EUROPEAN UNION ENVIRONMENTAL SPENDING

CHELTUIELILE CU PROTECŢIA MEDIULUI ÎN UNIUNEA EUROPEANĂ

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Abstract: *The work submit the importance, structure and evolution of the environment spending of the EU budget, and key community programs through which are currently allocated EU environmental spendings.*

Key words: enviromental spendings, EU financial instrument for the environment.

Environmental pollution does not recognize national borders and the need to deal with it at EU level instead of national level is not only more efficient, but often is the only possible way to tackle the major environmental problems we are facing (e.g. air and water pollution, hazardous waste, industrial accidents, etc). Environmental legislation at European level ensures also a level-playing field and fair competition for companies across the single market: if we do not have common standards, we run the risk of "eco-protectionism" where national rules act as barriers to trade.

Implementation of environmental legislation maintains environmental progress and ensures that the health and environmental benefits intended from legislation at the time of its adoption actually materialize. For this reason, the Treaty on the Functioning of the European Union (Article 191 TFEU) establishes that one of the key objectives of Union's policy on the environment is to promote measures at international level to deal with regional or worldwide environmental problems.

The Treaty (Article 191, paragraph 4 TFEU) explicitly foresees the possibility for the European Union to participate in international environmental agreements, together with its Member States.

EU has a significant level of influence in Multilateral Environmental Agreement **(**MEA) as shown by the leading role that it plays in promoting effective international environmental governance. Progress made on multilateral processes, but difficulties remain in finding consensus with developing countries concerned with financial matters.

The Treaty of Lisbon requires that the EU speaks with one voice in external relations which should enhance the effectiveness and efficiency of EU global action.

In the EU Financial framework for 2007–2013, chapter 2. Preservation and Management of Natural Resources, the following spending ceilings per heading have been allocated:

Tab.1 **EU spendings for preservation and management of natural resources**

(EUR million, current prices)

2007	2008	2009	2010	2011	2012	2013	**Total**
55.143	59.193	56.333	59.955	60.338	60.810	61.289	413.061

The financial resources under this activity are mainly composed of:

- The LIFE + Program (Nature and Biodiversity; Environment Policy and Governance; Information and Communication);
- The annual grant to the European Environment Agency;
- Preparatory actions and pilot projects.

The General Directorate for the Environment also finances projects that contribute to environmental protection in the EU. Since 1992 some 2,600 projects have received some financing from **LIFE+**, the EU's financial instrument for the environment and **Natura 2000.**

Life+ refers to: combating climate change and decline in biodiversity; improving environment, health and quality of life; promoting sustainable use and management of natural resources through innovative policies and better implementation.

Natura 2000 refers to: working together to protect Europe's natural habitats and to prevent loss of biodiversity (it is mostly financed under Rural Development and the Structural Funds.)

In 2009, the European Commission proposed a radical reform of the EU budget, to reduce agricultural funds, which, this way dismissed, could

subsequently be reallocated for innovation, environmental protection and energy. Starting with 2013, when the current EU Financial framework is complete, Member States should be prepared to focus on "creating jobs, the environment and energy security", and less on agriculture.

Unfortunately, EU countries allocate very small amounts to national budgets of environmental policies. The average of this type of spending was around 0.7% of GDP during 1995-2009, in all European countries. Maximum values are found in Malta and Luxembourg, and minimum values in Romania, Sweden and Finland, Nordic countries being the initiators of several amendments in the environmental field, already having good regulations that do not require massive investment from the state. However, this type of budget spending has a relatively high dispersion in terms of statistical values as well, with a standard deviation of even a half from the average value. Skewness and Kurtosis coefficients have oscillating values, which shows that even this type of budget policy is still not harmonized at European level.

According to EU rules, however, a number of programs with environmental impact are included in other spendings, like economic spending, housing and community amenities.

In the 2010 EU budget, operations started under the European energy program for recovery, launched in 2009 as a response to the economic and financial crisis in Europe. This stimulates diversification of energy supply, the operation of the internal energy market and the reduction of greenhouse gas emissions. It provides loans, guarantees and equity to projects in energy, efficiency and renewable energy sources conducted by local governments, provinces, municipalities and private entities acting on behalf of public entities. As soon as the break-even point is achieved on each project, the loan is repaid into the fund.The funds allocated to environmental issues were:

I. European Energy Program for Recovery Financial assistance to projects in areas such as carbon capture and storage, off shore wind energy, gas and electricity infrastructure (EUR 3.980 million);

II: Nuclear decommissioning Closing down old nuclear power plants: unique in Slovakia and Lithuania (EUR 1.260 million)

Total finance of €3.980 million for the 1st Program supports three sub-programs divided in 44 projects:

1) €2.365 million to gas and electricity infrastructure projects;
2) €565 million to off shore wind electricity projects;
3)€1.050 million to carbon capture and storage projects.

Beneficiaries had received €900 million by the end of the year.

As project developers start to purchase building materials and construction works, the program is already accelerating infrastructure investments, and attracting co-financers to make investment commitments. At the end of the year unspent funds will be devoted to energy efficiency projects. In autumn, €146 million of funds left uncommitted under the program to an innovative financial instrument for energy efficiency and renewable energy initiatives have been reallocated.

The ETS **(**European Union Emissions Trading Scheme[*]**)** will benefit from a new EU financing instrument known as NER300 - Funding Innovative Low Carbon Technologies. The Program will provide substantial financial support for at least eight projects using carbon capture and storage technologies and at least 34 projects involving renewable energy technologies. The funding will come from the sale of 300 million EU ETS allowances (rights to emit 1 tons of carbon dioxide) which at current prices could raise approximately €4.5 billion. NER300 aim is to drive low-carbon economic development in Europe, creating new 'green' jobs and contributing to the achievement of the EU's climate change goals. The European Investment Bank is collaborating with the Commission in implementation of the program.

Industrialized countries must take the lead in reducing greenhouse gas emissions, but the most economically advanced developing countries must also act.

As global leader in the fight against climate change, the EU is willing to contribute a fair share to the global financial effort. Introducing a global emissions trading system for international aviation and shipping or a levy on their emissions could also generate international funding. Based on these criteria, the EU's contribution to overall international public financing

[*] Under the EU ETS, large emitters of carbon dioxide within the EU must monitor and annually report their CO_2 emissions, and they are obliged every year to return an amount of emission allowances to the government that is equivalent to their CO_2 emissions in that year.

for developing countries would be between 10% and 30%. Developing countries will need additional funding to adapt to climate change.

CONCLUSIONS

Assuming an ambitious global agreement is reached in Copenhagen, by the year 2020 mitigating emissions and adapting to climate change will cost an estimated €100 billion per year in developing countries.
The blueprint contain:

- estimates how much finance will be needed
- sets out the different sources of finance and how to organize them
- proposes a fair contribution by the EU .

This cost should be met from three main sources:

1. private finance from within developing countries themselves. Implementing low cost policies to limit the increase in their emissions, particularly through energy efficiency improvements, will benefit their sustainable growth;
2. expanding the international market in carbon credits could generate up to €38bn a year by 2020 if the Copenhagen agreement is in line with the EU's ambitious position;
3. international finance from public sources, to be provided by the EU and other industrialized countries and also more economically advanced developing countries, could meet the remainder of the financing needs.

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