

## EU Agrees to \$1.3 Trillion Budget



British Prime Minister David Cameron during the EU Budget summit at the European Council building in Brussels, Friday, Feb. 8, 2013.

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European Union countries have struggled to find common ground as they worked out a budget agreement in Belgium this month. European leaders finally had success last week. They agreed on the European Union's multiannual financial framework, or MMF, for the period from 2014 to 2020.

The MMF sets the EU's total spending at \$1.3 trillion. That represents one percent of the total income of EU members. Members agreed to reduce total spending by over three percent for the period. This is the first time spending cuts have been made.

European Council President Herman Van Rompuy spoke after the agreement was announced. He said the compromise budget may not be perfect. But he said it should help all EU members.

"Our support to the most vulnerable people remains intact, so does our external action funding even despite the crisis. This budget will allow Europe to keep engaging on vital global issues such as climate change, nuclear safety and development aid."

German Chancellor Angela Merkel praised the long-term spending plan. She said the agreement makes policy more predictable and enables members to act in the interest of Europe.

Some EU leaders have been calling for greater spending controls in their home countries. They wanted the EU to show that it is willing to cut costs. British Prime Minister David Cameron welcomed the agreement. Before the two-day meeting, he had threatened to veto the budget if there were no steps toward cutting spending.

“So I think the British public can be proud that we have cut the seven-year credit card limit for the European Union for the first time ever. And as a result the EU’s seven-year budget will cost less than one percent of Europe’s gross national income. That is also for the first time ever.”

The European parliament still must approve the measure. But some parliament members say it fails to deal with problems like the sharp wealth differences between rich and poor. Guy Verhofstadt from Belgium is a member of the European parliament. He does not think the measure will pass.

“I don't think that we shall have a majority in the parliament to approve this proposal...we are creating a big deficit of more than 50 billion euros and that is not acceptable.”

If approved, the measure will affect 28 European Union countries. The EU says Croatia is expected to join the group in July.