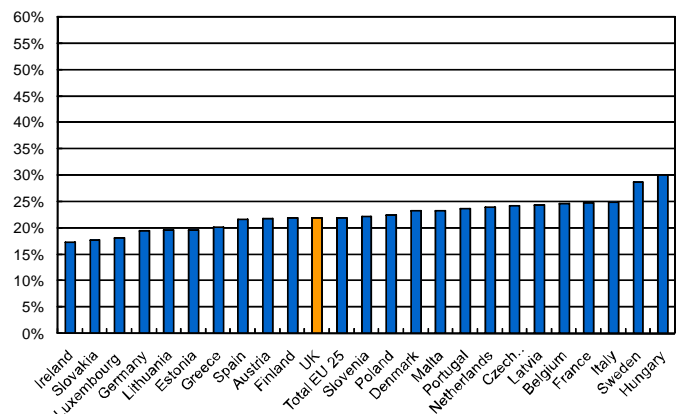
- **14 countries** in the EU showed a **level of public spending excluding health and social welfare higher than the European average** and varying from 22% (Slovenia) to 30% of GDP (Cyprus), with the figure for France being 24.7% of GDP;
- **11 countries** in the EU showed a level of public spending excluding social welfare and health for 2006 **lower than the European average** and ranging from 21.9% (UK) to 16.7% of GDP (Ireland).

In total, only 4 EU countries (including Germany) showed a level of public spending in 2006 excluding social welfare and health compared to their GDP that was lower than the level of total public spending excluding social welfare and health recorded in the USA (as a reminder: 18.7%).

Total public spending per Member State in 2006 (as a % of GDP)



Total public spending per Member State in 2006 excluding social welfare and health (as a % of GDP)



Sources: OJ of the EU L 71 (14 March 2008), Eurostat, OECD, Bureau of Economic Analysis (USA), Statistique Canada (Canada), Administration fédérale des finances (Switzerland), CAS calculations

* The total level of European public spending was 47.6% of GDP in 2006: 46.7% of GDP for national spending and 0.9% of GDP for Community spending.

To measure the heterogeneity of public spending per country, we must:

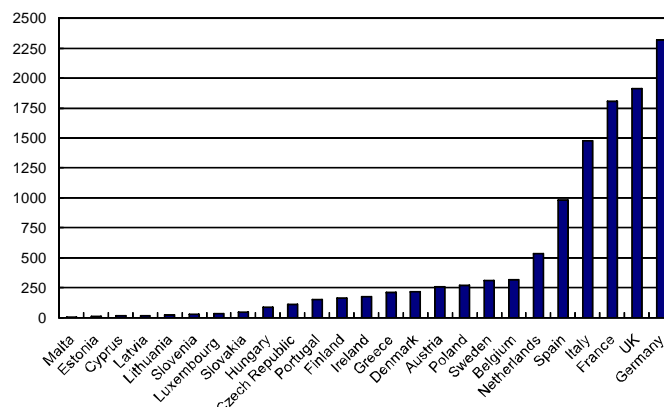
- not only measure their relative levels of spending as against GDP (previous page);
- but also take account of the **high heterogeneity of GDPs between EU countries.**

Under this latter point, we can thus be observed that:

- the **absolute level of GDPs varies from 1 to 457** within the EU (discrepancy between Malta and Germany);
- 6 countries in the EU 25 have a GDP higher than the Community average, up to 500% of that average (Germany).
- 19 countries in the EU 25 have a GDP lower than the Community average, down to 1% of that average (Malta).

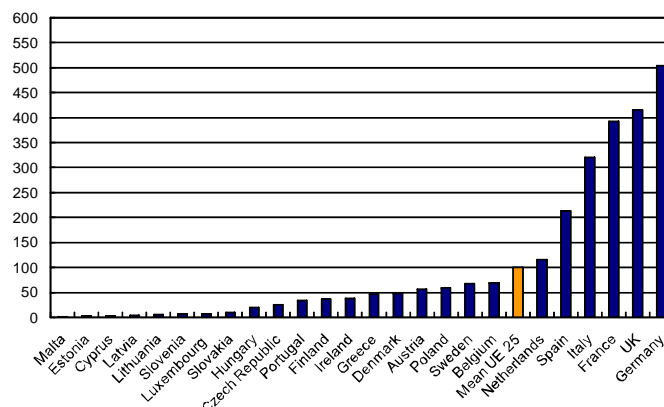
The relative weight of Community spending in each specific country can be measured if these facts are taken into account; this weight varies widely around the average of 0.9% of GDP and 1.9% of national public spending (see below).

**GDP of each Member State in 2006
(in billion euros)**



Source: Eurostat

**GDP of each Member State in 2006
(base 100 for the average of the EU 25)**



Source: Eurostat

1.2.3. Distribution of total public spending between the national and the Community level as a % of total public spending

Community spending (which reached 107 billion euros in 2006) represented **1.94%** of the total public spending carried out in the European Union.

This **percentage** is **very limited** compared to the percentage represented by central budgets within federations and confederations such as:

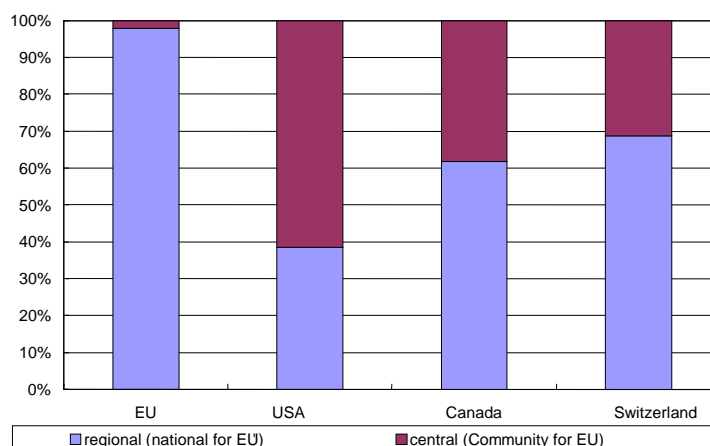
- the **USA (61.4%)**;
- **Canada (38.2%)**;
- **Switzerland (31.3%)**.

If we **exclude spending on social welfare and health** (all such national spending in Europe), Community spending represented **4.06%** of the total public spending carried out in the European Union.

This **percentage** is still **very limited** compared to the share financed at the central level in federations and confederations such as:

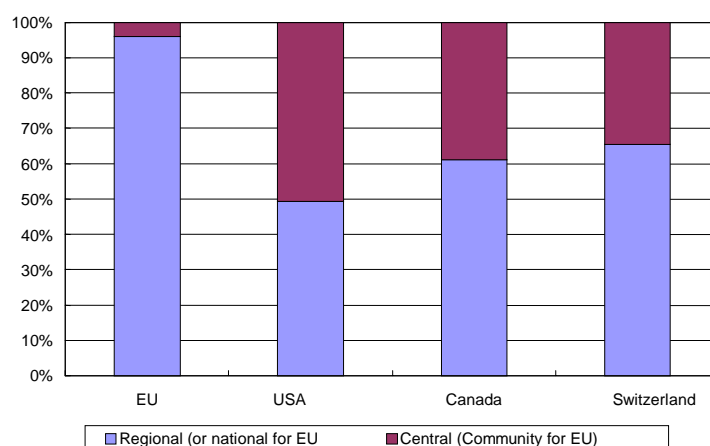
- the **USA (50.7%)**;
- **Canada (38.9%)**;
- **Switzerland (34.5%)**.

Distribution of total public spending between the central and regional levels in 2006 (as a % of total public spending)



Sources: OJ of the EU L 71 (14 March 2008), Eurostat, OECD, Bureau of Economic Analysis (USA), Statistique Canada (Canada), Administration fédérale des finances (Switzerland), CAS calculations

Distribution of total public spending excluding social welfare and health between the central and regional levels in 2006 (as a % of total public spending)



Sources: OJ of the EU L 71 (14 March 2008), Eurostat, OECD, Bureau of Economic Analysis (USA), Statistique Canada (Canada), Administration fédérale des finances (Switzerland), CAS calculations

1.2.4. Composition of national and Community public spending by heading of the financial framework

In 2006, the EU and its Member States devoted:

- 56% of their public spending to policies for ‘**growth and employment**’;
- 20% of their public spending to policies in the field of **security, freedom and justice, citizenship and culture** (chiefly police, public order and justice), and **health**;
- 4.5% on **external relations**, including defence;
- slightly under 3% on **natural resources** (including agricultural spending).

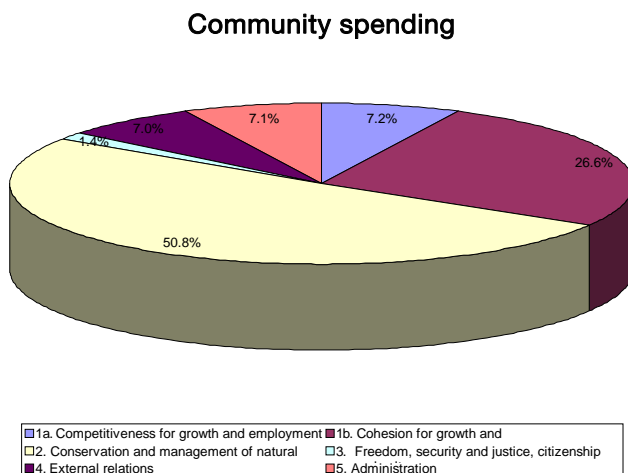
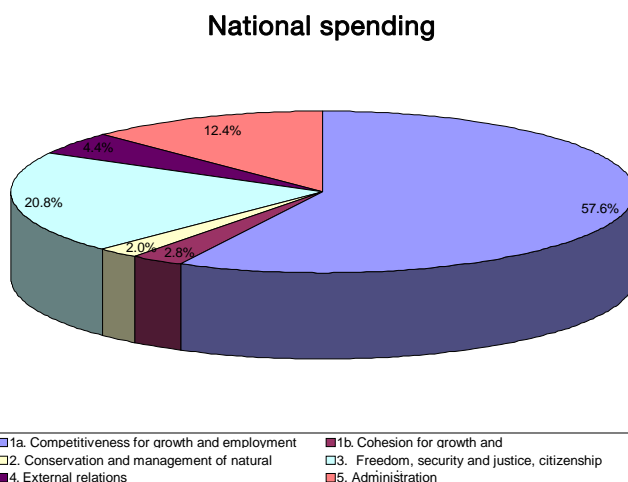
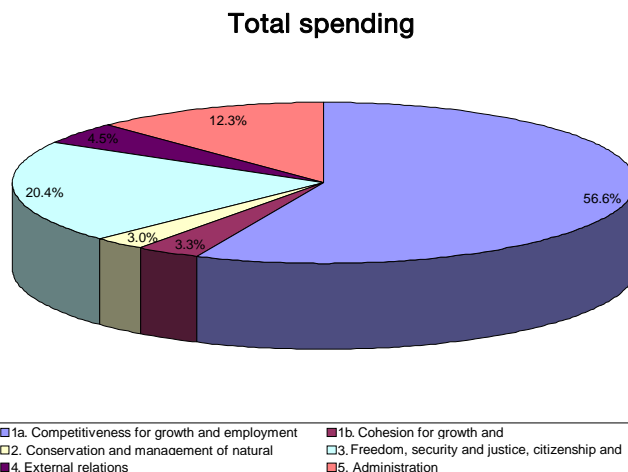
Given their relative weight, the **breakdown by sector of Member States’ public spending alone conforms to the breakdown of integrated spending in all aspects**. It is just possible to observe that:

- the share of State spending allocated to growth and competitiveness grew by 1 point;
- the share of spending on conservation of natural resources was reduced by 1 point, to 2% of Member States’ spending.

The **breakdown by sector of Community spending is on the other hand very atypical** compared with the breakdown of State or integrated spending:

- on the one hand, because this spending does not cover social welfare and health (or debt);
- and on the other hand, because the majority of it was carried out in the fields of conservation and management of natural resources (including agriculture and the environment) – 51% – and territorial cohesion – 27%.

European public spending by heading of the financial framework in 2006 (as a % of total spending)



Sources: OJ of the EU L 71 (14 March 2008), Eurostat, OECD, CAS calculations

1.2.5. Distribution of spending between the national and Community level by heading of the financial framework: international comparison

The distribution of spending between the 'central' level ('Community' for the EU) and the 'regional' level (national for the EU) shows significant disparities.

Spending is chiefly carried out at a central level under:

- all 6 headings of the financial framework in the USA;
- 3 headings in Canada;
- 2 headings in Switzerland;
- 0 headings in the EU.

Taking account of the distribution of this spending **excluding social welfare and health** changes this finding significantly for the USA, for both headings concerned (i.e. headings 1a and 3).

The **specific nature of the EU** with regard to the distribution of spending between the central and regional level is particularly marked under the headings of '**Cohesion**' and '**External relations**', for which spending is:

- very highly centralised in the USA, Canada and Switzerland;
- highly (83.6% for 'Cohesion') and very highly (96.9% for 'External relations') carried out at a national level in the EU.

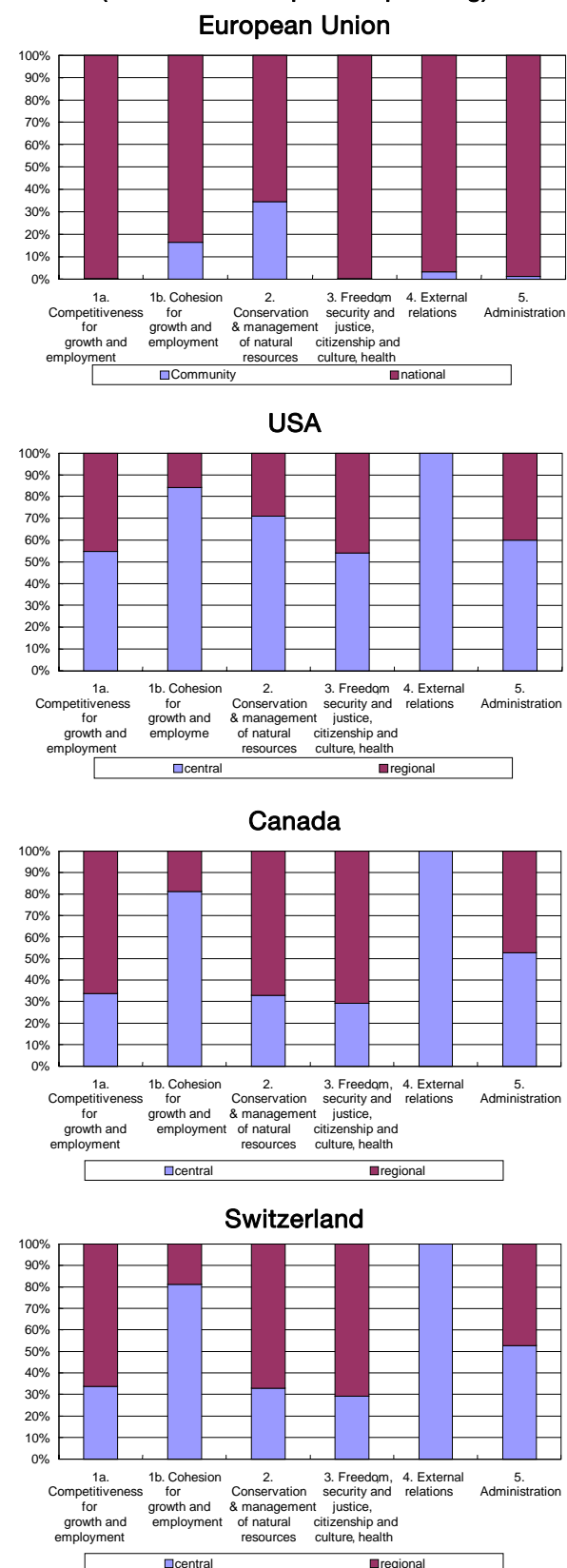
The situation of the EU under the heading of '**Conservation and management of natural resources**' is relatively in line with that of two of the other three countries. This spending is centralised by:

- 34.5% in the EU;
- 33% in Canada;
- 36.2% in Switzerland; and
- 71% in the USA.

The situation in the EU for '**Freedom, security, justice, etc.**' seems relatively atypical compared with two of the other three countries. This spending is centralised by:

- 0.1% in the EU;
- 3.8% in Switzerland;
- 29.3% in Canada; and
- 54.1% in the USA.

Distribution of total public spending by heading of the financial framework in 2006 (as a % of total public spending)



**Distribution of total public spending by heading of the financial framework in 2006
(as a % of total spending)**

	EU		USA		Canada		Switzerland	
	Community	national	central	regional	central	regional	central	regional
1a. Competitiveness for growth and employment	0,3%	59,7%	54,8%	45,2%	33,7%	66,3%	32,3%	67,7%
1b. Cohesion for growth and employment	16,4%	83,6%	84,1%	15,9%	81,1%	18,9%	100,0%	0,0%
2. Conservation and management of natural resources	34,5%	65,5%	71,0%	29,0%	33,0%	67,0%	36,2%	63,8%
3. Freedom, security and justice, citizenship and culture, and health	0,1%	99,9%	54,1%	45,9%	29,3%	70,7%	3,8%	96,2%
4. External relations	3,1%	96,9%	100,0%	0,0%	100,0%	0,0%	94,1%	5,9%
5. Administration	1,2%	98,8%	60,0%	40,0%	52,8%	47,2%	33,5%	66,5%

Sources: OJ of the EU L 71 (14 March 2008), Eurostat, OECD, Bureau of Economic Analysis (USA), Statistique Canada (Canada), Administration fédérale des finances (Switzerland), CAS calculations

**Distribution of total public spending excluding social welfare and health
by heading of the financial framework in 2006 (as a % of total spending)**

	EU		USA		Canada		Switzerland	
	Community	national	central	regional	central	regional	central	regional
1a. Competitiveness for growth and employment	0,5%	99,1%	24,8%	75,4%	11,7%	88,3%	26,6%	73,4%
1b. Cohesion for growth and employment	16,4%	83,6%	84,1%	15,9%	81,1%	18,9%	100,0%	0,0%
2. Conservation and management of natural resources	34,5%	65,5%	71,0%	29,0%	33,0%	67,0%	36,2%	63,8%
3. Freedom, security and justice, citizenship and culture	0,5%	99,5%	15,7%	84,3%	60,1%	39,9%	8,9%	91,1%
4. External relations	3,1%	96,9%	100,0%	0,0%	100,0%	0,0%	94,1%	5,9%
5. Administration	1,2%	98,8%	60,0%	40,0%	52,8%	47,2%	33,5%	66,5%

Sources: OJ of the EU L 71 (14 March 2008), Eurostat, OECD, Bureau of Economic Analysis (USA), Statistique Canada (Canada), Administration fédérale des finances (Switzerland), CAS calculations

1.2.6. The existence of non-Community European spending

The analyses of the distribution of European public spending between national and Community level would not be complete without mentioning 'non-Community European spending'. This spending manifests as a form of financial Europeanisation, although it does not appear in the Community budget. It may be divided into three categories:

- **'quasi-Community' European spending**, which can be defined as spending not appearing in the Community budget but administered by bodies placed directly under the aegis of the EU (such as the European Development Fund or the European Defence Agency);
- **'joint European spending'**, which can be defined as spending carried out by States to finance the operation and actions of European organisations of which they are members, in parallel with their membership of the EU (such as the European Space Agency or the Council of Europe);
- and finally, **'concerted' European spending**, which can be defined as spending carried out autonomously by European States to finance occasional operations in a joint political context (such as 'concerted technological initiatives' or external operations).

Major non-Community European spending in certain sectors

	Amount of the contribution of Member States (million euros)	Amount of Community spending	As % of Community spending
Technological research and development	3828	5206	73,5%
European Space Agency (ESA)	2514		
European Organisation for Nuclear Research (CERN)	636		
Eureka Programme	270		
European Organisation for Astronomical Research (ESO)	150		
European Synchrotron Radiation Facility (ESRF)	80		
European Molecular Biology Laboratory (EMBL)	71		
Lauze-Langevin Institut (ILL)	63,8		
As a reminder: European Fusion Development Agreement (EFDA)			
Eranet	13,7		
Initiatives under Article 169*	7,5		
Eurocores	22		
As a reminder: ITC**			
External relations	4644	6200	74,9%
European Development Fund (EDF)	2544		
OPBK (EU mandate): Athena***	120		
OPBK (EU mandate): excluding Athena	414		
European Defence Agency (EDA)	20		
European Union Satellite Centre (EUSC)	15		
European Union Institute for Security Studies (EUISS)	4		
Council of Europe (CoE)	152		
Organisation for Security and Cooperation in Europe (OSCE)	123		
Western European Union (WEU)	8		
As a reminder: North Atlantic Treaty Organisation (NATO): 1223			
Organisation for Joint Armament Cooperation (OCCAR)	1244		
Freedom, security and justice	71	425	16,6%
European Police Office (EUROPOL)	71		
Total	8543		8,0%

*One single initiative 'under Article 169' was launched during the 2000-2006 period: the 'EDCTP' initiative (research into treatments for AIDS, malaria and tuberculosis). However, other initiatives have been or will be launched for the 2007-2013 period: 'AAL' (use of ICT for the elderly); 'EUROSTARS' (for SMEs); EMRP (metrology); and BONUS-169 (Baltic Sea). It is also worth noting that in December 2008, the 'Competitiveness' Council set down the method for using the 'joint programming' procedure implemented for research as part of the Ljubljana process. This joint programming will be implemented gradually over the course of 2009, beginning with the fight against neurodegenerative diseases and Alzheimer's disease. Nine countries (Spain, France, Ireland, Italy, the Netherlands, the Czech Republic, the UK, Sweden and Switzerland) will adopt and develop joint campaigns to fight Alzheimer's disease.

** ITCs, carried out during the 2007-2013 period, are intended to be 16% financed by the Community budget (as part of the 7th framework programme) and 33% financed by Member States, with the remaining half being covered by businesses. The Commission has currently approved six projects, which should each mobilise between 2 and 3 million euros between 2007 and 2013: ARTEMIS (embedded computer systems) and IMI (innovative drugs) in the healthcare sector; CLEAN SKY (aeronautics and air transport) in the transport sector; ENIAC (nanoelectric technologies by 2020) in the ICT sector; and FUEL CELL (hydrogen and fuel batteries) in the energy sector. The European satellite navigation system 'Galileo', designed in collaboration with the European Space Agency, is presented as the only ITC so far launched, although in the end the EU decided to finance the entire project itself.

*** For Athena, 74 million of the 120 million euros are national costs administered by Athena.

NB1: It should be noted that the programmed increase in R&D expenses as part of the PCRD (almost 7 billion euros per year planned for between 2007 and 2013) could make Community R&D spending exceed even more the level of non-Community European spending carried out in the same sector.

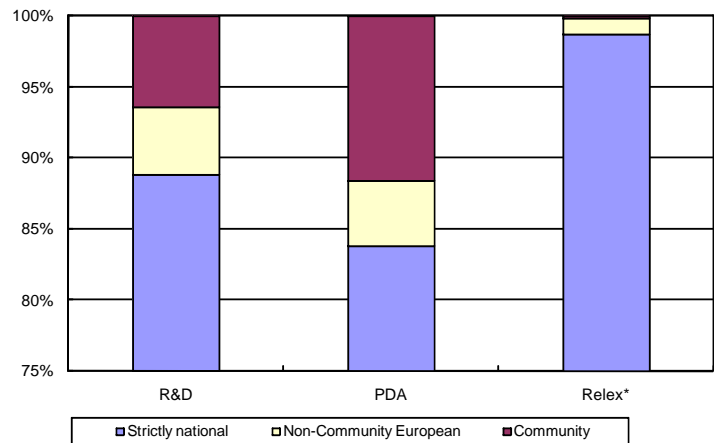
NB2: It should also be noted that mechanisms such as COST, which are financed at Community level subject to the existence of national public spending, can be used to implement significant leverage effects, which for COST (which receives Community spending of 30 million euros per year), for example, are estimated at 2 billion euros.

Sources: bodies concerned, EU, Foreign Ministry, CAS calculations

Non-European Community spending is largely concentrated on two sectors:

- **technological research and development**, where spending was over 3.8 billion euros in 2007, representing 73.5% of the spending carried out as part of the Community budget for the same sector;
 - **external relations**, where spending was 4.6 billion euros in 2006, almost three quarters of the Community spending for that sector.
- In total, taking this spending into account means that we can show that spending carried out in a European context (whether Community or not) accounts in reality for between 10% and 20% of national public spending depending on the sector concerned (R&D, Public Development Aid or RELEX).

Distribution of non-Community European spending for certain sectors in 2007 (as a % of total public spending in each sector)



* excluding development aid and humanitarian aid

Sources: bodies concerned, EU, Foreign Ministry, CAS calculations

Non-Community European spending to which France contributes significantly

	Amount of France's contribution (millions euros)	Weight of France's contribution	as % of national spending : France	as % of national spending : EU average
Technological research and development	1016	26,5%	8,2%	5,6%
European Space Agency (ESA)	720	28,7%		
European Organisation for Nuclear Research (CERN)	101	15,9%		
Eureka Programme	110	40,7%		
European Organisation for Astronomical Research (ESO)	30	20,0%		
European Synchrotron Radiation Facility (ESRF)	22	27,5%		
European Molecular Biology Laboratory (EMBL)	11,3	15,9%		
Laue-Langevin Institut (ILL)	21	33%		
As a reminder : European Fusion Development Agreement (EFDA)				
As a reminder : ITC ²⁰⁰⁷				
External relations	1030	22,2%	2,5%	2,1%
European Development Fund (EDF)	484	19,0%		
OPBK (EU mandate): Athena ²⁰⁰⁷	13	10,8%		
OPBK (EU mandate): excluding Athena	72	17,4%		
European Defence Agency (EDA)	3,2	16,0%		
European Union Satellite Centre (EUSC)	2,4	16,0%		
European Union Institute for Security Studies (ISS)	0,6	16,0%		
Council of Europe (CoE)	18	12,0%		
Organisation for Security and Cooperation in Europe (OSCE)	12	9,4%		
Western European Union (WEU)	1,4	17,4%		
As a reminder : North Atlantic Treaty Organisation (NATO) 1223				
Organisation for Joint Armament Cooperation (OCCAR)	424	34,1%		
Freedom, security and justice	10,5	14,9%	0,04%	0,04%
European Police Office (EUROPOL)	10,5			
Total	2056	24,1%	0,26%	0,17%

Sources: bodies concerned, EU, Foreign Ministry, CAS calculations

1.3. Weight of ‘distributed Community spending’ within the EU

‘**Distributed**’ Community spending per Member State includes all spending carried out by the EU on the territory of those Member States (headings 1-3 and heading 5 of the financial framework). It does not include external spending, which is carried out outside the territory of the EU and its Member States.

The majority of this Community spending (structural and agricultural spending) is divided up *ex ante*, during negotiations for the financial framework. The other spending is divided up *ex post* (as is the case for R&D spending, for example), based on the actual use to which Community funds are put in given EU countries.

It is interesting to take the distributed Community spending into consideration as part of an approach integrating the Community budget and national budgets, as this spending shows **broad disparities in the relative weight of the Community budget** and depends:

- on the one hand on the fact that this Community spending is distributed differently from one Member State to another; and
- on the other hand on the fact that the EU countries that receive Community spending have very variable figures for GDP and national public spending (**cf. Section 1.2.2.2**).

Distributed Community spending is **chiefly operational** (headings 1-3 of the financial framework). It is this operational spending that provides an interesting focus for the analysis of the Communitarisation or nationalisation of European public spending.

Distributed Community spending also includes **administrative** spending, carried out by the EU in the countries in which Community institutions and agencies are based. The distribution of this administrative spending is very atypical (particularly in favour of Belgium and Luxembourg) and is more of anecdotal importance with regard to the debate on the Communitarisation or nationalisation of European public spending.

If we confine ourselves to distributed operational spending only, excluding external spending (0.07% of GDP) and administrative spending (0.07% of GDP), the weight of the Community budget compared to the GDP is **0.79% of the GDP**, as opposed to the figure of **0.93%** listed in the overall totals above.

Similarly, the mere fact of taking distributed operational spending into account contributes towards modifying the relative share of this Community spending as against all national public spending (across all sectors):

- the EU average moves from 1.95% to **1.78% of total spending**, since external Community spending (0.09% of the total) and administrative Community spending (0.08% of the total) have been excluded;
- the EU average excluding social welfare and health moves from 4.06% to **3.71%**, since external Community spending (0.2% of the total excluding social welfare and health) and administrative Community spending (0.15% of the total excluding social welfare and health) have been excluded.

NB – As emphasised by the European Commission every time it produces data on ‘distributed spending’, the allocation of Community spending to specific Member States is a formal exercise controlled by numerous accounting restrictions (for example, a subsidy granted to one country may be used to purchase goods in another country, so this second country will end up receiving the benefit of the subsidy). This purely accounting calculation furthermore gives no indication as to any other benefits a given country may obtain from being a member of the EU, particularly in terms of economics, trade and stability.

1.3.1. Weight of 'distributed Community spending' as a % of GDP for each Member State

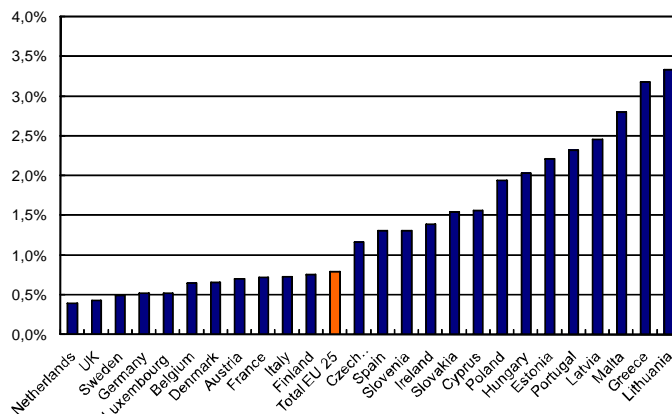
Operational Community spending, which represents a total of **0.8%** of the GDP of the EU, is distributed very differently from one EU country to another, and appears to be closely correlated to the level of development of Member States.

Three groups of countries can be distinguished:

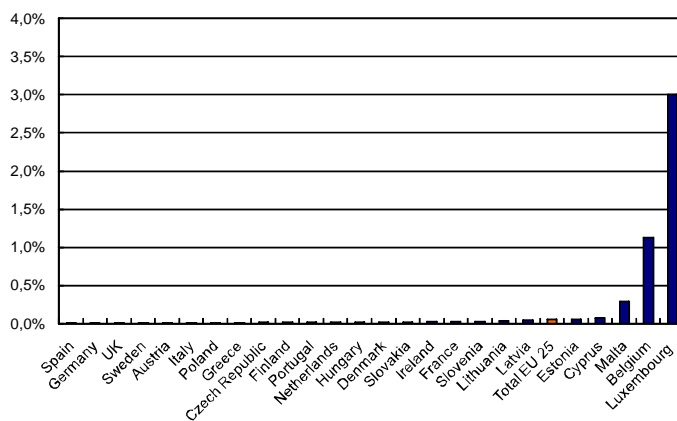
- **7 countries receiving operational Community spending in excess of 2% of their GDP:** the 3 Baltic countries, Hungary, Greece, Portugal and Malta, with Lithuania receiving the largest contribution when compared against its GDP (3.33%);
- **7 countries receiving Operational Community ranging from 1.94% (Poland) and 1.16% (Czech Republic) of their GDP:** this group also includes Spain, Ireland, Cyprus, Slovenia and Slovakia;
- **the other 11 countries of the EU receiving operational Community spending of under 0.8% of their GDP** and ranging from 0.75% (Finland) to 0.4% (Netherlands), with this figure being 0.72% of GDP for France.

Taking account of the distribution of administrative spending does not change this situation significantly except for Belgium (1.13% of its GDP in total) and Luxembourg (3% in total), which house the main offices of the chief Community institutions.

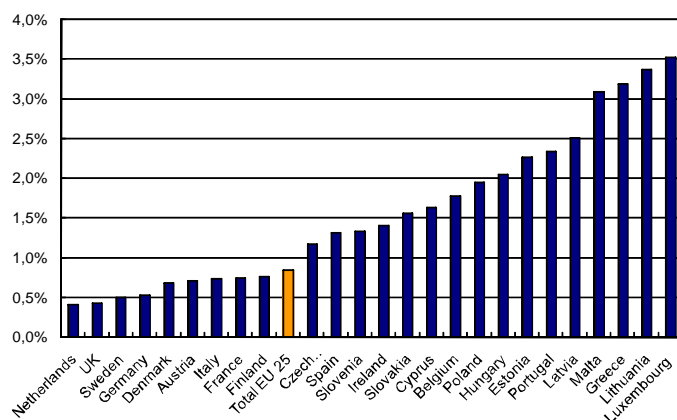
Distributed operational Community spending per Member State in 2006
(as a % of GDP of each Member State)



Distributed administrative Community spending per Member State in 2005
(as a % of GDP of each Member State)



Distributed total Community spending per Member State in 2005
(as a % of GDP of each Member State)



Sources: OJ of the EU L 71 (14 March 2008), European Commission, Eurostat, OECD, CAS calculations

1.3.2. Weight of 'distributed Community spending' as a % of total public spending in each Member State

a – Weight of 'distributed Community spending' as a % of total public spending in each Member State (including social welfare)

Distributed operational Community spending represents **1.84%** of the EU's public spending on average. This average varies widely from country to country:

- firstly, because this Community spending is distributed in different ways and
- secondly, because EU countries have fairly heterogeneous levels of national public spending.

Three groups of countries can be distinguished:

– **6 countries receiving operational Community spending in excess of 5% of their GDP***: the 3 Baltic countries, Greece, Portugal and Malta, with Lithuania receiving the largest contribution when compared against its GDP (9.80%);

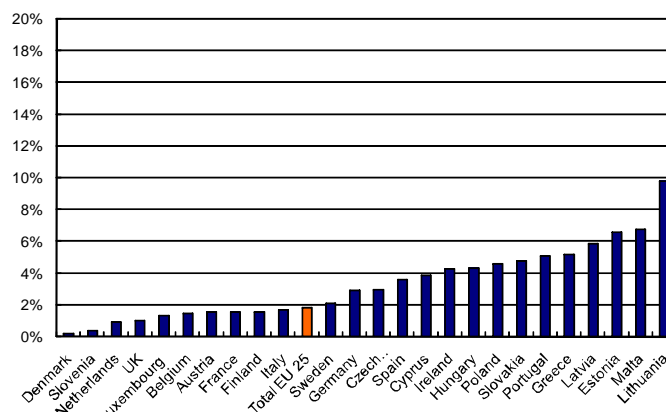
– **9 other countries** receiving operational spending of above the European average of 1.84% and **ranging between 2% and 5% of total public spending for those countries**: Slovakia (4.79%), Spain, Ireland, Hungary, Cyprus, Czech Republic, Germany and Sweden (2.09%);

– the **other 10 countries** of the EU receiving Community operational spending of **under 1.84% of their total public spending** and ranging from 1.70% (Italy) to 0.21% (Denmark), with this figure being 1.56% of GDP for France.

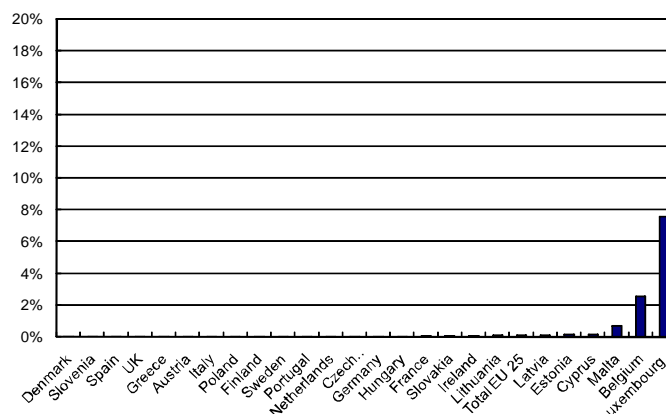
Taking account of the distribution of administrative spending does not change this situation significantly except for Belgium (2.58% of public spending carried out on its national territory) and Luxembourg (7.59%), which house the main offices of the chief Community institutions.

* Note here that the orders of magnitude change significantly for a certain number of countries when distributed operational Community spending is placed under national public spending rather than total public spending, particularly for the 3 Baltic countries, Malta and Greece, where this ratio ranges from 6% to almost 11% of national public spending, with Lithuania receiving the largest relative contribution (10.88%).

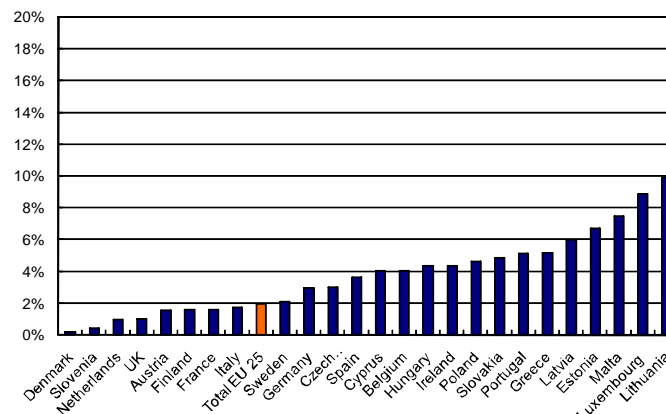
Distributed operational Community spending per Member State in 2006 (as a % of total spending in each Member State)



Distributed administrative Community spending per Member State in 2006 (as a % of total spending in each Member State)



Distributed total Community spending per Member State in 2006 (as a % of total spending in each Member State)



Sources: OJ of the EU L 71 (14 March 2008), European Commission, Eurostat, OECD, CAS calculations

b – Weight of ‘distributed Community spending’ as a % of total public spending in each Member State (excluding social welfare and health)

If we exclude social welfare and health spending, distributed operational Community spending represents 4.31% of EU public spending on average.

Three groups of countries can thus be distinguished:

- 14 countries receiving operational Community spending in excess of 4.31% of the total public spending excluding social welfare* and health in those countries: these are the 10 CECs, Spain, Portugal and Greece, with Lithuania receiving the largest contribution (equal to 17.17% of total public spending in Lithuania);

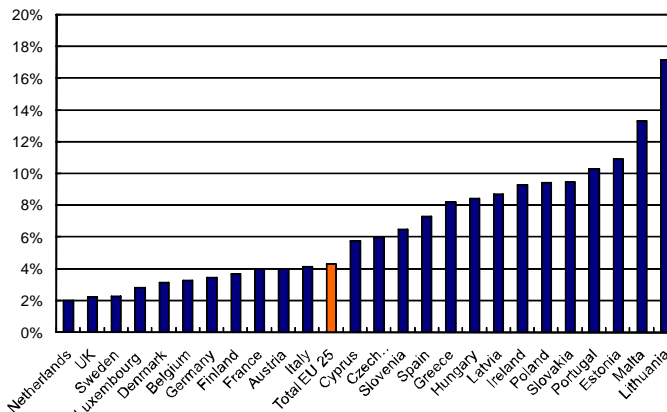
- 7 other countries receiving operational spending of under the European average of 4.31% but higher than 3% and ranging from 4.14% (Italy) to 3.13% (Denmark), with this figure being 3.99% for France.

- the other 4 countries of the EU receiving operational spending of under 3% of the total operational spending in those countries and ranging from 2.81% (Luxembourg) to 2% (Netherlands).

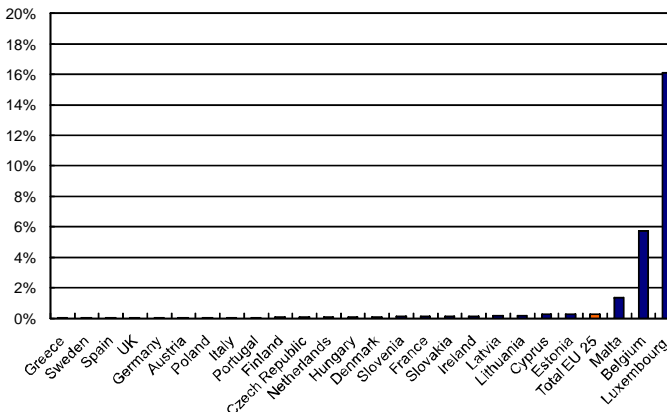
Taking account of the distribution of administrative spending does not change this situation significantly except for Belgium (5.75% of public spending excluding social welfare and health) and Luxembourg (16.11%), which house the main offices of the chief Community institutions.

* Once again, we should state that the orders of magnitude change significantly for a certain number of countries when distributed operational Community spending is placed under national public spending (excluding social welfare and health) rather than total public spending (excluding social welfare and health), particularly for Greece, Portugal, Estonia, Malta and Lithuania, where this ratio ranges from over 11% to over 20% of national public spending (excluding social welfare and health), with Lithuania receiving the largest relative contribution (20.78%).

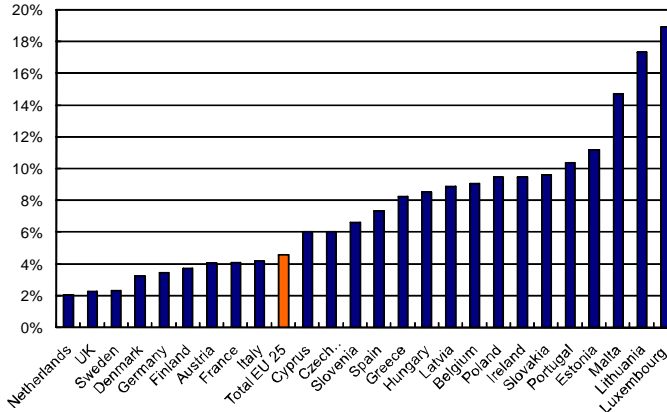
Distributed operational Community spending per Member State in 2006 (as a % of total spending excluding social welfare and health in each Member State)



Distributed administrative Community spending per Member State in 2006 (as a % of total spending excluding social welfare and health in each Member State)



Distributed total Community spending per Member State in 2006 (as a % of total spending excluding social welfare and health in each Member State)



Sources: OJ of the EU L 71 (14 March 2008), European Commission, Eurostat, OECD, CAS calculations

c – Weight of ‘distributed Community spending’ as a % of total public spending in each Member State (including social welfare)

Community spending compared with national spending:
the example of France per heading of the financial framework and per sector

	national			Community		
	millions euros	% of GDP	% of total spending	millions euros	% of GDP	% of total spending
1a. Competitiveness for growth and employment	541547,3	30,0%	99,9%	6420	0,036%	0,1%
Technological research and development	14147,1	0,8%	96,7%	4882	0,027%	3,3%
Energy and transport	18074,6	1,0%	99,7%	53,9	0,003%	0,3%
Education and training	105119,0	5,8%	99,9%	81,6	0,005%	0,1%
Competitiveness and innovation	3422,6	0,2%	99,5%	18,3	0,001%	0,5%
Management of social challenges	400784,1	22,2%	100,0%	0,0	0,000%	0,0%
1b. Cohesion for growth and employment	2201,5	0,1%	50,0%	2201,5	0,122%	50,0%
Structural actions	2201,5	0,1%	50,0%	2201,5	0,122%	50,0%
2. Conservation and management of natural resources	17472,2	1,0%	63,3%	10136,5	0,561%	35,7%
Agriculture	2404,7	0,1%	21,3%	807,9	0,433%	78,7%
Rural development	751,2	0,0%	38,8%	1183,8	0,065%	61,2%
Fishing	43,3	0,0%	56,1%	33,8	0,002%	63,9%
Environment	1423,1	0,8%	99,9%	10,9	0,001%	0,1%
3. Freedom, security and justice, citizenship and culture, and health	175058,4	9,7%	99,9%	92,6	0,005%	0,1%
4. External relations	41513,8	2,3%	100,0%	0,0	0,000%	0,0%
5. Administration	109072,8	6,0%	99,6%	4236	0,023%	0,4%
TOTAL	886876,1	48,1%	96,5%	13496	0,747%	1,5%

Sources: OJ of the EU L 71 (14 March 2008), European Commission, Eurostat, OECD, CAS calculations

An analysis of the amount of distributed Community spending allocated to France in 2006 shows useful orders of magnitude, which first of all reveal that the **relative share of distributed Community spending** in total public spending is **on average extremely limited (1.5%) in most fields**.

We also observe that **the relative share of distributed Community spending in total public spending is higher in certain specific fields**:

- **agriculture**: over three quarters of total spending, if we restrict the calculation to direct aid to farmers (see explanation of this point in Part 2, section 2.4.2.);
- **rural development**: around 60% of total spending;
- **fishing**: around 43% of total spending;
- **structural and cohesion actions**: around half of total spending, if we restrict the calculation to the spending cofinanced by the EU and French public authorities (see Part 2, Section 2.3.2.).

Note that the level of distributed Community spending on **R&D** amounted to 3.3% in 2006, but the French contribution to non-Community European spending on R&D should also be taken into consideration in order to determine the real extent of Europeanisation in this sector (see Section 1.2.6.).

The relative share of distributed Community spending as against total public spending in France **may be more substantial if restricted to very specific fields of intervention**: for example, it reached 10% in 2006 for the financing of research by projects alone and over 40% for the financing of mobility for young people in Europe.

Finally, **humanitarian aid and public development aid spending** is not mentioned in the table above where it is not ‘distributed’ between Member States but carried out outside the territory of the EU. We should simply remember that the level of Community spending in these sectors is also relatively substantial compared with the public spending by Member States, including France (in 2006, Community spending on humanitarian aid and public development aid was almost 7,300 million euros and public spending by France was over 8,500 million euros).

1.3.3. Weight of 'distributed Community spending' as a % of total public spending in each Member State per heading of the financial framework

The average share of distributed Community spending compared with total spending within the territory of EU Member States under each heading is:

- substantial under the 'Conservation and management of natural resources' heading (32.9% of total spending on average);
- significant under the 'Cohesion' heading (18.4% of total spending on average);
- very limited under the 'Competitiveness' heading, including without social welfare (0.2% including social welfare and 0.8% excluding social welfare) and 'Freedom, security, justice, etc.' headings, including without health (0.1% including health and 0.3% excluding health).

This general observation shows broad discrepancies between Member States in all headings.

Under the 'Competitiveness' heading (excluding social welfare), the weight of distributed Community spending as against total spending is:

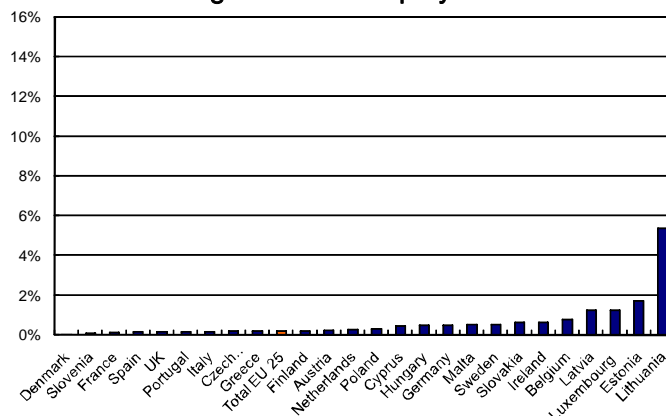
- below average (0.8%) and particularly low for 10 Member States, including France;
- above average for the other 15 countries, but exceeds 3% of total spending for only three of these countries (15% for Lithuania).

Under the 'Cohesion' heading (including housing), the weight of distributed Community spending as against total spending is:

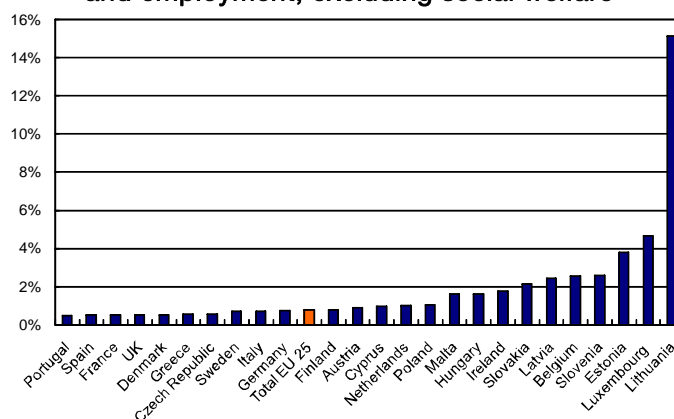
- below average (18.4%) for 10 Member States;
- above average for the other 15 countries, including France, and exceeds 40% of total spending for only 4 of these countries (49.3% for Estonia).

Weight of 'distributed Community spending' per heading of the financial framework (as a % of total public spending in each Member State)

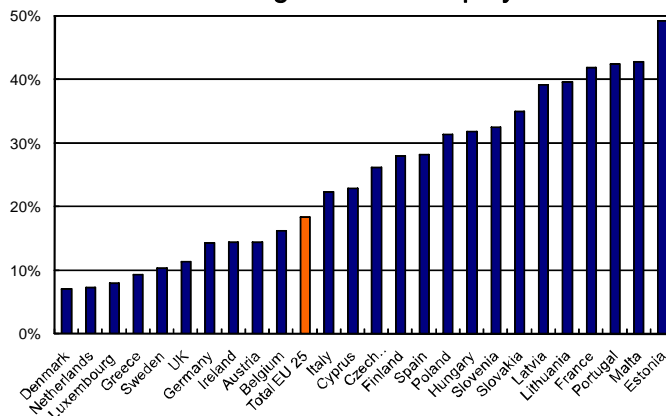
Heading 1a: Competitiveness for growth and employment



Heading 1a: Competitiveness for growth and employment, excluding social welfare



Heading 1b: Cohesion for growth and employment



Under the heading of 'Conservation and management of natural resources', the weight of distributed Community spending in total spending is:

- below average (32.9%) in 11 Member States; it is lower than 10% in Malta and Luxembourg and under 20% in the UK and the Netherlands;
- above average for the other 14 countries, including France; it breaks the threshold of 50% of spending in 3 of these countries (Ireland, Portugal and Greece) and the threshold of 40% of spending for 6 others.

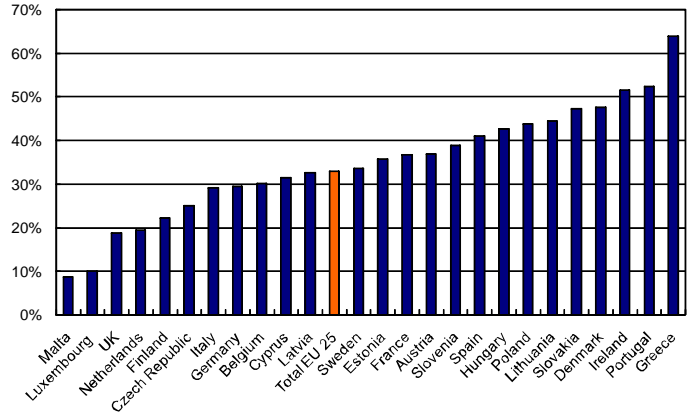
Under the heading of 'Freedom, security, justice, etc.', the weight of distributed Community spending in total spending is:

- below average (0.1%) for 8 Member States, including France;
- above average for the other 17 countries, but exceeds the very low threshold of 1% of total spending for only 5 of these countries (Cyprus, Lithuania, Latvia, Malta and Sweden).

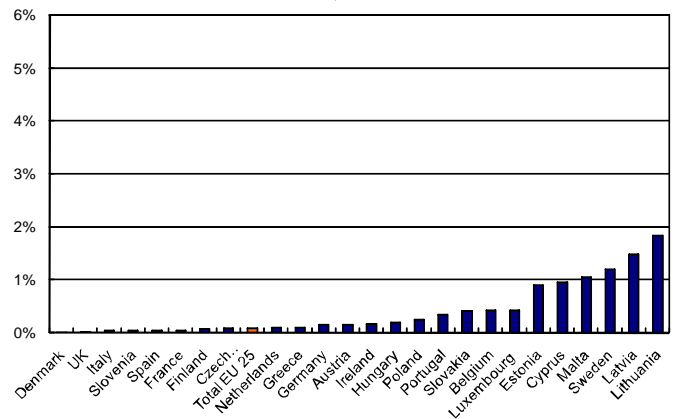
Excluding health spending from the calculation slightly increases the weight of distributed Community spending as against total spending, but this spending exceeds the very low threshold of 2% in only 2 countries (Malta and Lithuania).

Weight of 'distributed Community spending' per heading of the financial framework (as a % of total public spending in each Member State)

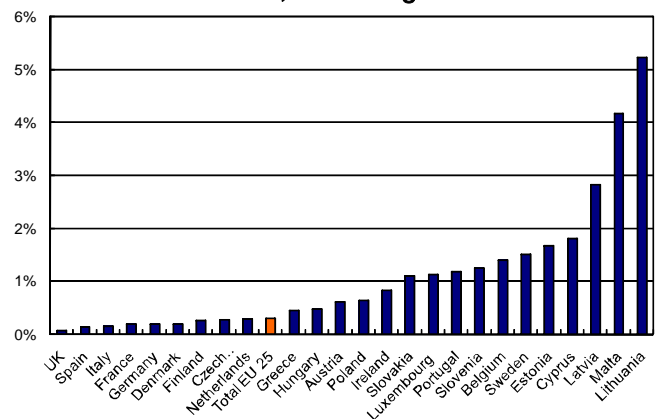
Heading 2: Conservation and management of natural resources



Heading 3: Freedom and security, citizenship and culture, and health



Heading 3: Freedom and security, citizenship and culture, excluding health



Sources: OJ of the EU L 71 (14 March 2008), European Commission, Eurostat, OECD, CAS calculations

Part 2

Community and national public spending: sectorial views

Part 2

Community and national public spending: sectorial views

Main points

2.1. European public spending by sector: overview

- 2.1.1. Total public spending by sector
- 2.1.2. Distribution of spending between the national and the Community level for each sector

2.2. Spending on 'Competitiveness for growth and employment'

- 2.2.1. Level and distribution of spending on 'Competitiveness for growth and employment'
- 2.2.2. Technological research and development
- 2.2.3. Energy and transport
- 2.2.4. Education and training
- 2.2.5. 'Competitiveness and innovation'
- 2.2.6. Management of social changes (active policies for the labour market and social welfare)

2.3. Spending on 'Cohesion for growth and employment'

- 2.3.1. Level and distribution of spending on 'Competitiveness for growth and employment'
- 2.3.2. Territorial cohesion (excluding housing)

2.4. Spending on the 'Conservation and management of national resources'

- 2.4.1. Level and distribution of spending on 'Conservation and management of natural resources'
- 2.4.2. Agriculture
- 2.4.3. Environment

2.5. Spending on 'Freedom, security and justice, citizenship and culture, and health'

- 2.5.1. Freedom, security and justice
- 2.5.2. Citizenship and culture
- 2.5.3. Health

2.6. Spending on 'External relations'

- 2.6.1. Level and distribution of spending on 'External relations'
- 2.6.2. Public development aid and humanitarian aid
- 2.6.3. Defence and crisis management

Main points

1. European public spending manifests different priorities from one sector to another

- spending on **management of social changes** is the largest single heading, accounting for **41.4% of the total** (39.7% for social welfare spending and 1.6% for active policies for the labour market);
- spending on **health (14%)** and **education and training (11%)** are two other relatively substantial headings;
- spending on **administration (6.5%)** and **debt servicing (5.8%)** is at a lower level;
- the next headings in terms of size are **'Freedom, security and justice' (3.9%)** and the **'Foreign policy/defence' sector (3.4%)**;
- finally, a list of spending at a low level is carried out on **energy and transport (2.2% of the total)**, **research and development (1.5%)**, **agriculture (1.1%)** and **cohesion (1.1%)**.

2. The distribution by sector of European public spending is relatively close to the structure seen in the USA, Canada, Japan and Switzerland

- the sectorial hierarchy of spending is identical to that seen in the USA, Canada and Switzerland for the first three headings of the financial framework;
- it differs in terms of both spending on natural resources (including agriculture), which is in 6th place in Europe, 5th place in the USA and 4th place in Canada and Switzerland; and spending on external relations, which is in 4th place in Europe and the USA but in 6th place in Canada and Switzerland.

3. European public spending in 2006 was higher overall than the spending recorded in the USA, Canada, Japan and Switzerland in many sectors

- for **'management of social change'** (including social welfare): 18.95% of GDP in the EU, a higher level than that seen in Canada (5.38%), the USA (5.65%) and Switzerland (12.12%); the same is true for **'Social welfare'** taken by itself: 18.2% of GDP in 2006, as against 7.1% in the USA, 7.8% in Canada and 7.1% in Switzerland;
- in the sector of **education and training**: 5.18% of GDP in the EU, as against 3.79% in Canada and 4% in the USA – but 10.7% in Switzerland;
- for **R&D**: 0.7% of GDP, a higher level than reported in the USA or Canada – but lower than that reported in Japan;
- for **health**: 6.52% of GDP in the EU, a higher level than Canada (5.23% of GDP) and the USA (5.98%) – but lower than in Switzerland (7.75%);
- for **development aid and humanitarian aid**: 0.5% of GDP in the EU, as against 0.14% in the USA and 0.17% in Canada (with the figure for Switzerland also being 0.5%);
- European budgetary interventions allocated to **agriculture** totalled 0.5% of GDP, as against 0.2% in the USA and 0.38% in Canada, but 2.39% in Switzerland. Including more indirect 'public support for agriculture' leads to the observation that the EU provides a level of support comparable to that granted by Japan and around 25% higher than that granted by the USA and Canada;
- European public spending allocated to the **'Citizenship and culture'** sector totalled 1.05% of GDP, a level significantly higher than in the USA (0.17% of GDP) and higher than in Canada (0.65%) but a lot lower than in Switzerland (1.51%).

4. European public spending in 2006 was lower overall than the spending recorded in the USA, Canada, Japan and Switzerland in some sectors:

- in the sector **'Freedom, security and justice'**, where European spending totalled 1.77% of GDP, as against 2.93% in Switzerland and 2% in Canada – but 1.57% in the USA;

- European public spending on **‘Conservation and management of natural resources’** totalled 1.36% of GDP, a lower level than for Canada (1.57%) and Switzerland (4.35%) but higher than for the USA (0.32%);
- European public spending on **defence** totalled 1.55% of GDP, a lower level than for the USA (3.15%) and Switzerland (1.74%), although higher than for Canada (0.25% of GDP);

5. European public spending in 2006 is in an intermediate position with regard to the spending recorded for the USA, Canada, Japan and Switzerland in some sectors

- for **‘Competitiveness for growth and employment’ excluding social welfare**: public spending was equal to 7.7% of GDP in the EU, as against 7.3% in the USA, 7.9% in Canada and 10.4% in Switzerland;
- for **higher education**: public spending was 1% of GDP in the EU, a level equivalent to that in the USA, higher than in Japan (0.5%) but lower than that recorded in Canada (1.4%) and in Switzerland (1.4%);
- for **‘Regional cohesion and housing’**: 1.5% of GDP in the EU, as against 0.32% in the USA, 1.48% in Canada and 2.26% in Switzerland;
- for the **environment**: European public spending was 0.7% of GDP, three times higher than in the USA and equivalent to that in Canada but almost half as much as the level observed in Japan;
- for **‘External relations’**: 2% of GDP in the EU, as against over 4% of GDP in the USA, 1.5% in Switzerland and 0.4% in Canada.

6. European spending is mostly carried out at a Member State level

- **European public spending is mostly carried out at a ‘regional’ level** (Member States) for all 6 headings of the EU financial framework, whereas it is mostly carried out at a central level in the USA (for all 6 headings), Canada (3 headings) and Switzerland (2 headings);
- if we exclude **social welfare and health** from the calculation, the above analysis changes for 2 headings (1a and 3) in the USA and Canada, as the remaining spending under these headings is predominantly decentralised. We then find that spending on competitiveness excluding social welfare is predominantly carried out at regional level everywhere, albeit to different extents (99.1% in the EU, 75.4% in the USA, 88.3% in Canada and 73.4% in Switzerland).

7. Community spending is very limited compared to national spending in numerous sectors and is more substantial in certain others.

- **European public spending is carried out almost exclusively at a Member State level for numerous sectors**: energy and transport (99%); education and training (99%); ‘competitiveness and innovation’ (97%); management of social change (99%); housing (100%); the environment (99%); freedom, security and justice (99%); citizenship and culture (99%); health (99%); and foreign policy and defence (99%);
- **European public spending is partially Communitarised in three sectors**: public development aid (11.6% of total spending carried out at Community level); humanitarian aid (36.7%); and to a lesser extent technological research and development (6.9%);
- **European public spending is strongly Communitarised in four sectors**: agriculture (72% of direct budgetary interventions carried out at Community level); fishing (71.8%); rural development (67%); and ‘structural and cohesion policy’ (50%).

8. The overall distribution of European spending between the ‘regional’ level (Member States) and the ‘central’ level (EU) is atypical for several sectors in comparison with the distribution seen in the USA, Canada and Switzerland

- under the **‘Cohesion and housing’** heading: 83.6% of European spending is carried out at regional level, whereas this spending is very heavily centralised in the USA, Canada and Switzerland;
- under the **‘External relations’** heading: 96% of spending was carried out by EU Member States in 2006, whereas almost all spending on external relations in the USA, Canada and Switzerland was centralised;
- to a lesser extent, under the **‘Freedom, security, justice, etc’** heading, spending is 0.1% centralised in the EU, 3.8% in Switzerland, 29.3% in Canada and 54.1% in the USA.

9. The atypical nature of the distribution of European public spending between the central level (EU) and the regional level (Member States) can also be observed within the various segments of the financial framework

- European public spending on **R&D** is massively concentrated at a national scale and only 5.42% at a Community level: this is in sharp contrast with the situation in Canada (84% of spending at central level), the USA (89%) and Switzerland (100%);
- 83% of European public spending on **regional cohesion and housing** was carried out by Member States (as against 16.4% by the EU), whereas this spending was far more heavily centralised in Canada (81%), the USA (84%) and Switzerland (100%);
- 12.6% of European public spending on **development aid and humanitarian aid** was carried out at European level; in the USA, Canada and Switzerland, virtually all of this spending was carried out at a central level;
- almost all European public spending on **‘Management of social change’** is carried out by Member States, in contrast to the situation in Switzerland (where central spending represents 40% of the total), Canada (55%) and the USA (85%);
- virtually all European public spending on **energy and transport** is carried out by Member States: this contrasts with the situation in Canada (where central spending represents 12% of the total), the USA (36%) and Switzerland (47%);
- almost all European public spending on **‘education and training’** was carried out by Member States, in contrast to the situation in Switzerland (where central spending represents 6.3% of the total), Canada (10.25%) and the USA (11.47%).

10. The distribution of European spending between the ‘regional’ level (Member States) and the ‘central’ level (EU) is however in line with the distribution observed in the USA, Canada and Switzerland in some sectors

- the distribution of European spending on **‘conservation and management of natural resources’** between the central level (34.5%) and the regional level (65.5%) is comparable with the distribution observed in Canada (33% of spending at central level) and Switzerland (36.2% of spending at central level), whereas the share of spending carried out at central level in the USA is 71%;
- direct budgetary interventions for **agriculture** are predominantly carried out at a central level in the EU (72%), Canada (52.4%), Switzerland (54.7%) and the USA (82.8%);
- a significant part of spending on the **‘Freedom, security and justice’** sector is carried out at ‘regional’ level: over 99% in the EU, 91% in Switzerland and 84% in the USA. Canada is the only country to buck the trend, at 43.2%;
- virtually all European public spending in the sector of **‘Citizenship and culture’** is carried out by Member States: regional spending is also largely dominant in Switzerland (10.2%), the USA (16.3%) and Canada (28.9%);
- virtually all European public spending on **health** is carried out by Member States: regional spending is also largely dominant in Switzerland (99%) and Canada (81%) – the USA buck the trend with a central spending level of 65.2%.

2.1. European public spending by sector: overview

2.1.1. Total public spending by sector

In 2006, **over** half of European public spending was devoted to **management of social change** (41.4%, of which 39.7% was spent on social welfare and 1.6% on active policies for the labour market) and **health** (14%).

Distribution between spending headings was as follows:

- education and training (11%);
- administration (6.5%);
- debt servicing (5.8%);
- the field of ‘freedom, security and justice’ (3.9%);
- finally, the CFSP/defence sector (3.4%).

It should also be noted that:

- spending on energy and transport totalled 2.2% of total European public spending;
- R&D spending totalled 1.5% of total public spending;
- agricultural spending, structural spending and spending on cohesion each represented 1.1% of total public spending.

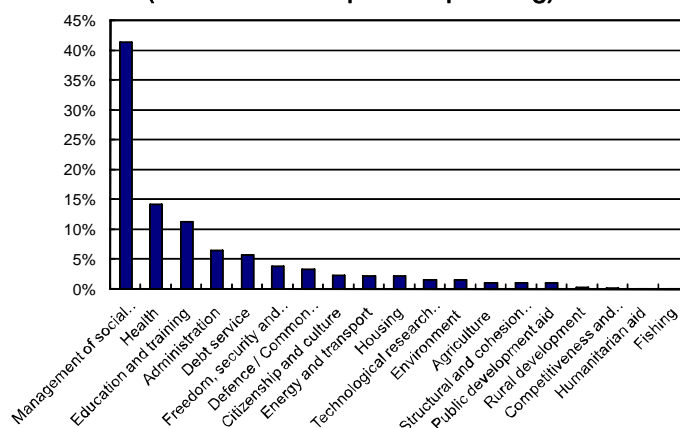
If we **exclude spending on social welfare and health**, we find that the breakdown of European public spending by sector in 2006 was as follows:

- **education and training (24.6%);**
- administration (14.1%);
- debt servicing (12.3%);
- the field of ‘freedom, security and justice’ (8.4%);
- the **CFSP/defence sector (7.4%)**.

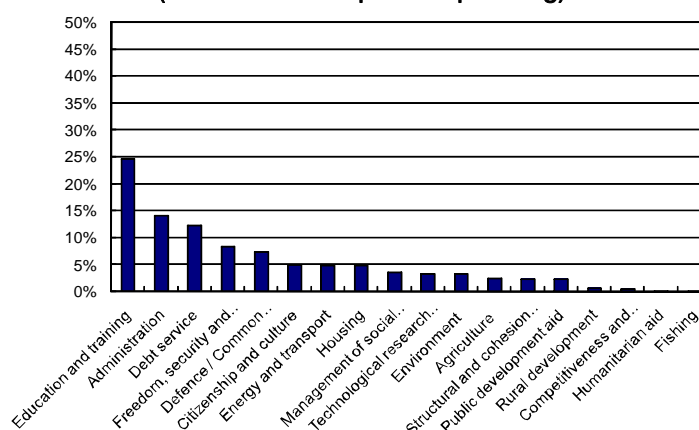
Finally:

- spending on energy and transport totalled 4.8% of total European public spending excluding social welfare and health;
- **R&D spending represented 3.3%** of total public spending excluding social welfare and health;
- **agricultural spending, structural spending and spending on cohesion made up 2.4% and 2.3%** of total public spending excluding social welfare and health.

Total public spending by sector in the EU in 2006 (as a % of total public spending)



Total public spending by sector in the EU in 2006 excluding social protection and health (as a % of total public spending)



Total public spending in the EU by sector in 2006: summary

	millions euros	% of GDP
Technological research and development	8 10 86	0,7%
Energy and transport	1161 41	1,0%
Education and training	59 72 08	5,2%
Competitiveness and innovation	102 93	0,1%
Management of social changes	21 83 487	19,0%
Structural and cohesion policy	5 66 66	0,5%
Housing	1160 79	1,0%
Agriculture	5 81 74	0,5%
Rural development	1 69 04	0,1%
Fishing	101 9	0,0%
Environment	8 09 46	0,7%
Freedom, security and justice	20 34 53	1,8%
Citizenship and culture	12 04 85	1,0%
Health	75 14 94	6,5%
Public development aid	5 55 42	0,5%
Humanitarian aid	2 07 4	0,0%
Defence / Common foreign and security policy (CFSP)	17 9 300	1,6%
Administration	3 429 18	3,0%
Debt service	3 067 17	2,7%
Total	52 79 986	45,8%

Sources: OJ of the EU L 71 (14 March 2008), Eurostat, OECD, CAS calculations

2.1.2. Distribution of spending between the national and the Community level for each sector

**Distribution of total public spending by sector in 2006
(as a % of total public spending by sector)**

	Community	national
Technological research and development	6,9%	93,6%
Energy and transport	0,9%	99,1%
Education and training	0,1%	99,9%
Competitiveness and innovation	2,7%	97,3%
Management of social changes	0,0%	100,0%
Structural and cohesion policy	50,0%	50,0%
Housing	0,0%	100,0%
Agriculture	72,0%	28,0%
Rural development	67,0%	33,0%
Fishing	71,8%	28,2%
Environment	0,2%	99,8%
Freedom, security and justice	0,2%	99,8%
Citizenship and culture	0,5%	99,5%
Health	0,1%	99,9%
Public development aid	11,6%	88,4%
Humanitarian aid	36,7%	63,3%
Defence / Common foreign and security policy (CSFP)	0,0%	100,0%
Administration	1,9%	98,1%
Debt service	0,0%	100,0%

Sources: OJ of the EU L 71 (14 March 2008), Eurostat, OECD, CAS calculations

The analysis of the distribution of European spending by sector between Community level and national level reveals **very broad disparities** between:

- the sectors in which **European public spending is strongly Communitarised***: agriculture (72% of total European spending); fishing (71.8%); rural development (67%); and structural and cohesion policy (50%).
- the sectors in which **European public spending is partially Communitarised**: public development aid (11.6%); humanitarian aid (36.7%); and to a lesser extent technological research and development (6.9%);
- the sectors in which **European public spending is carried out almost exclusively at a Member State level**: energy and transport, education and training, competitiveness and innovation, housing, the environment, freedom, security and justice, citizenship and culture, health, and foreign policy and defence.

* The analyses by sector below provide explanations, and sometimes nuances, for all the orders of magnitude set out here.

2.2. Spending on 'Competitiveness for growth and employment'

2.2.1. Level and distribution of spending on 'Competitiveness for growth and employment'

European public spending on 'competitiveness for growth and employment' totalled 2,988 billion euros in 2006, equivalent to **26% of the GDP of the EU**.

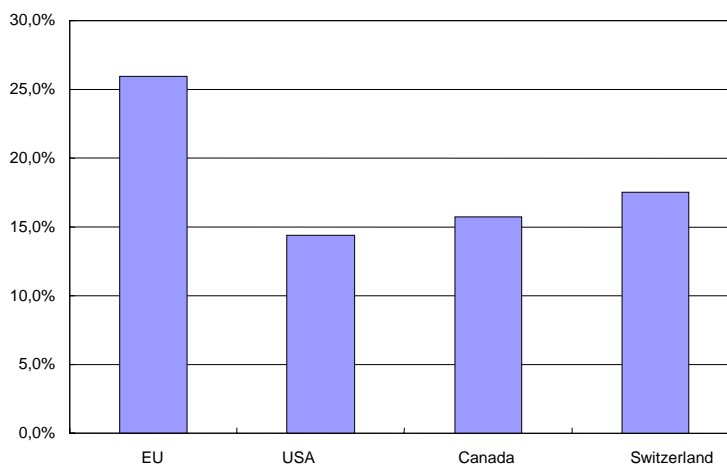
This relative level of spending is **considerably higher than seen in the USA (15% of GDP)**, Canada (16%) and Switzerland (18%).

If we exclude spending on social welfare and health, it can be seen that European public spending on 'competitiveness for growth and employment' totalled 892 billion euros in 2006, equivalent to **7.7% of the GDP of the EU**.

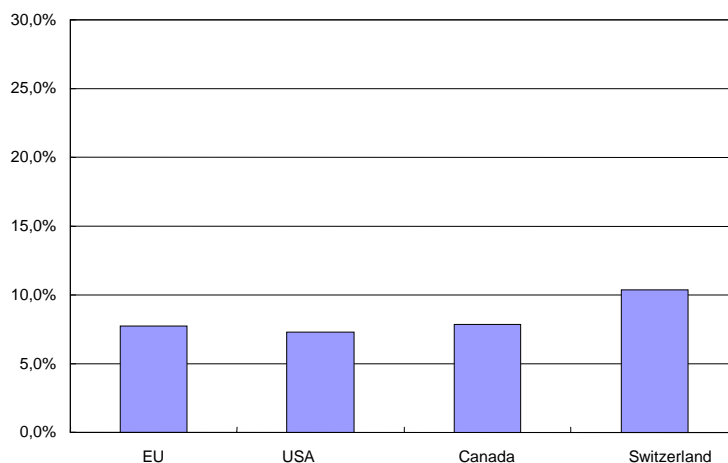
This relative level of spending is:

- practically **equivalent to that recorded for the USA (7.3% of GDP)** and Canada (7.9%)
- lower than that seen in Switzerland (10.4%).

Public spending on 'Competitiveness for growth and employment' in 2006 (as a % of GDP)



Public spending on 'Competitiveness for growth and employment' excluding social welfare and health in 2006 (as a % of GDP)



Sources: OJ of the EU L 71 (14 March 2008), Eurostat, OECD, Bureau of Economic Analysis (USA), Statistique Canada (Canada), Administration fédérale des finances (Switzerland), CAS calculations

Virtually all (99.7%) European public spending on competitiveness for growth and employment was carried out by Member States.

This is in contrast to the situation in:

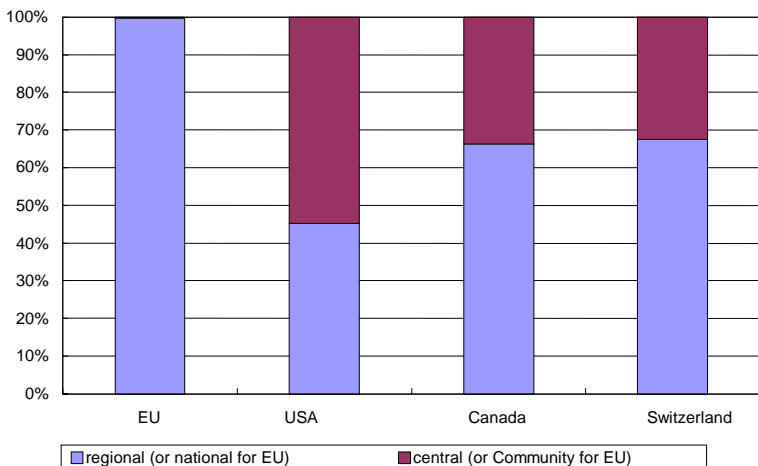
- the USA, where spending is 55% centralised;
- Canada (33.7% of spending is centralised);
- Switzerland (32.3% of spending is centralised).

Excluding spending on social welfare and health leads to a very similar finding with regard to the distribution of spending within the EU, since 99.1% of this spending is still carried out by Member States.

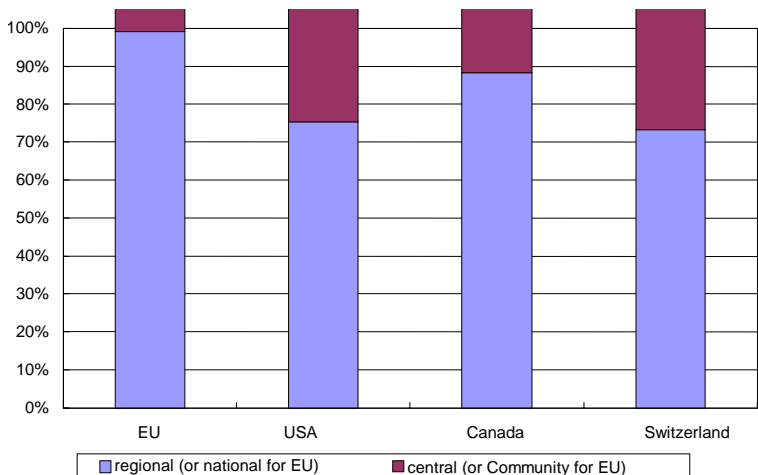
Spending distribution is however modified in the other three countries, particularly the USA and Canada, since the share of spending carried out at a central level is only 24.6% and 11.7% respectively (26.6% in Switzerland).

These levels of central spending on competitiveness excluding social welfare remain considerably higher than the level recorded within the EU.

Distribution of spending on 'Competitiveness for growth and employment' in 2006 (as a % of total spending)



Distribution of public spending on 'Competitiveness for growth and employment' excluding social welfare in 2006 (as a % of total spending)



Sources: OJ of the EU L 71 (14 March 2008), Eurostat, OECD, Bureau of Economic Analysis (USA), Statistique Canada (Canada), Administration fédérale des finances (Switzerland), CAS calculations

2.2.2. Technological research and development

European public spending on R&D represented **0.65% of GDP** in the EU in 2006, a ratio:

- similar to that of **Japan**; and
- lower than that observed in the **USA and Canada**.

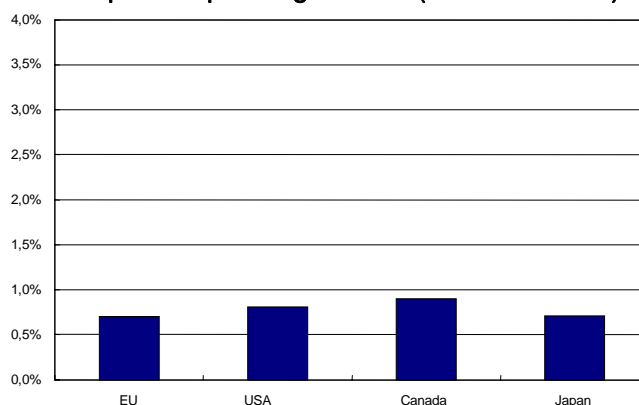
It should be noted that this average level covers significant disparities between countries, since the level was around 0.9% of GDP in Austria and Finland against under 0.5% of GDP in Portugal and Ireland. The level for France was almost 0.8%.

The situation with regard to private R&D spending is considerably different, since the level of this spending for 2006 was:

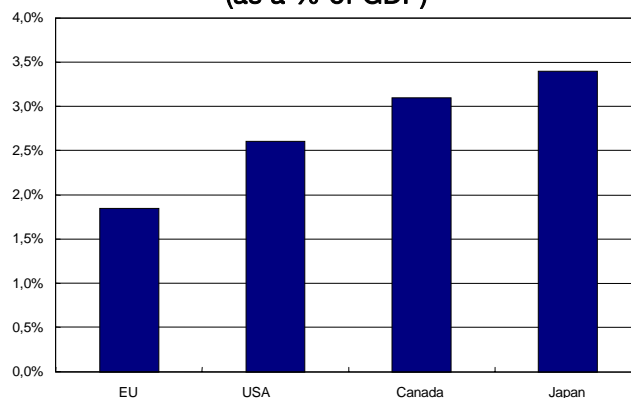
- around 1% of GDP within the EU and in Canada;
- around 2% of GDP in the USA; and
- around 3% of GDP in Japan.

In total, the level of European public and private spending on R&D in 2006 was considerably lower than in the USA, Canada and Japan.

Technological research and development: total public spending in 2006 (as a % of GDP)



Technological research and development: total spending (public and private) in 2006 (as a % of GDP)



Source: Eurostat, CAS calculations

European public spending on R&D is carried out very predominantly at a national level, and only **6.4%* at a Community level**.

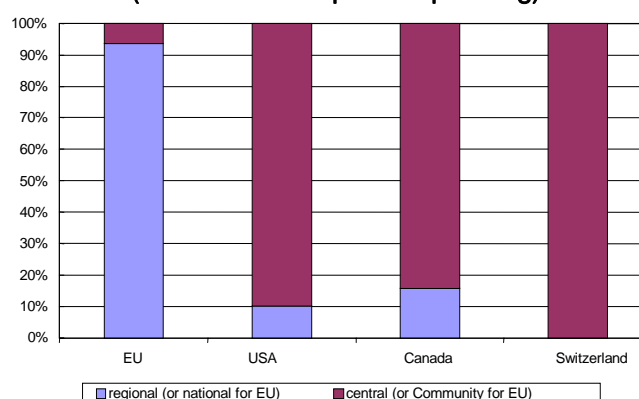
This spending distribution is very different to that observed in:

- Canada (84% of spending carried out at central level);
- the USA (89% of spending carried out at central level); and
- Switzerland (100% of spending carried out at central level).

In addition to the 'Framework research and development programme', **other types of Community spending can be devoted to R&D projects:**

- firstly, spending carried out by 'structural funds', of which the Commission estimates that 1.5 billion euros per year was devoted to R&D projects during the 2000-2006 period;
- secondly, spending carried out as part of the new programme for 'competitiveness and innovation' (200 million euros per year for the 2007-2013 period).

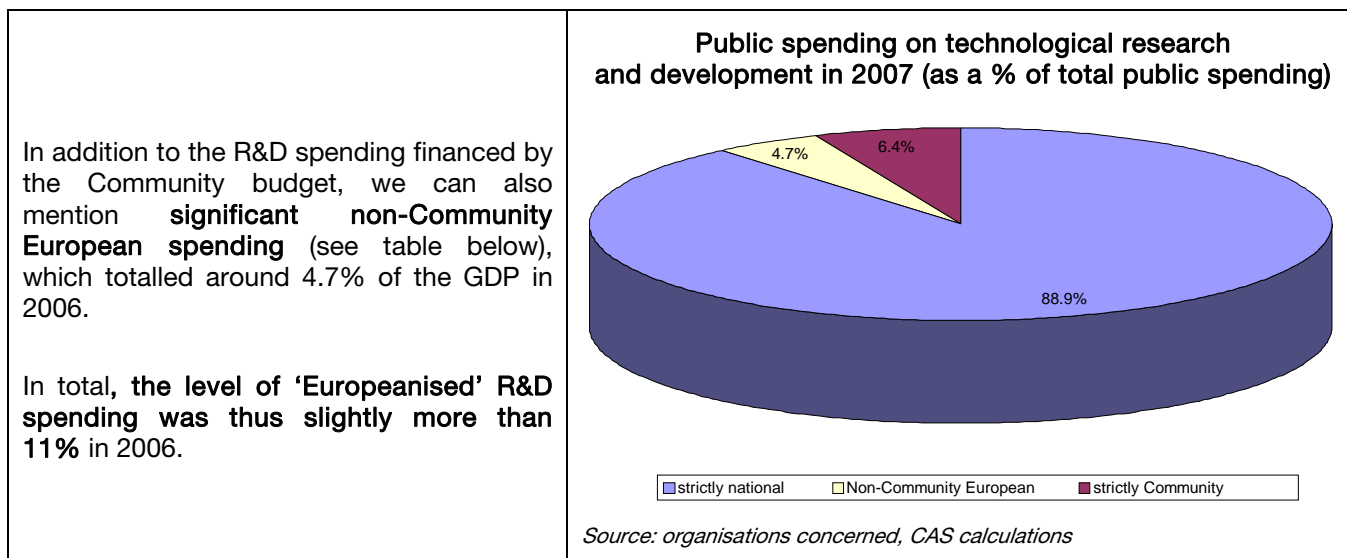
Technological research and development: distribution of spending in 2006 (as a % of total public spending)



Sources: OJ of the EU L 71 (14 March 2008), Eurostat, OECD, Bureau of Economic Analysis (USA), Statistique Canada (Canada), Administration fédérale des finances (Switzerland), CAS calculations

* Note that if the calculation is restricted to **financing for research by project**, the relative share of the EU increases fairly significantly: in France, this share thus totalled around **10%** of public spending in 2006.

'European' research spending: Community and intergovernmental aspects



Public spending on technological research and development in 2007: summary

	in millions euros	% of total spending	% of GDP
Incorporated spending within the Community framework	5 206	6,4%	0,05%
Framework research programme	5 206	6,4%	0,05%
Incorporated spending outside the Community framework	1 735	2,1%	0,02%
European Space Agency (ESA) - Mandatory activities	734	0,9%	0,01%
European Organisation for Astronomical Research (ESO)	150	0,2%	0,00%
European Organisation for Nuclear Research (CERN)	636,3	0,8%	0,01%
European Synchrotron Radiation Facility (ESRF)	80	0,1%	0,00%
European Molecular Biology Laboratory (EMBL)	71	0,1%	0,00%
Laue-Langevin Institut (ILL)	63,8	0,1%	0,00%
As a reminder: European Fusion Development Agreement (EFDA)		0,0%	0,00%
Coordinated national spending*	2 093,2	2,6%	0,02%
Eranet	13,7	0,0%	0,00%
Initiatives under Article 169**	7,5	0,0%	0,00%
Eurocores	22		
As a reminder: ITC**			
Eureka Programme	270	0,3%	0,00%
European Space Agency (ESA) - Optional programmes	1 780	2,2%	0,02%
Total	9 034	11,1%	0,08%

Source: organisations concerned, CAS calculations

* These mechanisms envisage deploying not only Community funds but also national funds, with the latter being the only funds mentioned in this table. Furthermore, this spending may be implemented either via a Community mechanisms (Eranet, initiatives under Article 169, Eurocores, ITC) or via an intergovernmental mechanism (Eureka, COST, etc.).

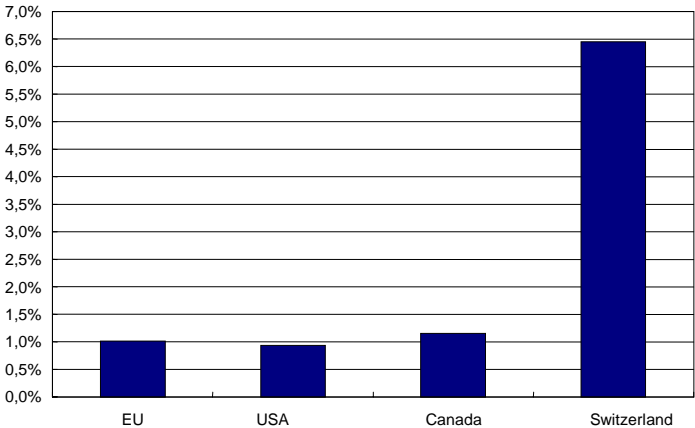
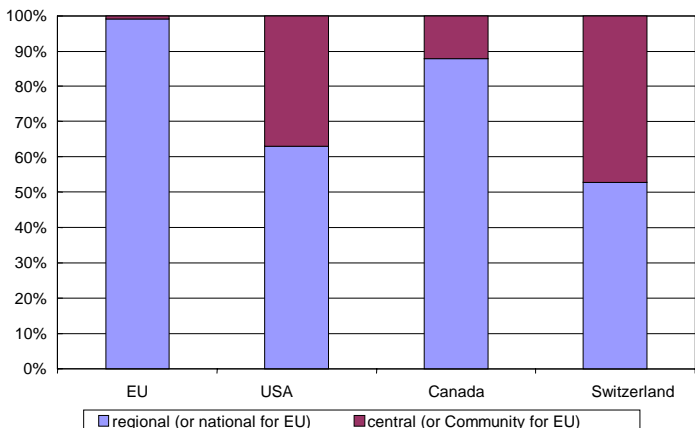
** One single initiative 'under Article 169' was launched during the 2000-2006 period: the 'EDCTP' initiative (research into treatments for AIDS, malaria and tuberculosis). However, other initiatives have been or will be launched for the 2007-2013 period: 'AAL' (use of ICT for the elderly); 'EUROSTARS' (for SMEs); EMRP (metrology); and BONUS-169 (Baltic Sea).

It is also worth noting that in December 2008, the 'Competitiveness' Council set down the method for using the 'joint programming' procedure implemented for research as part of the Ljubljana process. This joint programming will be implemented gradually over the course of 2009, beginning with the fight against neurodegenerative diseases and Alzheimer's disease. Nine countries (Spain, France, Ireland, Italy, the Netherlands, the Czech Republic, the UK, Sweden and Switzerland) will adopt and develop joint campaigns to fight Alzheimer's disease.

*** ITCs, carried out during the 2007-2013 period, are intended to be 16% financed by the Community budget (as part of the 7th framework programme) and 33% financed by Member States, with the remaining half being covered by businesses. The Commission has currently approved six projects, which should each mobilise between 2 and 3 million euros between 2007 and 2013: ARTEMIS (embedded computer systems) and IMI (innovative drugs) in the healthcare sector; CLEAN SKY (aeronautics and airborne transport) in the transport sector; ENIAC (nanoelectric technologies by 2020) in the ICT sector; and FUEL CELL (hydrogen and fuel batteries) in the energy sector. The European satellite navigation system 'Galileo', designed in collaboration with the European Space Agency, is presented as the only ITC so far launched, although in the end the EU decided to finance the entire project itself.

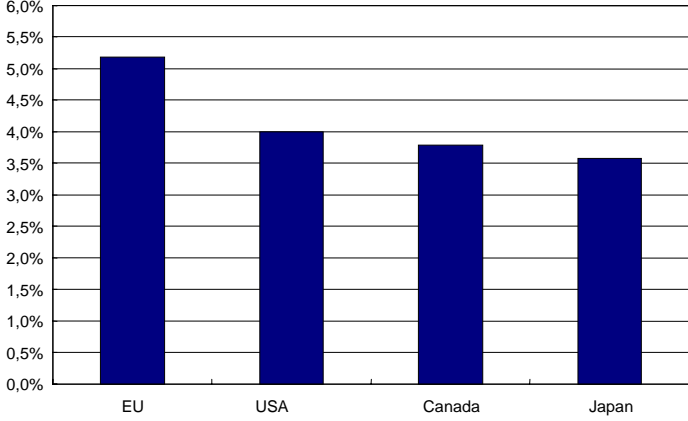
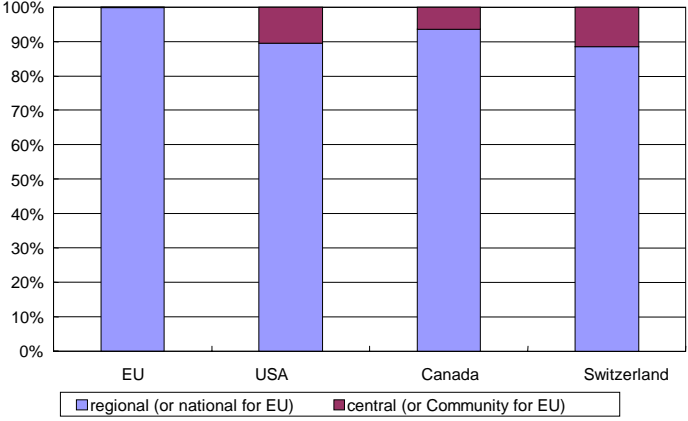
NB1: Note that the programmed increase in R&D expenses as part of the PCRD (almost 7 billion euros per year planned for between 2007 and 2013) could make Community R&D spending exceed even more the level of non-Community European spending carried out in the same sector. NB2: Also note that mechanisms such as COST, which are financed at Community level subject to the existence of national public spending, can be used to implement significant leverage effects, which for COST (which receives Community spending of 30 million euros per year), for example, are estimated at 2 billion euros.

2.2.3. Energy and transport

<p>European public spending on energy and transport represented around 1% of GDP in 2006 (116 billion euros), at a level:</p> <ul style="list-style-type: none"> – comparable with that seen in the USA and Canada; – much lower than that seen in Switzerland (where it represented 6.45% of GDP). 	<p style="text-align: center;">Energy and transport: total public spending in 2006 (as a % of GDP)</p>  <p style="text-align: center;"><i>Sources: OJ of the EU L 71 (14 March 2008), Eurostat, OECD, Bureau of Economic Analysis (USA), Statistique Canada (Canada), Administration fédérale des finances (Switzerland), CAS calculations</i></p>																			
<p>Virtually all European public spending on energy and transport is carried out by Member States, with the EU representing only 0.87% of the total. In this context, the financial contribution from the EU is more substantial for financing transport and energy infrastructures that have a European dimension (Trans European Networks)*.</p> <p>This small share of European public spending on energy and transport contrasts with the situation in Canada (where central spending represents 12% of the total), the USA (36%) and Switzerland (47%).</p> <p>* With regard to the financing of TENs, it should be noted that this rate of 1.63% is an average overall figure covering all European transport and energy networks. This percentage is thus liable to be much higher:</p> <ul style="list-style-type: none"> – firstly, for TEN projects deemed to be ‘priority’ by the Community authorities: the Community share of their financing can thus rise to 10% of the total cost of the projects, or even 20% in some cases; – secondly, financing for studies associated with the implementation of TEN projects, for which the EU cofinancing can reach up to 50% of the total cost. 	<p style="text-align: center;">Energy and transport: distribution of spending in 2006 (as a % of total public spending)</p>  <p style="text-align: center;"> ■ regional (or national for EU) ■ central (or Community for EU) </p> <p style="text-align: center;">For the EU</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th rowspan="2"></th> <th colspan="2">total public spending</th> <th colspan="2">share of spending</th> </tr> <tr> <th>millions euros</th> <th>as % of GDP</th> <th>MS</th> <th>EU</th> </tr> </thead> <tbody> <tr> <td>TEN</td> <td>42965</td> <td>0.37%</td> <td>98.37%</td> <td>1.63%</td> </tr> <tr> <td>excl. TEN</td> <td>73176</td> <td>0.64%</td> <td>99.58%</td> <td>0.42%</td> </tr> </tbody> </table> <p style="text-align: center;"><i>Sources: OJ of the EU L 71 (14 March 2008), Eurostat, OECD, Bureau of Economic Analysis (USA), Statistique Canada (Canada), Administration fédérale des finances (Switzerland), CAS calculations</i></p>		total public spending		share of spending		millions euros	as % of GDP	MS	EU	TEN	42965	0.37%	98.37%	1.63%	excl. TEN	73176	0.64%	99.58%	0.42%
	total public spending		share of spending																	
	millions euros	as % of GDP	MS	EU																
TEN	42965	0.37%	98.37%	1.63%																
excl. TEN	73176	0.64%	99.58%	0.42%																

2.2.4. Education and training

a – Level and distribution of total public spending

<p>European public spending on education and training totalled 597 billion euros in 2006, equivalent to 5.18% of the GDP of the EU.</p> <p>This relative level of spending is:</p> <ul style="list-style-type: none"> – higher than seen in Japan (3.6%), Canada (3.8% of GDP) and the USA (4%); – under half the level recorded in Switzerland (10.7%). 	<p style="text-align: center;">Education and training: total public spending in 2006 (as a % of GDP)</p>  <p style="text-align: center;"><i>Sources: OJ of the EU L 71 (14 March 2008), Eurostat, OECD, Bureau of Economic Analysis (USA), Statistique Canada (Canada), Administration fédérale des finances (Switzerland), CAS calculations</i></p>
<p>Virtually all European public spending on education and training is carried out by Member States, with the EU representing only 0.14% of the total.</p> <p>This small share of European public spending on education and training contrasts with the situation in Canada (where central spending represents 6.3% of the total), the USA (10.25%) and Switzerland (11.47%).</p> <p>Note that the financial contribution from the EU may be more substantial in certain very specific fields of intervention, particularly that of support for the mobility of young people in training in Europe: in France, this contribution thus totalled almost 44% of total public spending in 2006 (126 million euros).</p>	<p style="text-align: center;">Education and training: distribution of spending in 2006 (as a % of total public spending)</p>  <p style="text-align: center;"><i>Sources: OJ of the EU L 71 (14 March 2008), Eurostat, OECD, Bureau of Economic Analysis (USA), Statistique Canada (Canada), Administration fédérale des finances (Switzerland), CAS calculations</i></p>

b – Level and distribution of public spending on higher education

European public spending on higher education totalled 105 billion euros in 2006, equivalent to **1% of the GDP** of the EU.

This relative level of spending is:

- **comparable** to that recorded in the **USA**;
- **higher** than that observed in **Japan** (0.5%); and
- **lower** than that seen in **Canada** (1.4%) and **Switzerland** (1.4%).

It should be noted that the **situation regarding private spending on higher education contrasts much more strongly**, the level of this spending in 2006 being:

- around 0.2% of GDP in the EU;
- around 0.9% of GDP in Japan;
- around 1.1% of GDP in Canada; and
- around 1.9% of GDP in the USA.

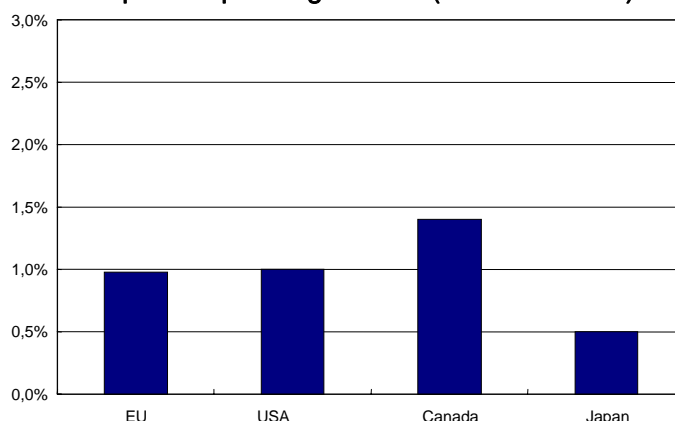
In total, the level of European public and private spending on higher education in 2006 was:

- significantly lower than in the USA and Canada; and
- slightly lower than in Japan.

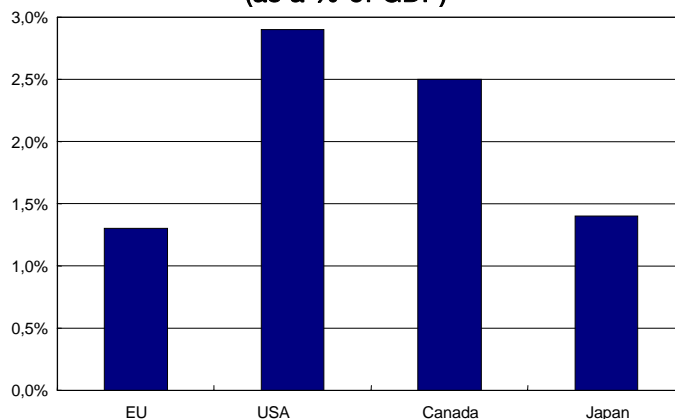
Virtually all (99.3%) of European public spending on higher education is carried out in **Member States, with the EU representing only 0.7%** of the total.

The very low share represented by central higher education spending is in contrast with the situation in the USA, where this spending represents 17.4% of the total, and in Switzerland (100% of total carried out at central level).

Higher education: total public spending in 2005 (as a % of GDP)



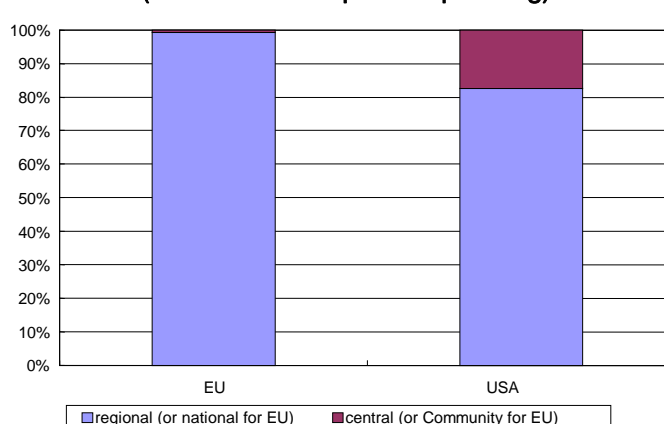
Higher education: total spending (public and private) in 2005 (as a % of GDP)



N.B.: The Member States of the EU covered are the EU 20 (EU excluding Malta, Cyprus, Latvia, Lithuania and Luxembourg).

Source: OECD (2008), 'Education at a Glance 2008'

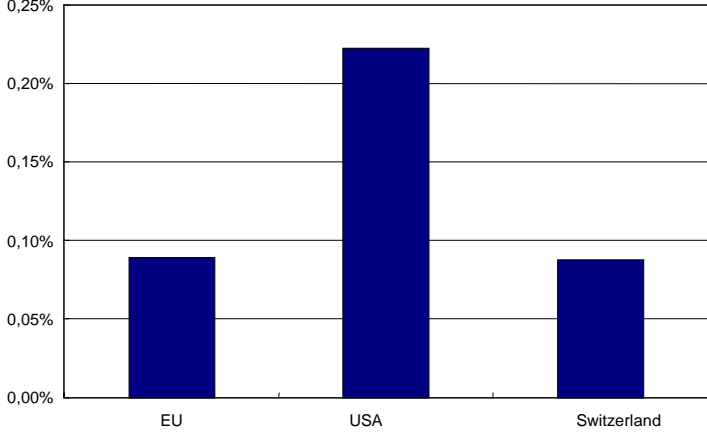
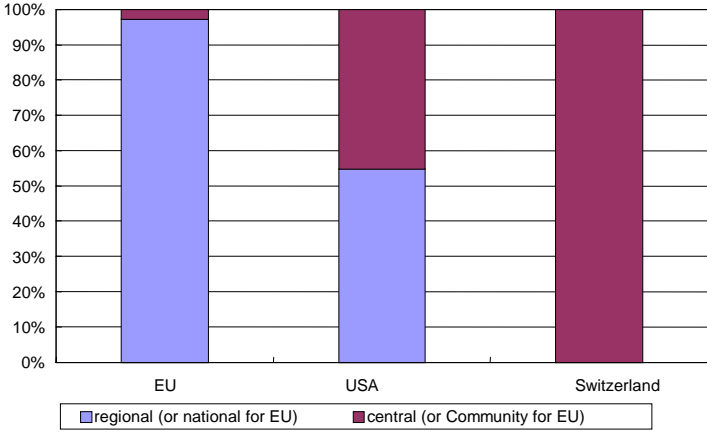
Higher education: distribution of spending in 2006 (as a % of total public spending)



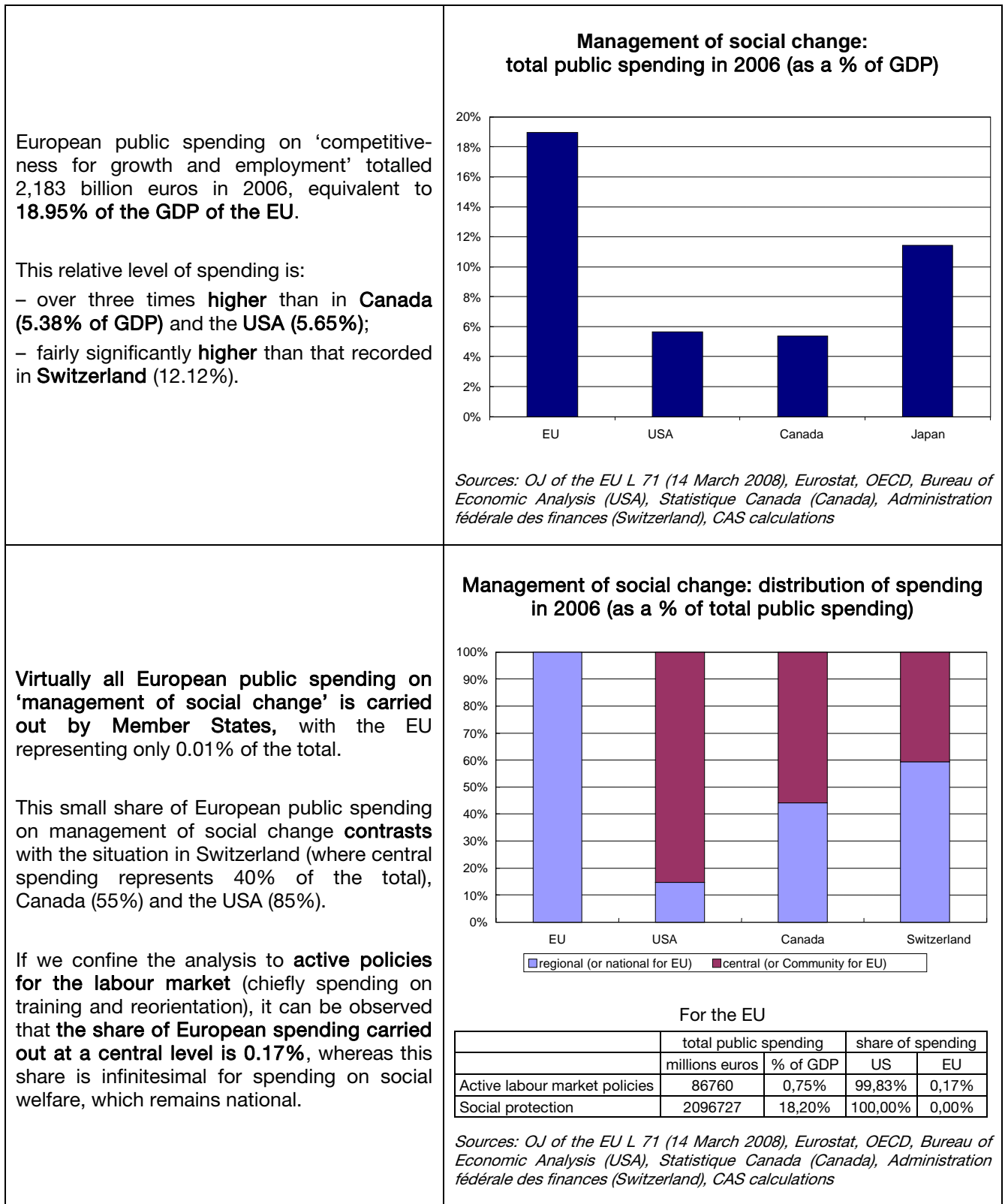
Sources: OJ of the EU L 71 (14 March 2008), OECD, Bureau of Economic Analysis (USA), Administration fédérale des finances (Switzerland), CAS calculations

2.2.5. 'Competitiveness and innovation'

This heading refers to the Community programme of the same name and shows only national spending of the same type, which does not include all the spending that could conceivably be classified under the political term of 'Competitiveness and innovation'.

<p>European public spending corresponding to the subheading of 'Competitiveness and innovation' of the financial framework of the EU reached 10.2 billion euros in 2006, a level equivalent to 0.09% of the GDP of the EU.</p> <p>This relative level of spending is:</p> <ul style="list-style-type: none"> - equivalent to that recorded in Switzerland; and - significantly lower than in the USA (0.22%). 	<p style="text-align: center;">'Competitiveness and innovation': total public spending in 2006 (as a % of GDP)</p>  <table border="1"> <caption>Data for 'Competitiveness and innovation': total public spending in 2006 (as a % of GDP)</caption> <thead> <tr> <th>Entity</th> <th>Spending as a % of GDP</th> </tr> </thead> <tbody> <tr> <td>EU</td> <td>0.09%</td> </tr> <tr> <td>USA</td> <td>0.22%</td> </tr> <tr> <td>Switzerland</td> <td>0.09%</td> </tr> </tbody> </table> <p><i>Sources: OJ of the EU L 71 (14 March 2008), Eurostat, OECD, Bureau of Economic Analysis (USA), Statistique Canada (Canada), Administration fédérale des finances (Switzerland), CAS calculations</i></p>	Entity	Spending as a % of GDP	EU	0.09%	USA	0.22%	Switzerland	0.09%				
Entity	Spending as a % of GDP												
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USA	0.22%												
Switzerland	0.09%												
<p>The vast majority of European public spending on competitiveness and innovation is carried out by Member States, with the EU representing only 2.73% of the total.</p> <p>This small share of central spending on competitiveness and innovation is in contrast with the situation in:</p> <ul style="list-style-type: none"> - the USA (where it represents 41% of the total); - Switzerland, where all such spending is carried out at central level. 	<p style="text-align: center;">'Competitiveness and innovation': distribution of spending in 2006 (as a % of total public spending)</p>  <table border="1"> <caption>Data for 'Competitiveness and innovation': distribution of spending in 2006 (as a % of total public spending)</caption> <thead> <tr> <th>Entity</th> <th>Regional (or national for EU) (%)</th> <th>Central (or Community for EU) (%)</th> </tr> </thead> <tbody> <tr> <td>EU</td> <td>97.27%</td> <td>2.73%</td> </tr> <tr> <td>USA</td> <td>55%</td> <td>41%</td> </tr> <tr> <td>Switzerland</td> <td>0%</td> <td>100%</td> </tr> </tbody> </table> <p><i>Sources: OJ of the EU L 71 (14 March 2008), Eurostat, OECD, Bureau of Economic Analysis (USA), Statistique Canada (Canada), Administration fédérale des finances (Switzerland), CAS calculations</i></p>	Entity	Regional (or national for EU) (%)	Central (or Community for EU) (%)	EU	97.27%	2.73%	USA	55%	41%	Switzerland	0%	100%
Entity	Regional (or national for EU) (%)	Central (or Community for EU) (%)											
EU	97.27%	2.73%											
USA	55%	41%											
Switzerland	0%	100%											

2.2.6. Management of social changes (active policies for the labour market and social welfare)



2.3. Spending on 'Cohesion for growth and employment'

2.3.1. Level and distribution of spending on 'Cohesion for growth and employment'

<p>European public spending on regional cohesion and housing totalled 172 billion euros in 2006, equivalent to 1.5% of the GDP of the EU.</p> <p>This relative level of spending is:</p> <ul style="list-style-type: none"> – almost three times higher than the USA (0.32% of GDP); – comparable to that observed in Canada (1.48%); – fairly significantly lower than that seen in Switzerland (2.26%). 	<p>Public spending on 'Cohesion for growth and employment' in 2006 (as a % of GDP)</p> <p>Sources: OJ of the EU L 71 (14 March 2008), Eurostat, OECD, Bureau of Economic Analysis (USA), Statistique Canada (Canada), Administration fédérale des finances (Switzerland), CAS calculations</p>																			
<p>83% of European public spending on regional cohesion and housing was carried out by Member States (as against 16.4% by the EU).</p> <p>This spending is much more centralised in:</p> <ul style="list-style-type: none"> – Canada (81%); – the USA (84%); and – Switzerland (100%). <p>A more detailed analysis of this heading of the financial framework reveals that the EU's involvement is virtually nonexistent in the housing sector (which represents two thirds of the total), and that it is concentrated on the sector of 'Regional cohesion'.</p>	<p>Distribution of spending on 'Cohesion for growth and employment' in 2006 (as a % of total spending)</p> <p>For the EU</p> <table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="2">total public spending</th> <th colspan="2">share of spending</th> </tr> <tr> <th>millions euros</th> <th>% of GDP</th> <th>US</th> <th>EU</th> </tr> </thead> <tbody> <tr> <td>Regional cohesion</td> <td>56666</td> <td>0,49%</td> <td>50%</td> <td>50%</td> </tr> <tr> <td>Housing</td> <td>116079</td> <td>1,01%</td> <td>100%</td> <td>0%</td> </tr> </tbody> </table> <p>Sources: OJ of the EU L 71 (14 March 2008), Eurostat, OECD, Bureau of Economic Analysis (USA), Statistique Canada (Canada), Administration fédérale des finances (Switzerland), CAS calculations</p>		total public spending		share of spending		millions euros	% of GDP	US	EU	Regional cohesion	56666	0,49%	50%	50%	Housing	116079	1,01%	100%	0%
	total public spending		share of spending																	
	millions euros	% of GDP	US	EU																
Regional cohesion	56666	0,49%	50%	50%																
Housing	116079	1,01%	100%	0%																

2.3.2. Territorial cohesion (excluding housing)

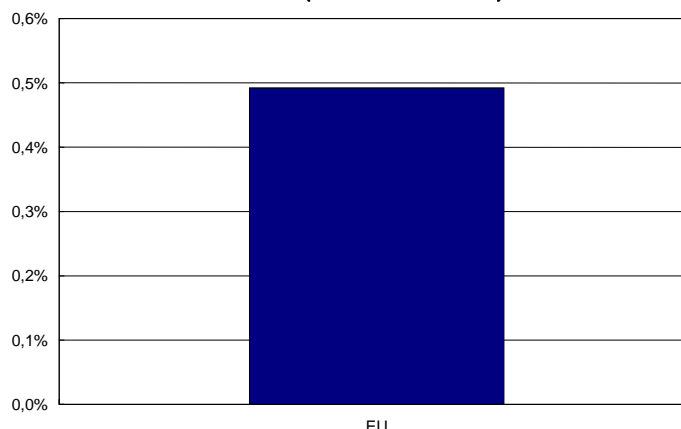
The EU's financial involvement is more substantial with regard to regional cohesion. If the analysis is confined to the average cofinancing communicated by the European Commission, it can be seen that this spending funds an average of **50%** of the initiatives launched by Member States in a European context (the amounts of this funding obviously vary widely between countries).

Note that this average figure of 50% corresponds de facto to the reality of the national and regional programming documents setting out the amounts of Community cofinancing. We should nevertheless specify that the national public equivalent of the Community financing does not represent the entirety of national public spending on territorial cohesion.

Analysis of the sources of financing for spending on territorial cohesion in France for the 2000-2006 period thus reveals that:

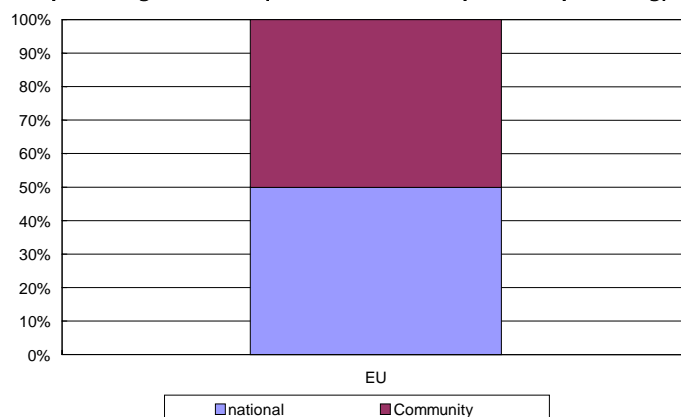
- for **Objective 1 spending ('convergence')**, the ratio between financing from the EU and from national public contributions is relatively **close to 50/50** (for a total of around 8.6 billion euros);
- for **Objective 2 spending ('competitiveness')**, the ratio between financing from the EU and from national public contributions is **32% for the EU** and 68% for the national public contributions (for a total of around 22 billion euros);
- for **all spending representing Objectives 1 and 2** of European structural funds, the contribution of the EU is then around **37% of the total**, as against **63% from national public contributions** (for a total of around 30 billion euros).

Regional cohesion in the EU: total public spending in 2006 (as a % of GDP)



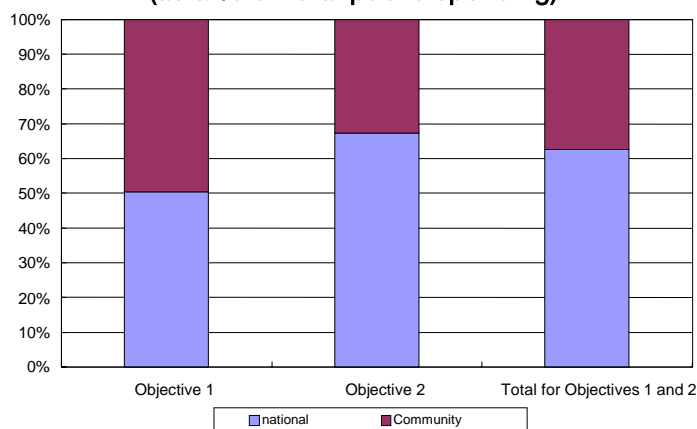
Sources: OJ of the EU L 71 (14 March 2008), Eurostat, CAS calculations

Regional cohesion in the EU: distribution of total public spending in 2006 (as a % of total public spending)



Sources: OJ of the EU L 71 (14 March 2008), Eurostat, CAS calculations

European and national public spending on regional cohesion in 2006: in France (as a % of total public spending)



Source: DIACT - PRESAGE database

2.4. Spending on the 'Conservation and management of national resources'

2.4.1. Level and distribution of spending on 'Conservation and management of natural resources'

<p>European public spending on the 'conservation and management of natural resources' totalled 157 billion euros in 2006, equivalent to 1.36% of the GDP of the EU.</p> <p>This relative level of spending is:</p> <ul style="list-style-type: none"> – over three times higher than the USA (0.32% of GDP); – lower than that seen in Canada (1.57%) and Switzerland (4.35%). 	<p style="text-align: center;">Public spending on the 'Conservation and management of natural resources' (as a % of GDP)</p> <p style="text-align: center;">Sources: OJ of the EU L 71 (14 March 2008), Eurostat, OECD, Bureau of Economic Analysis (USA), Statistique Canada (Canada), Administration fédérale des finances (Switzerland), CAS calculations</p>																													
<p>Around one third (34.5%) of European public spending on the 'Conservation and management of natural resources' is carried out by the European Union.</p> <p>This distribution of spending between the central and 'regional' levels is:</p> <ul style="list-style-type: none"> – fairly comparable with that observed in Canada (32.9% at the central level) and in Switzerland (36.2%); but – in contrast with the level recorded in the USA (where 70.9% of spending is carried out at a central level). <p>An analysis by subsector of the distribution of European public spending devoted to the 'Conservation and management of natural resources' adds several nuances to this statement.</p>	<p style="text-align: center;">Public spending on the 'Conservation and management of natural resources' in 2006 (as a % of total spending)</p> <p style="text-align: center;">For the EU</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2"></th> <th colspan="2">total public spending</th> <th colspan="2">share of spending</th> </tr> <tr> <th>millions euros</th> <th>% of GDP</th> <th>US</th> <th>EU</th> </tr> </thead> <tbody> <tr> <td>Agriculture</td> <td>58174</td> <td>0,50%</td> <td>28%</td> <td>72,0%</td> </tr> <tr> <td>Fishing</td> <td>1019</td> <td>0,01%</td> <td>28%</td> <td>71,8%</td> </tr> <tr> <td>Rural development</td> <td>16904</td> <td>0,15%</td> <td>33%</td> <td>67,0%</td> </tr> <tr> <td>Environment</td> <td>80946</td> <td>0,70%</td> <td>100%</td> <td>0,2%</td> </tr> </tbody> </table> <p style="text-align: center;">Sources: OJ of the EU L 71 (14 March 2008), Eurostat, OECD, Bureau of Economic Analysis (USA), Statistique Canada (Canada), Administration fédérale des finances (Switzerland), CAS calculations</p>		total public spending		share of spending		millions euros	% of GDP	US	EU	Agriculture	58174	0,50%	28%	72,0%	Fishing	1019	0,01%	28%	71,8%	Rural development	16904	0,15%	33%	67,0%	Environment	80946	0,70%	100%	0,2%
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Environment	80946	0,70%	100%	0,2%																										

2.4.2. Agriculture

a – Level of public spending on agriculture

Budgetary interventions devoted to agriculture in the European Union totalled 58.1 billion euros in 2006, a level equivalent to **slightly over 0.5% of the GDP of the EU**.

This relative level of spending is:

- over two times **higher** than the **USA** (0.2% of GDP);
- **higher** than observed in **Canada** (0.38%);
- very significantly **lower** than the level recorded in **Switzerland** (2.39%).

Note that these budgetary interventions include direct financial transfers to farmers and transfers from taxpayers to consumers (i.e. the aid granted to consumers for purchasing agricultural products – this aid is very high in the USA).

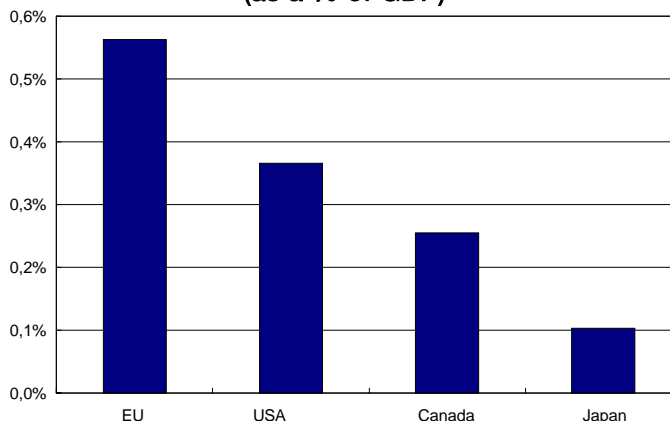
The particularly low level of direct budgetary interventions in a country such as Japan is partially compensated for by the large size of the **'support for market prices'**, which represents **72% of total support in Japan, as against only 6% in the USA, 35% in the EU and 40% in Canada**.

This support for market prices forms an integral part of the estimation of support for producers (ESP) measured by the OECD, and corresponds to additional costs borne directly by the consumer, particularly as a result of high customs barriers.

Adding support for market prices to direct budgetary interventions produces a different evaluation of the public support granted to agriculture, which then amounts to 0.94% of GDP in the EU, 0.84% in Japan, 0.63% in the USA and 0.6% in Canada.

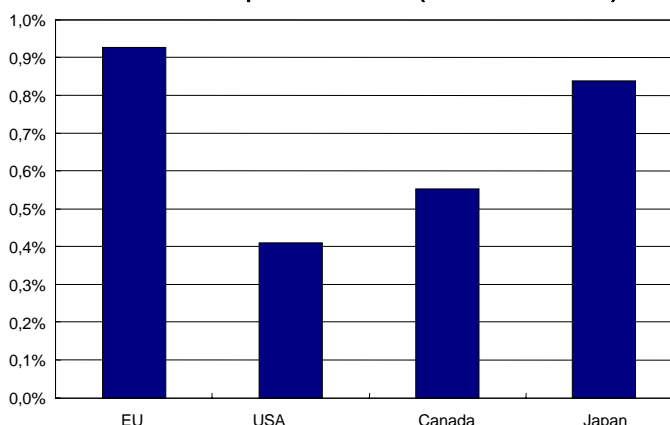
Spending on **'Marketing and promotion'** (aid for the food industry and aid for producer groups) can also be taken into account. Although this spending does not represent individual aid so much as general campaigns in favour of communities, it can be significant in some countries (32% of total support in the USA as against only 6% in Canada and 3% in Japan).

Agriculture: direct budgetary interventions in 2006 (as a % of GDP)



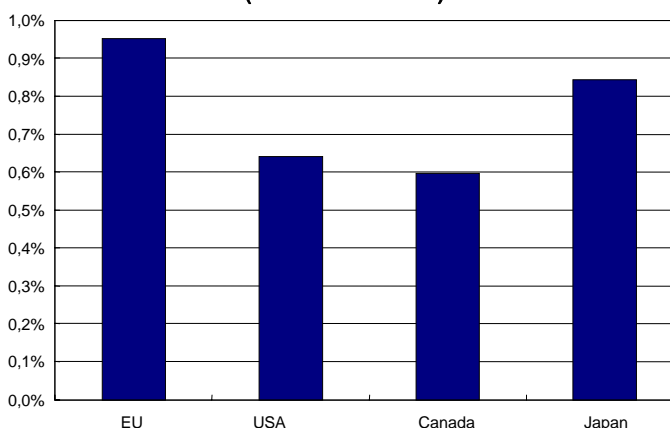
Source: OECD (2008), *Agricultural policies in OECD countries: Panorama 2008*

Agriculture: direct budgetary interventions and support of the market price in 2006 (as a % of GDP)



Source: OECD (2008), *Agricultural policies in OECD countries: Panorama 2008*

Agriculture: direct budgetary interventions, support of market prices, marketing and promotion in 2006 (as a % of GDP)

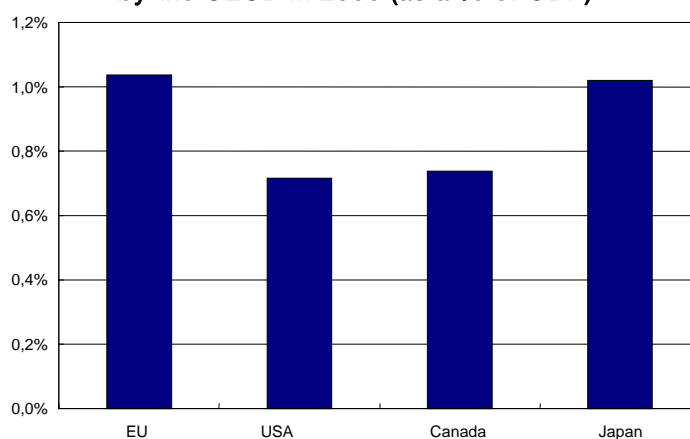


Source: OECD (2008), *Agricultural policies in OECD countries: Panorama 2008*

In total, taking account of **all public support for agriculture** as defined by the OECD leads to the conclusion that the level of public support granted by the EU to agriculture is:

- **comparable** to that granted by **Japan**;
- around **25% higher** than that granted by the **USA** and **Canada**.

Agriculture: Total public support as defined by the OECD in 2006 (as a % of GDP)



Source: OECD (2008), *Agricultural policies in OECD countries: Panorama 2008*

b – Distribution of public spending on agriculture between the central and regional levels

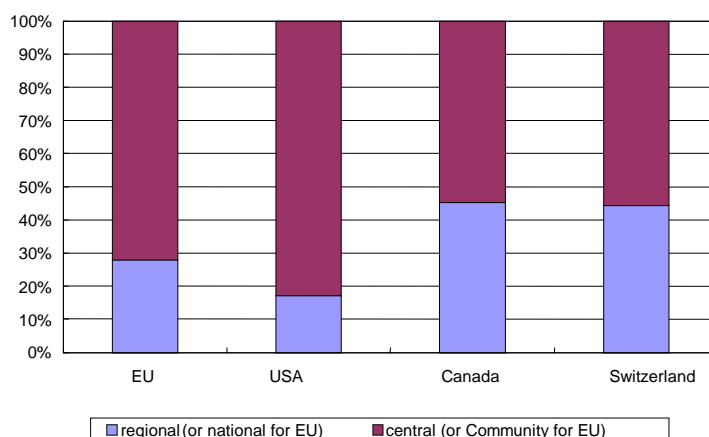
72% of European public spending on agriculture was carried out by the EU in 2006.

This proportion of central agricultural spending is:

- **higher** than that seen in Canada (52.4%) and Switzerland (54.7%);
- **lower** than that seen in the USA (82.8%).

Note that this spending distribution covers solely the budgetary intervention devoted directly or indirectly (general departmental spending) to agricultural producers but does not include other types of spending, such as social welfare.

Agriculture: distribution of spending in 2006 (as a % of total public spending)



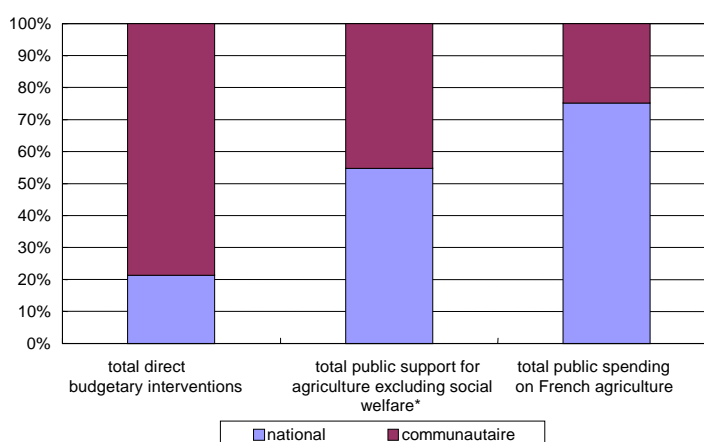
Sources: OJ of the EU L 71 (14 March 2008), Eurostat, OECD, Bureau of Economic Analysis (USA), Statistique Canada (Canada), Administration fédérale des finances (Switzerland), CAS calculations

It is important to stress that taking account of **all spending devoted to agriculture** at a Community and national level means that **the average share of 72% attributed to the EU is reduced**.

In a country like France, the contribution made by Community financing to the total spending carried out on national territory is thus:

- around **78%**, if we restrict the calculation to **direct budgetary interventions** in favour of agriculture;
- **45%**, if we include **all direct and indirect aid spent on agriculture**, particularly the operating spending of administrations, including for teaching and research (over 3.5 billion euros in 2006) or tax spending (around 3 billion euros in 2006);
- **25%** if we include **spending on agricultural social welfare**, which totalled 16 billion euros in 2006 (but which is admittedly not operational spending).

European and national public spending on agriculture (excluding rural development) in 2006: in France (as a % of total public spending)



* Including indirect budgetary interventions, i.e. other national financial contributions: 8.4 billion euros for GSS.

** Including public competitions for agricultural social schemes.

Source: DG competition, EC, Escalle (2008)

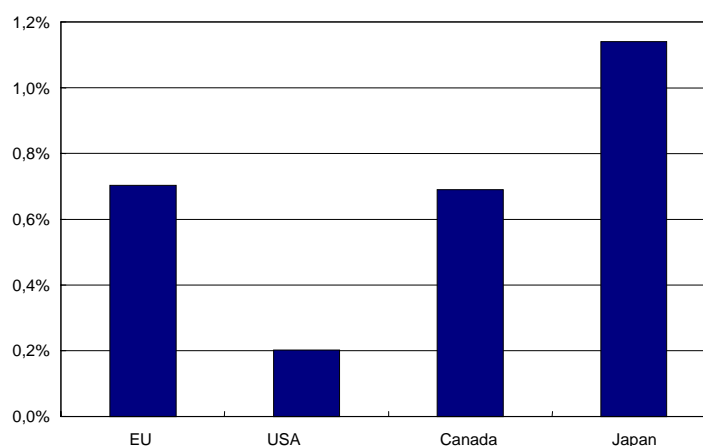
2.4.3. Environment

European public spending on the environment totalled **80 billion euros** in 2006, equivalent to **0.7% of the GDP** of the EU.

This relative level of spending is:

- over three times **higher** than the **USA**;
- **comparable** with that seen in **Canada**;
- almost **half** the level seen in **Japan**.

**Environment: total public spending in 2006
(as a % of GDP)**



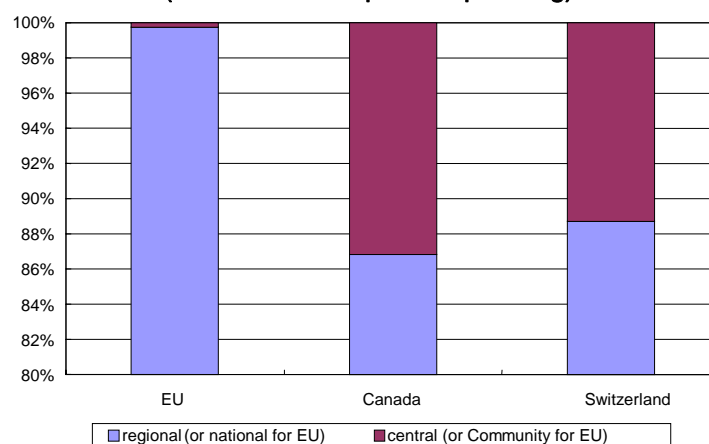
N.B.: for the USA, this covers solely federal public spending.

Sources: OJ of the EU L 71 (14 March 2008), Eurostat, OECD, Bureau of Economic Analysis (USA), Statistique Canada (Canada), Administration fédérale des finances (Switzerland), CAS calculations

Virtually all public spending on the environment was carried out by **Member States** in the EU.

This **differs** from the situation observed in the USA, Canada and Japan, where some of the spending carried out by the central authorities is much higher (11% in Switzerland and 13% in Canada as against only 0.24% in the EU).

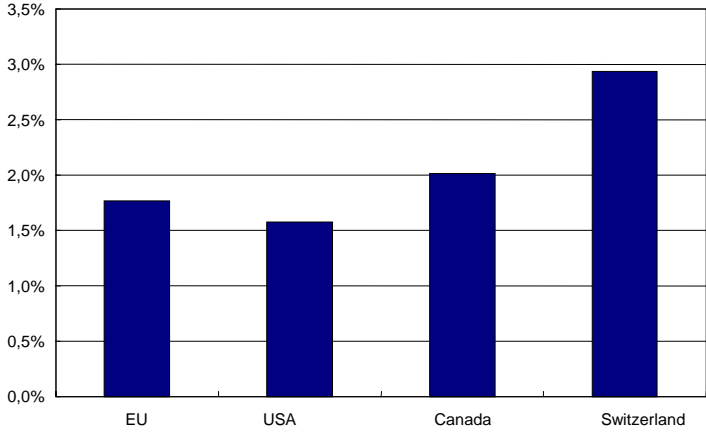
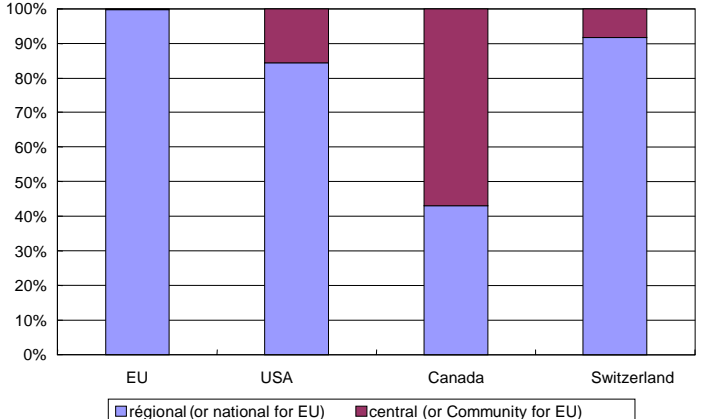
**Environment: distribution of spending in 2006
(as a % of total public spending)**



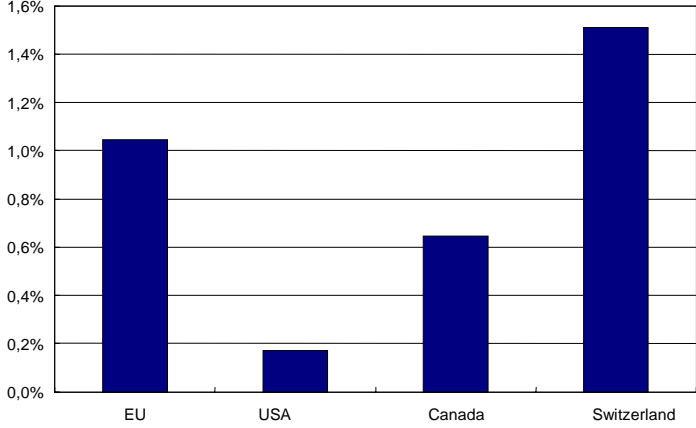
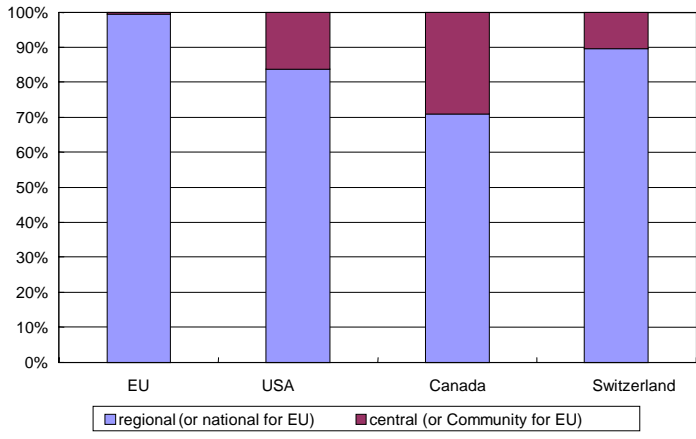
Sources: OJ of the EU L 71 (14 March 2008), Eurostat, OECD, Statistique Canada (Canada), Administration fédérale des finances (Switzerland), CAS calculations

2.5. Spending on 'Freedom, security and justice, citizenship and culture, and health'

2.5.1. Freedom, security and justice

<p>European public spending on the 'Freedom, security and justice' sector totalled 203 billion euros in 2006, equivalent to 1.77% of the GDP of the EU.</p> <p>This relative level of spending is:</p> <ul style="list-style-type: none"> - higher than the USA (1.57% of GDP); - lower than observed in Canada (2.01%); - fairly significantly lower than the level recorded in Switzerland (2.93%). 	<p style="text-align: center;">Freedom, security and justice: total public spending in 2006 (as a % of GDP)</p>  <p style="text-align: center;"><i>Sources: OJ of the EU L 71 (14 March 2008), Eurostat, OECD, Bureau of Economic Analysis (USA), Statistique Canada (Canada), Administration fédérale des finances (Switzerland), CAS calculations</i></p>
<p>Virtually all European public spending on the 'Freedom, security and justice' sector is carried out by Member States, with the EU representing only 0.25% of the total.</p> <p>This small share of European public spending on management of social change contrasts with the situation in Switzerland (where central spending represents 8.25% of the total), the USA (15.6%) and Canada (56.8%).</p>	<p style="text-align: center;">Freedom, security and justice: distribution of spending in 2006 (as a % of total public spending)</p>  <p style="text-align: center;"><i>Sources: OJ of the EU L 71 (14 March 2008), Eurostat, OECD, Bureau of Economic Analysis (USA), Statistique Canada (Canada), Administration fédérale des finances (Switzerland), CAS calculations</i></p>

2.5.2. Citizenship and culture

<p>European public spending on the 'Citizenship and culture' sector totalled 120 billion euros in 2006, equivalent to 1.05% of the GDP of the EU.</p> <p>This relative level of spending is:</p> <ul style="list-style-type: none"> – almost seven times higher than the USA (0.17% of GDP); – higher than observed in Canada (0.65%); – fairly significantly lower than the level recorded in Switzerland (1.51%). 	<p style="text-align: center;">Citizenship and culture: total public spending in 2006 (as a % of GDP)</p>  <p style="text-align: center;"><i>Sources: OJ of the EU L 71 (14 March 2008), Eurostat, OECD, Bureau of Economic Analysis (USA), Statistique Canada (Canada), Administration fédérale des finances (Switzerland), CAS calculations</i></p>
<p>Virtually all European public spending on the Citizenship and culture' sector is carried out by Member States, with the EU representing only 0.48% of the total.</p> <p>Although very much the minority share as well, the share of central spending on citizenship and culture is however more substantial in Switzerland (10.2%), the USA (16.3%) and Canada (28.9%).</p>	<p style="text-align: center;">Citizenship and culture: distribution of spending in 2006 (as a % of total public spending)</p>  <p style="text-align: center;"><i>Sources: OJ of the EU L 71 (14 March 2008), Eurostat, OECD, Bureau of Economic Analysis (USA), Statistique Canada (Canada), Administration fédérale des finances (Switzerland), CAS calculations</i></p>

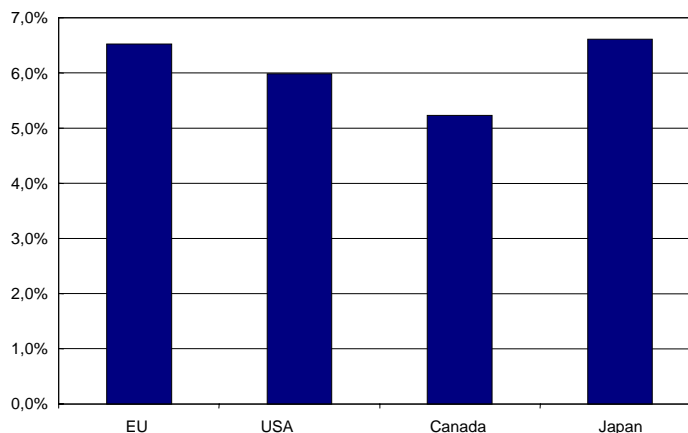
2.5.3. Health

European public spending on health totalled 751 billion euros in 2006, equivalent to **6.52% of the GDP of the EU**.

This relative level of spending is:

- slightly higher than in **Canada** (5.23% of GDP) and the **USA** (5.98%);
- **lower** than recorded in Switzerland (7.75%).

Health: total public spending in 2006 (in % of GDP)



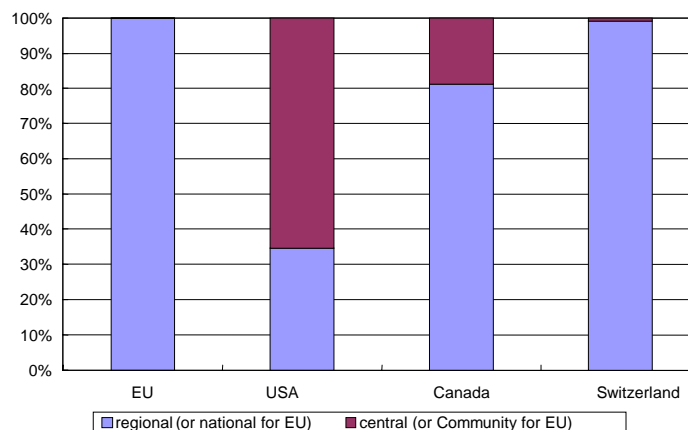
Sources: OJ of the EU L 71 (14 March 2008), Eurostat, OECD, Bureau of Economic Analysis (USA), Statistique Canada (Canada), Administration fédérale des finances (Switzerland), CAS calculations

Virtually all European public spending on health is carried out by **Member States**, with the EU representing only 0.05% of the total.

This very low share of central spending on health can also be observed in Switzerland (0.83%).

Central spending on health is however more substantial in Canada (18.7%) and above all in the USA, where it represents almost two thirds of all public spending (65.2%).

Health: distribution of spending in 2006 (as a % of total public spending)



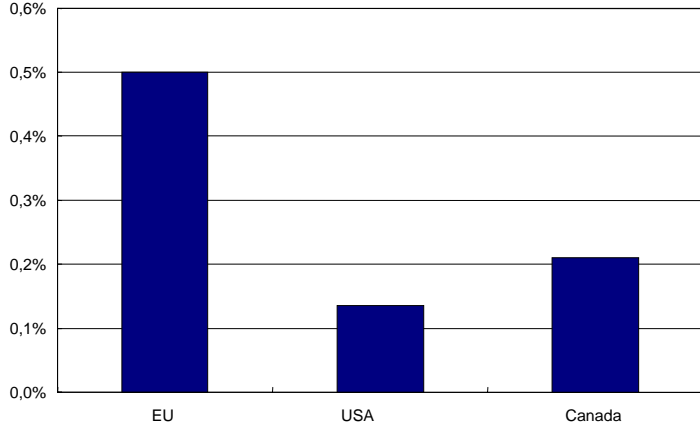
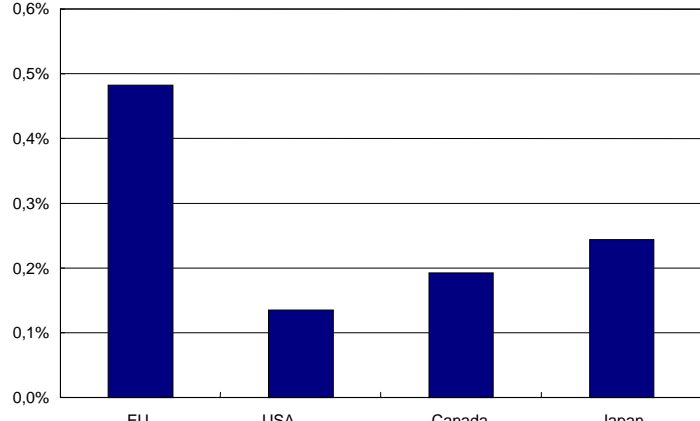
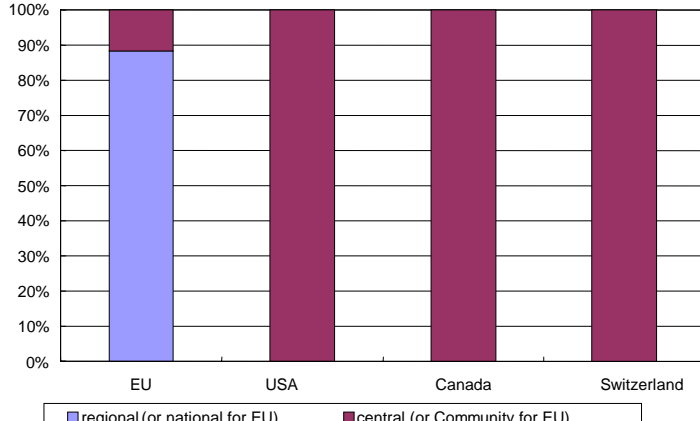
Sources: OJ of the EU L 71 (14 March 2008), Eurostat, OECD, Bureau of Economic Analysis (USA), Statistique Canada (Canada), Administration fédérale des finances (Switzerland), CAS calculations

2.6. Spending on 'External relations'

2.6.1. Level and distribution of spending on 'External relations'

<p>European public spending on 'External relations' totalled 236 billion euros in 2006, equivalent to 2% of the GDP of the EU.</p> <p>This relative level of spending is:</p> <ul style="list-style-type: none"> – two times lower than observed in the USA (4% of GDP); – higher than that seen in Switzerland (1.5%) and especially in Canada (0.4%). 	<p style="text-align: center;">Public spending on 'External relations' in 2006 (as a % of GDP)</p> <table border="1"> <thead> <tr> <th>Entity</th> <th>Spending (% of GDP)</th> </tr> </thead> <tbody> <tr> <td>EU</td> <td>2.0%</td> </tr> <tr> <td>USA</td> <td>4.0%</td> </tr> <tr> <td>Canada</td> <td>0.4%</td> </tr> <tr> <td>Switzerland</td> <td>1.5%</td> </tr> </tbody> </table> <p><i>Sources: OJ of the EU L 71 (14 March 2008), Eurostat, OECD, Bureau of Economic Analysis (USA), Statistique Canada (Canada), Administration fédérale des finances (Switzerland), CAS calculations</i></p>	Entity	Spending (% of GDP)	EU	2.0%	USA	4.0%	Canada	0.4%	Switzerland	1.5%					
Entity	Spending (% of GDP)															
EU	2.0%															
USA	4.0%															
Canada	0.4%															
Switzerland	1.5%															
<p>The overwhelming majority of external relations spending was carried out by Member States of the EU, with the EU itself covering slightly over 3% of this spending.</p> <p>This very decentralised spending distribution contrasts sharply with that observed in the USA and Canada, where virtually all spending on external relations is centralised.</p> <p>The 'Helvetic Confederation' also shows a different distribution from that of the EU even the decentralised share of external relations spending is largely smaller.</p>	<p style="text-align: center;">Distribution of public spending on 'External relations' in 2006 (as a % of total spending)</p> <table border="1"> <thead> <tr> <th>Entity</th> <th>Regional (or national for EU) (%)</th> <th>Central (or Community for EU) (%)</th> </tr> </thead> <tbody> <tr> <td>EU</td> <td>97</td> <td>3</td> </tr> <tr> <td>USA</td> <td>0</td> <td>100</td> </tr> <tr> <td>Canada</td> <td>0</td> <td>100</td> </tr> <tr> <td>Switzerland</td> <td>5</td> <td>95</td> </tr> </tbody> </table> <p><i>Sources: OJ of the EU L 71 (14 March 2008), Eurostat, OECD, Bureau of Economic Analysis (USA), Statistique Canada (Canada), Administration fédérale des finances (Switzerland), CAS calculations</i></p>	Entity	Regional (or national for EU) (%)	Central (or Community for EU) (%)	EU	97	3	USA	0	100	Canada	0	100	Switzerland	5	95
Entity	Regional (or national for EU) (%)	Central (or Community for EU) (%)														
EU	97	3														
USA	0	100														
Canada	0	100														
Switzerland	5	95														

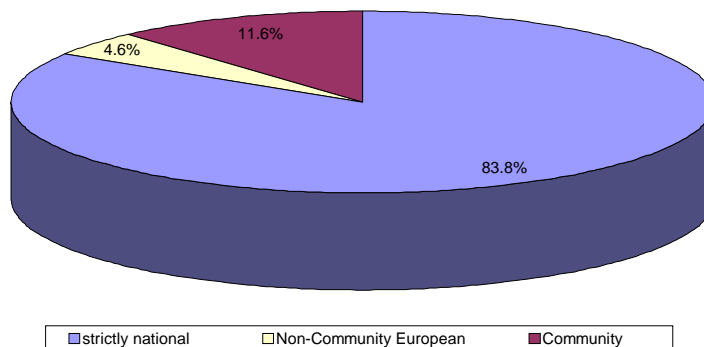
2.6.2. Public development aid and humanitarian aid

<p>European public spending on development aid and humanitarian aid totalled 57 billion euros in 2006, equivalent to 0.5% of the GDP of the EU.</p> <p>This relative level of spending is:</p> <ul style="list-style-type: none"> – three times higher than in the USA (0.14% of GDP) and Canada (0.17%); – comparable to that recorded in Switzerland (0.51%). 	<p>Public development aid and humanitarian aid: total public spending in 2006 (as a % of GDP)</p>  <p>Sources: OJ of the EU L 71 (14 March 2008), Eurostat, OECD, Bureau of Economic Analysis (USA), Statistique Canada (Canada), Administration fédérale des finances (Switzerland), CAS calculations</p>
<p>Analysing solely the spending devoted to public development aid enables us to draw a similar conclusion in terms of the relative effort devoted by the EU with regard to its GDP.</p>	<p>Public development aid: total public spending in 2006 (as a % of GDP)</p>  <p>Sources: OJ of the EU L 71 (14 mars 2008), Eurostat, OCDE, Bureau of Economic Analysis (USA), Statistique Canada (Canada), Administration fédérale des finances (Switzerland), CAS calculations</p>
<p>12.6% of European public spending on development aid and humanitarian aid was carried out at European level.</p> <p>This is in strong contrast with the situation in the USA, Canada and Switzerland, where virtually all public spending on development aid and humanitarian aid is carried out at a central level.</p>	<p>Public development aid and humanitarian aid: spending distribution (as a % of total spending)</p>  <p>Sources: OJ of the EU L 71 (14 March 2008), Eurostat, OECD, Bureau of Economic Analysis (USA), Statistique Canada (Canada), Administration fédérale des finances (Switzerland), CAS calculations</p>

Taking account of spending on development aid carried out by the 'FED', which is not listed in the Community budget, furthermore produces a figure for the share of Community and quasi-Community spending on PDA of **16.2%** of total spending.

Similarly, an analysis of humanitarian aid alone enables nuances to be drawn in the evaluation of the extent to which this type of external public spending is Europeanised: it illustrates that **over one third (36.7%) of European spending on humanitarian aid was carried out by the EU in 2006.**

**Public spending on public development aid in 2007
(as a % of total public spending)**



Source: Note de veille no. 105, CAS calculations

2.6.3. Defence and crisis management

European public spending on defence totalled 179 billion euros in 2006, equivalent to **1.55% of the GDP of the EU**.

This relative level of spending is:

- significantly **higher** than that recorded in **Canada** (0.25% of GDP).
- **lower** than that seen in **Switzerland** (1.74%).
- two times **lower** than that seen in the **USA** (3.15%).

Analysing '**equipment spending**' alone leads to the conclusion that the level of spending in the EU is:

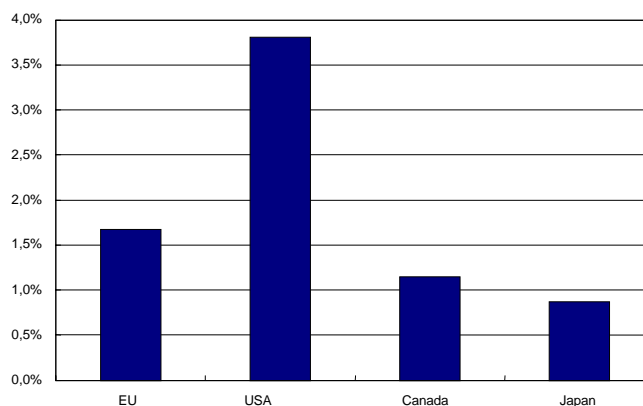
- over three times **lower** than in the **USA**;
- almost two times **higher** than in **Canada**.

N.B.: Equipment spending covers equipment of major importance (missile weapons systems, missiles, nuclear weapons, aircraft, artillery, combat vehicles, railway engineering and equipment, light arms, transport and other vehicles, boats and landing craft, and electronic and telecommunications equipment) and the R&D spending devoted to that equipment of major importance.

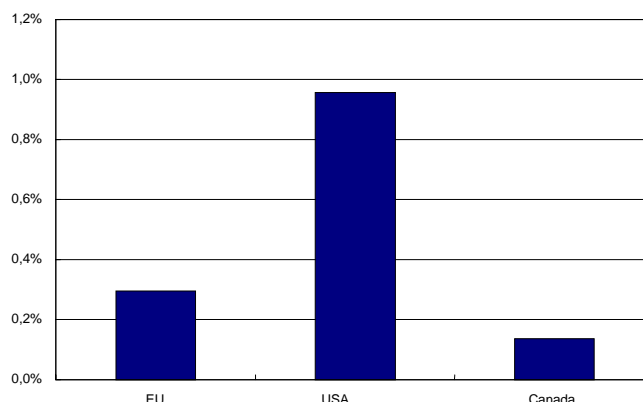
Personnel spending in the EU (excluding pensions) is however **much more substantial** compared to that observed in the USA (over 0.7% of GDP as against under 1.3%).

N.B.: Personnel spending includes the spending carried out for military personnel and civilian personnel.

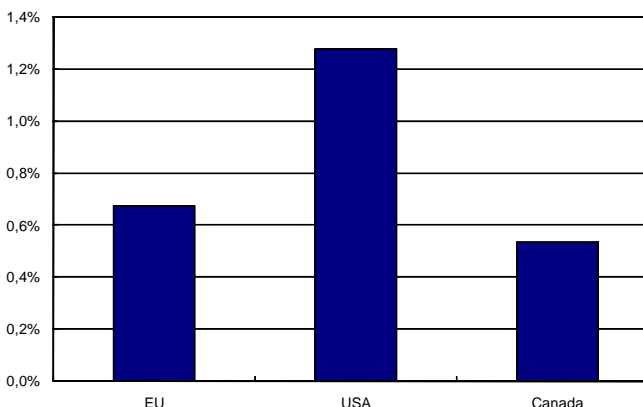
Defence: total public spending in 2006 (as a % of GDP)



Defence: public spending on equipment in 2006 (as a % of GDP)



Defence: public spending on personnel excluding pensions in 2006 (as a % of GDP)



The level of **operational spending** in the EU totalled slightly under 0.4% of GDP in 2006, a level:

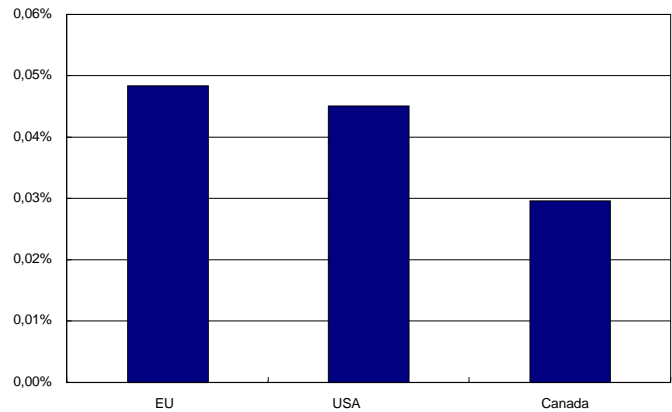
- 4 times **lower** than in the **USA**;
- significantly **lower** than observed in **Canada**.

N.B.: Operational spending includes spending on operation and maintenance, other spending and R&D spending, but does not include personnel spending.

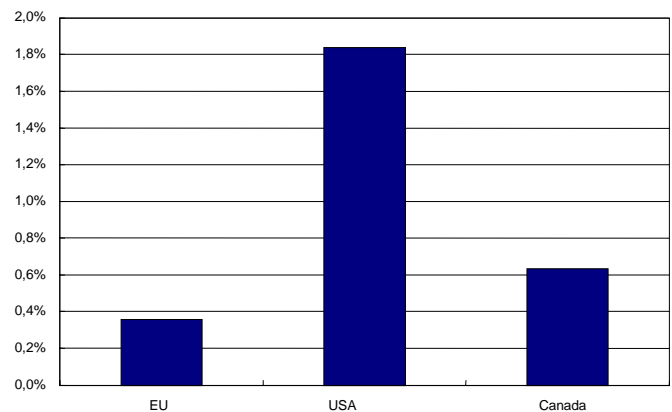
The EU's level of spending on infrastructures is, at slightly under 0.1% of GDP, higher than that of the USA and Canada.

N.B.: Spending on infrastructures includes national military structures and spending devoted to the joint NATO infrastructure.

Defence: public operational spending in 2006 (as a % of GDP)



Defence: public spending on infrastructures in 2006 (as a % of GDP)

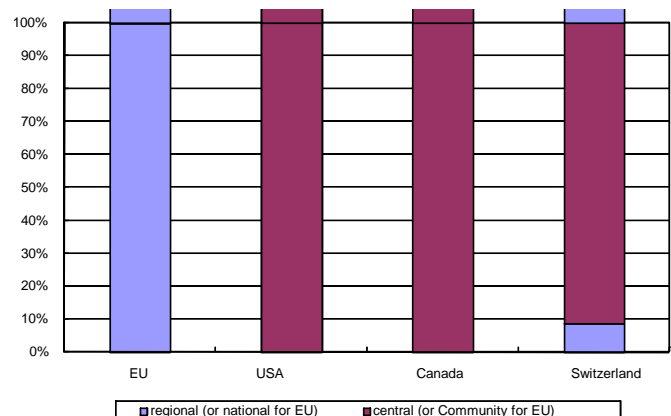


Source: NATO (2008), Statistical data on the defence effort of NATO countries and changes in their economic situation (except Japan)

Virtually all European public spending on defence is carried out by **Member States**, with the EU representing only 0.03% of the total (N.B.: EU column of graph must be changed).

This low share of central spending on defence can also be seen in Switzerland (8.7%), but represents a **diametrically opposite situation** to that in the USA and Canada, where all public defence spending is carried out at a central level.

Defence: distribution of spending in 2006 (as a % of total public spending)



Sources: OJ of the EU L 71 (14 March 2008), Eurostat, OECD, Bureau of Economic Analysis (USA), Statistique Canada (Canada), Administration fédérale des finances (Switzerland), CAS calculations

Taking account of non-Community defence spending carried out in a European context adds a slight nuance to this statement: this 'Europeanised' defence spending represents 1.1% of external public spending in the EU (excluding PDA and humanitarian aid).

Non Community European spending

In value (millions euros)	2100
as % of GDP of the EU 27	0,2%
as % of total relex spending*	1,17%

* excluding development and humanitarian aid

Sources: OJ of the EU L 71 (14 March 2008), Eurostat, CAS calculations

Methodological appendix

1. Note on terminology

In this study, the term ‘**European**’ is used to refer to both Community and national levels, i.e. to the EU as a set made up of national and Community powers (as opposed to the EU as an expression of Community power alone).

The concept of ‘**integrated public spending**’ in an EU context encompasses two notions: the public spending of national public administrations (central administration, administrations of federated States, local administrations and social security administrations); and Community public spending.

2. Nomenclature

In order to refine this study, to be able to consider national and Community spending simultaneously within a single analytical framework and to be able to draw comparisons internationally, we have broken down the headings of the **2007-2013 financial framework**, officially adopted on the 17th of May 2006 as part of the interinstitutional agreement on budgetary discipline and good financial management and published in the OJ of the EU no. C 139 of the 14th of June 2006, into various ‘**sectors**’.

Financial framework 2007-2013	Sectors
1. Sustainable growth	1. Sustainable growth
1a. Competitiveness for growth and employment	1a. Competitiveness for growth and employment
	Technological research and development
	Energy and transport
	Education and training
	Competitiveness and innovation
	Management of social changes*
1b. Cohesion for growth and employment	1b. Cohesion for growth and employment
	Structural policy for cohesion
	Housing
2. Conservation and management of natural resources	2. Conservation and management of natural resources
	Agriculture
	Rural development
	Fishing
	Environment
3. Citizenship, freedom, security and justice	3. Citizenship, freedom, security and justice
3a. Freedom, security and justice	3a. Freedom, security and justice
3b. Citizenship	3b. Citizenship and culture
	Health**
4. The EU as a global partner	4. External relations
	Public development aid
	Defence
	External relations (excluding defence and PDA)
5. Administration	5. Administration

* The ‘Management of social change’ heading includes the ‘Social policy agenda’ (and the Globalisation Adjustment Fund since 2007) **at a Community level** and the spending on active policies for the labour market and social welfare (unemployment, sickness and invalidity, family, old age, survivors, housing, social exclusion) **at a national level**.

** The ‘Health’ heading covers spending on public health and consumer protection **at a Community level** and spending on hospital services, public health services etc. **at a national level**.

3. GDP data and exchange rates

All **GDP data** in this study comes from Eurostat. Where it was necessary to convert currencies, data from the **parity of different national currencies in euros** was obtained from the ECB.

4. Community data

Unless stated otherwise, the **Community data** used was taken from the OJ of the EU L 71 of the 14th of March 2008³, which sets out spending carried out under the ‘general budget of the European Union’, a document that lists all revenues and spending of the European Community and the European Atomic Energy Community for each financial year. This is thus the budget of the European Communities, to which we will refer below as the ‘Community’ budget.

In order to situate our classification of Community spending for 2006 with regard to the headings of the 2007-2013 financial framework, we have referred to various documents produced by the European Commission⁴. This classification is a restricted one owing to the difficulty involved in the imperfect correlation between Community spending for 2006, which is in response to the concerns emerging from the financial perspectives for 2000-2006 (2000 Agenda), and the financial perspectives for 2007-2013 (the 2007-2013 financial framework).

Headings under the 2000 Agenda	Headings under the financial framework 2007-2013
1 – Agriculture	1 – Sustainable growth 1a – Competitiveness for growth and employment 1b – Cohesion for growth and employment
2 – Structural campaigns	
3 – Internal policies	2 – Conservation and management of natural resources
4 – External campaigns	3 – Citizenship, freedom, security and justice 3a – Freedom, security and justice 3b – Citizenship
5 – Administration	4 – The EU as a global partner
6 – Reserves	5 – Administration
7 – Preadhesion strategy	
8 – Compensation	6 – Compensation

After comparing the priorities of the 2000 Agenda with the priorities of the 2007-2013 financial framework, we can observe that the names of the headings differ but that the issues are the same (the issues correspond almost perfectly), as shown by the above table and the graphs below. Comparing the importance given to each of these priorities in the 2000 Agenda and the 2007-2013 financial perspectives respectively reveals a growing interest in ‘Competitiveness for growth and employment’ and ‘External

³ Data regarding the actual Community budget implemented is available only one and a half years after the end of the year in question (therefore, spending carried out in 2006 is not available until March 2008).

⁴ European Commission (2007), ‘Financial Framework 2007-2013 – Budget 2007 (AB1 included)’ (correspondanceUE-B2007_CFCFE_vsB2006.xls) ;

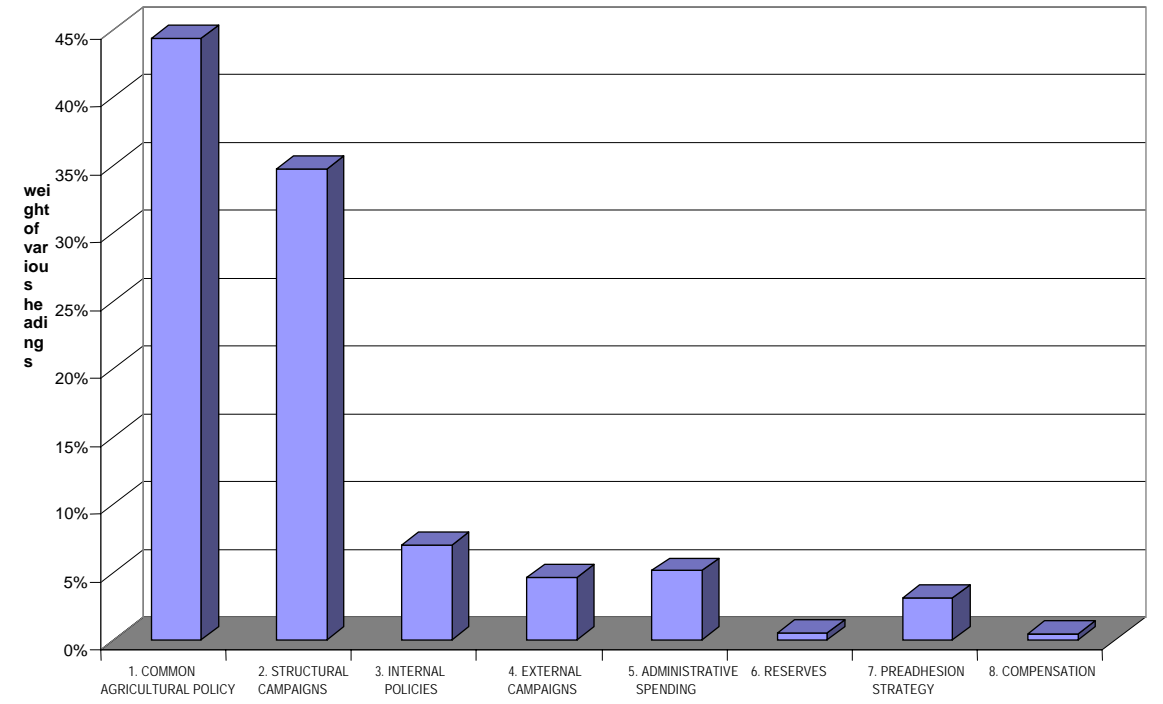
European Commission (2004), ‘Correspondence between ABB nomenclature in the 2004 budget and the new expenditure headings in proposed 2007-2013 financial perspective’, Working document of the Commission services, 29 march 2004 (correspondence 2004 with table 2007-2013.doc) ;

European Commission (2005), ‘Indicative breakdown of expenditure within individual headings and sub-headings, including new legislative proposals adopted by the Commission up to 6 April 2005’, Working document of the Commission services, 20 April 2005 (Corr intracommunautaire.doc) ;

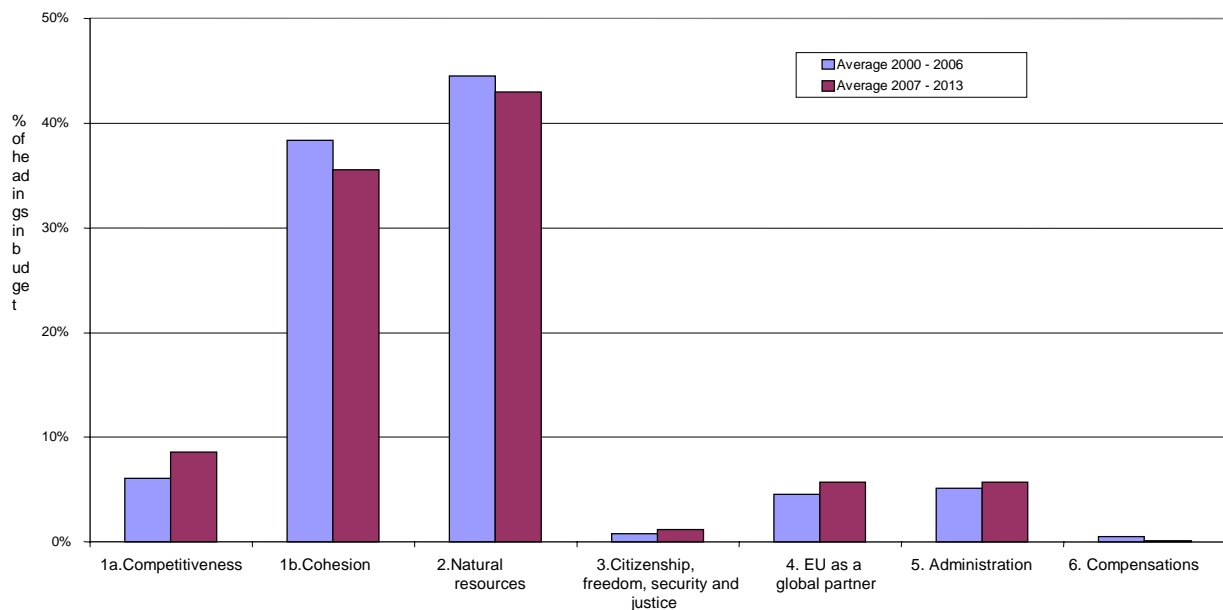
European Commission (2007), ‘General budget of the European Union for the 2007 financial year 2007 – Summary with figures’, February 2007.

relations', to the detriment of 'Conservation and management of natural resources' and 'Cohesion for growth and employment'. In concrete terms, our study does not appear to have been affected by the relatively limited changes in the level and structure of Community spending between 2006 and 2008. Changes were however more pronounced in certain sectors (particularly for Cohesion for growth and employment and Citizenship), and substantial differences are indicated whenever they occur.

Changes in the structure of Community spending Priorities in the 2000 Agenda (2000-2006)



Comparison of priorities in the '2000 Agenda' (2000-2006) and the 2007-2013 financial perspectives by heading of the 2007-2013 financial framework



Source: Note de veille no. 29, October 2006, Centre d'analyse stratégique

5. National data

Unless the contrary is stated, **national data** refers to 2006 and is taken from CFAP (Classification of the functions of public administrations) data sent to Eurostat by the statistical authorities of EU Member States. This CFAP data corresponds to the annual data for the public administration sector (central administration, administrations of federated States, local administrations and social security administrations) as defined in the ESA 95 (European national accounting system), which sets out a joint accounting framework for EU countries and means that the national data from those countries can be harmonised to a large extent. A new plan was adopted in 1995. More specifically:

For **technological research and development**:

- Eurostat data (CBPRD).

For **energy**

- DG Transport data.

For **education and training**:

- CFAP data (heading 9: Education and training) for national public spending on education and training;
- OECD data (OECD (2008), 'Education at a Glance 2008') for national public spending on higher education.

For **competitiveness and innovation**:

- DG Competition data (State Aid granted to SMEs (horizontal obj.), State Aid for investment capital for companies (horizontal obj.), State Aid granted for trade, export and internationalisation (horizontal obj.), State Aid for the creation of jobs (horizontal obj.) and State Aid for the promotion of training (obj. horizontal).

For **management of social change**:

- CFAP data (heading 10: Social welfare) for social welfare spending;
- OECD data (Active policies for the labour market – OECD/SOCX – for spending on active policies for the labour market).

For **structural policies**:

- DG Regio data.

For **housing**:

- CFAP data (heading 5: housing and public facilities).

For **agriculture**:

- DG Competition data (State Aid for agriculture);
- OECD data (OECD, 2008), Agricultural policies in OECD countries: Panorama 2008).

For **rural development**:

- DG Agriculture data ('Rural Development in the European Union - Statistical and Economic Information - Report 2007')

For **fishing**:

- DG Competition data (State Aid for fishing).

For **the environment**:

- CFAP data (heading 5: Protection of the environment).

For **freedom, security and justice**:

- CFAP data (heading 3: Order and public security).

For **citizenship and culture**:

- CFAP data (heading 8: leisure, culture and worship).

For **health**:

- CFAP data (heading 7: health).

For **public development aid**:

- OECD data (Net public development aid from members of the Development Aid Committee in 2006).

For **humanitarian aid**:

- DG Humanitarian Aid data.

For **defence**:

- CFAP data (heading 2: defence) for defence spending;
- NATO data (NATO, 2008), Statistical data on the defence effort of NATO countries and changes in their economic situation for the breakdown by heading of defence spending.

For **spending on administration**:

- CFAP data (heading 1: general services of public administrations, after deduction of spending on technological research and development, public development aid and debt servicing).

For **debt servicing**:

- DG Economic and Financial Affairs data.