

The European Union Budget: *Member State Contributions and Expenditures*

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Key Point:

In 2017, total revenue accruing to the European Union (EU) was €139 billion with total expenditure amounting to €137bn. Ireland’s contribution to the EU budget amounted to just over €2bn in 2017, and it received €1.8bn from the EU in the same year. The largest *net contributor* to the EU budget in 2017 was Germany: contributing €13bn more to the EU budget than it received in EU funds. The German net contribution was followed by the UK (€7.4bn); France (€4.4bn); Italy (€4bn) and the Netherlands (€3bn). Poland was the largest *net recipient* of EU funds, receiving €8bn more than it contributed to the EU budget in 2017. However, when we consider these exchanges in per capita terms, the Netherlands, Sweden and Germany were the highest contributors: paying €200, €160 and €150 per capita respectively into the EU budget. The Irish net contribution amounted to €50 per capita in 2017. Moreover, Luxembourg, Lithuania, Estonia and Hungary were the largest net recipients on a per capita basis, receiving €2,500, €430, €350 and €315 per capita respectively.

EU Budget: *Revenue*

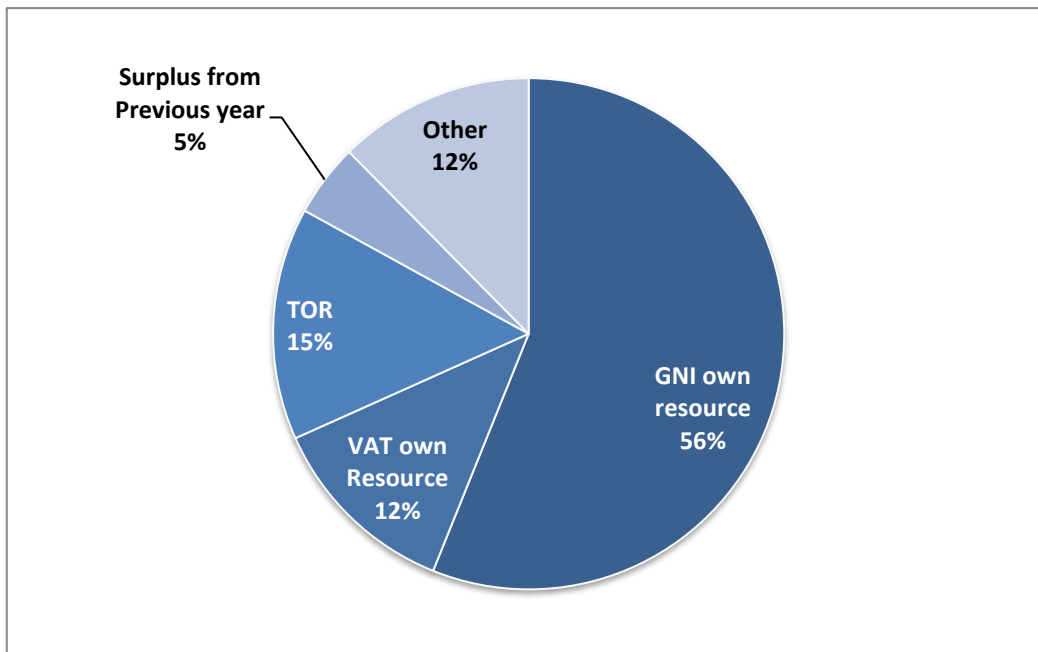
Figure one shows the main sources of EU revenue. Each EU Member State (MS) contributes to the EU budget each year, and each MS also receives EU funding for various projects. In 2017 the total revenue generated by the EU was €139 bn. Payments into the EU come in three types, which include:

- **Traditional Own Resources** – revenue generated from customs duties (levied on agricultural and non-agricultural products from non-EU countries) and sugar levies (paid by producers). These payments accrue directly to the EU budget after a 20% deduction, which MS retain as collection costs. In 2017, the EU generated €20.3bn in revenue from customs duties with a further €134 million generated from a production charge paid by sugar producers.
- **Value Added Tax Resource** – money paid by MSs based on how much they receive in VAT. Through a harmonised VAT base, a uniform levy of 0.3% is applied to all MSs, with the exception of Germany, the Netherlands and Sweden which benefit from a reduced call rate of 0.15%. In 2017, the total revenue from VAT-based own resources amounted to €16.9 bn.
- **Gross National Income (GNI) Own Resource** – this is by far the biggest payment contributed by MSs into the EU budget, based on the size of each MS’s

economy. The amount of GNI-based resource depends on the difference between total expenditure and the sum of all other revenues. The same percentage is levied on each MS's GNI in accordance with EU rules. In 2017, the rate of call of GNI was just over 0.5% and the total amount of the GNI resource levied was €78.6bn.

- **Other Revenue and Surplus from previous year** – includes revenue is generated from tax and deductions from EU staff remunerations, contributions from non-EU countries to certain programmes (e.g. relating to research), interest on late payments and fines and budget surpluses from the previous year. In 2017, other revenue totalled €17.2bn and the surplus claimed from 2016 was €6.4bn.
- **Fines** – revenue is also generated from fines imposed on companies for the infringing EU competition rules. In 2017, the total revenue earned from fines was €3.3 bn.

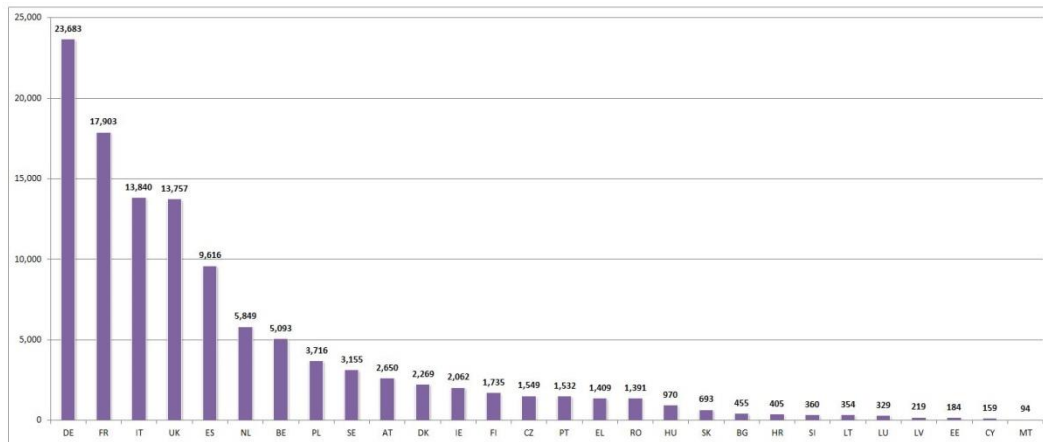
Figure 1: EU Revenue Sources, 2017



Source: European Commission (2018)

Figure 2 shows the total contributions made by each MS to the EU budget in 2017. The five highest MS contributors to the EU budget in 2017 include: Germany (€24bn); France (€18bn); Italy (€14bn); UK (€14bn); and Spain (€10bn). The lowest MS contributions to the EU budget come from Malta (€94million); Cyprus (€159 million); Estonia (€184 million); Latvia (€218 million) and Luxembourg (€330 million). Ireland is the twelfth highest contributor to the EU budget, contributing just over €2bn in 2017.

Figure 2: Total National contribution per Member State and Traditional Own Resources collected on behalf of the EU in 2017 (Millions)



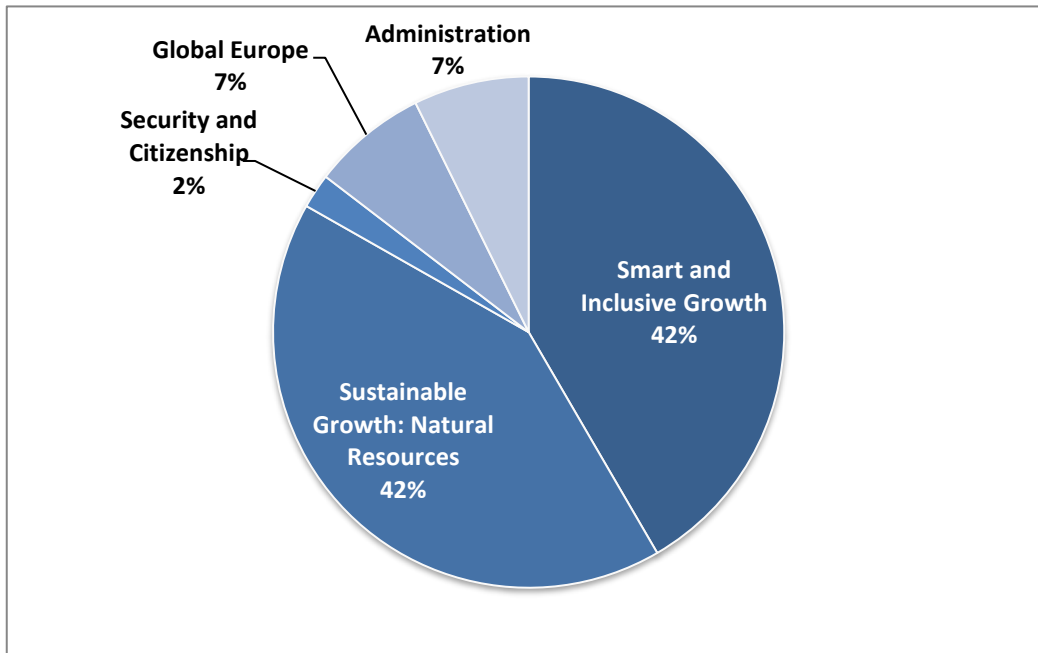
Source: European Commission (2019); European Commission (2017)

EU Budget: *Expenditure*

Total EU expenditure amounted to €137bn in 2017. Figure 3 shows the distribution of that expenditure by category. Most EU expenditure is allocated under five main categories:

1. **Smart and Inclusive Growth** – expenditure in this area includes research and development, education and training, employment and social policy. Total payments made in this area accounted for just over €57bn of EU expenditure in 2017
2. **Sustainable Growth: Natural Resources** – expenditure in this area includes spending on the Common Agricultural Policy, Fisheries, Rural Development, and measures aimed at contributing to food quality and a cleaner environment. Payments in this area totalled €57bn in 2017
3. **Security and Citizenship** – expenditure in this area focuses on immigration, migration, security, fundamental rights and justice. Overall EU spending in this area amounted to €3bn in 2017.
4. **Global Europe** – expenditure in this area is aimed at EU foreign policy and international development. Total payments in this area amounted to €10bn in 2017.
5. **Administration** – EU spending in this area is focused on the functioning of the EU institutions and includes remuneration and allowances for staff and members, pension costs, and rent and other building costs. Total spending in this area amounted to €10bn in 2017.

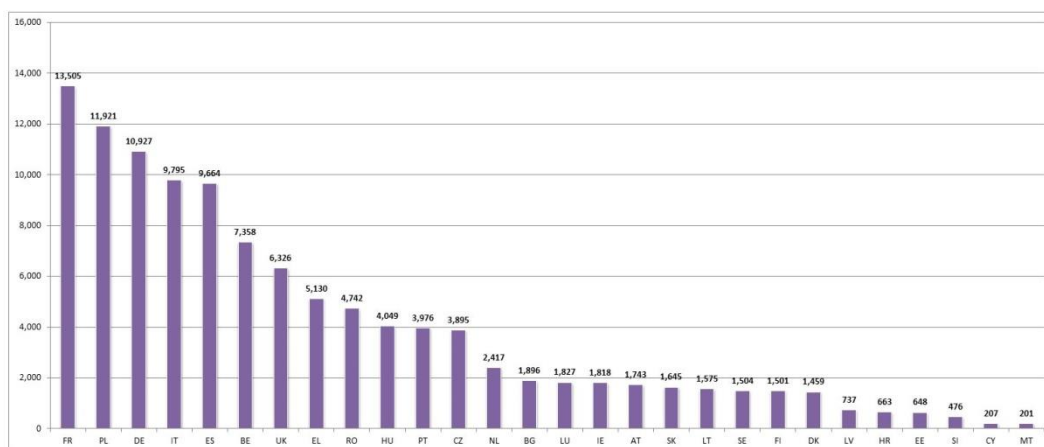
Figure 3: EU Expenditure by Category, 2017



Source: European Commission (2018)

Figure 4 shows total EU expenditure in each MS in 2017. In 2017, total EU expenditure amounted to €137bn. The top five MS allocated with the greatest share of EU funding included: France (€13.5bn); Poland (€12bn); Germany (€11bn); Italy (€10bn); Spain (€10bn). The lowest level of EU expenditure was allocated to Malta (€200 million); Cyprus (€200 million); Slovenia (€475 million); Greece (€650 million) and Croatia (€660 million).

Figure 4: EU Expenditure by Member State in 2017 (Millions)



Source: European Commission (2019); European Commission (2017)

Table 1: EU expenditure for Ireland 2017 ¹

		€ Million
1	SMART AND INCLUSIVE GROWTH	232.3
1.1	Competitiveness for growth and jobs	181.4
1.1.1	Large infrastructure projects	0.4
1.1.2	Common Strategic Framework (CSF) Research and Innovation	126.8
1.1.21	<i>The Framework Programme for Research and Innovation (Horizon 2020)</i>	126.8
1.1.3	Programme for the Competitiveness of Enterprises and small and medium-sized enterprises (COSME)	0.8
1.1.4	The Union Programme for Education, Training and Sport (Erasmus+)	23.3
1.1.5	European Union Programme for Employment and Social Innovation (EaSI)	0.1
1.1.6	Action Programmes for customs, for taxation and for anti-fraud in the European Union (Customs 2020, Fiscalis 2020 and Anti-Fraud)	1.0
1.1.7	Connecting Europe Facility (CEF)	9.2
1.1.71	<i>Energy</i>	2.9
1.1.72	<i>Transport</i>	4.5
1.1.73	<i>Information and Communications Technology (ICT)</i>	1.8
1.1.8	Other	19.7
1.2	Economic, social and territorial cohesion	50.9
1.2.1	Investment for growth and jobs	48.6
1.2.10	<i>More developed regions (Competitiveness)</i>	48.6
1.2.2	Technical assistance and innovative actions	0.5
1.2.3	Youth Employment Initiative (specific top-up allocation)	1.8
2	SUSTAINABLE GROWTH: NATURAL RESOURCES	1,508.3
2.1.1	European Agricultural Guarantee Fund (EAGF) - Market related expenditure and direct payments	1,229.9
2.1.10	<i>Direct Aid</i>	1,205.6
2.1.11	<i>Other</i>	24.3
2.2.2	European Agricultural Fund for Rural Development (EAFRD)	254.6
2.2.21	European Maritime and Fisheries Fund (EMFF)	21.4
2.3.1	Programme for the Environment and Climate Action (Life)	2.4
3	SECURITY AND CITIZENSHIP	26.0
3.1.1	Asylum, Migration and Integration Fund	7.7
3.1.2	Internal Security Fund	0.9
3.1.3	Justice Programme	0.3
3.1.4	Rights, Equality and Citizenship programme	1.2
3.1.5	Europe for Citizens	0.2
3.1.6	Food and feed	11.0
3.1.7	Union action in the field of health (Health Programme)	0.4
3.1.7	Other	4.2
4.0	ADMINISTRATION	51.8
TOTAL EXPENDITURE		1,818.3

Source: European Commission (2019)

¹ Note: Due to rounding, numbers presented in this table may not add up precisely to the totals provided.

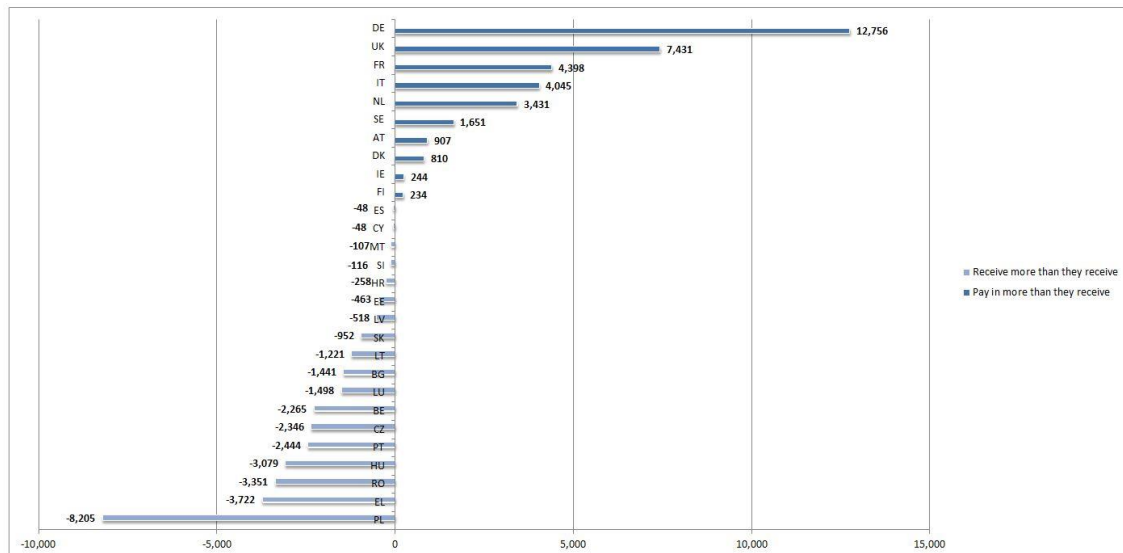
Table 1 shows a breakdown of EU funds allocated to Ireland in 2017. In total, Ireland received just over €1.8bn in EU funding. The largest share of EU expenditure was on ‘Sustainable growth: natural resources’ (€1.5bn): with €1bn going towards the support of Irish agriculture; €255 million towards rural development and €20 million towards supporting Irish fisheries. The second largest share of EU expenditure allocated to Ireland was spent under the heading of ‘Smart and Inclusive Growth’: of which €180 million went towards competitiveness for growth and jobs and €50 million was allocated to Economic, Social and Territorial cohesion. ‘Administration’ (€50 million) and ‘Security and Citizenship’ (€26 million) received the lowest amount of EU funds.

EU Budget: Net Contributors and Beneficiaries

Figure 5 shows net contributions by MS in 2017. Germany is the largest net contributor to the EU, contributing €13bn more to the EU than it received in funding from Brussels. Germany was followed by the UK (€7bn); France (€4bn); Italy (€4bn); and the Netherlands (€3bn) as the highest paying net contributors to the EU. Ireland is also a net contributor: contributing €240 million more than it received in 2017.

By contrast, Poland received €8bn more than it contributed in 2017, the highest net level of EU funding of any MS. Other substantial net beneficiaries included: Greece (€4bn); Romania (€3bn); Hungary (€3bn) and Portugal (€2bn).

Figure 5 EU Budget: Net Contributions by Member State, 2017 (Millions)



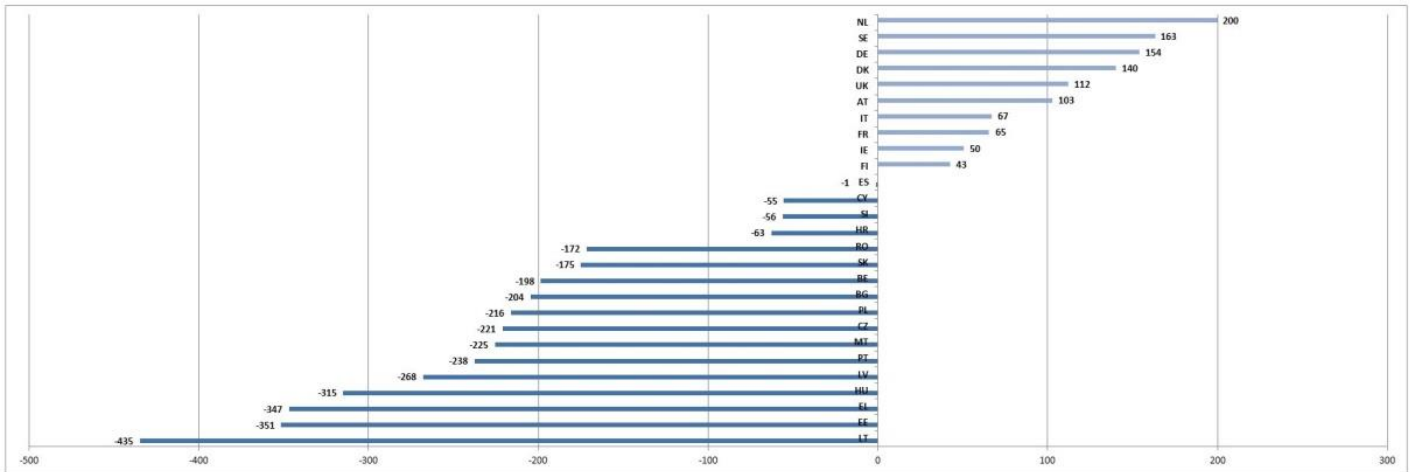
Source: European Commission (2019); European Commission (2017)

Net Contributors and Beneficiaries Per Capita

Figure 6 expresses the net contribution made to the EU by each MS relative to its population size in 2017. The Netherlands was the largest net contributor, contributing €200 per capita in 2017. The Netherlands was followed by Sweden (€160 per capita);

Germany (€150 per capita); Denmark (€140 per capita); UK (€110 per capita) and Austria (€100 per capita).

Figure 6: Net contribution of MS to the EU Per Capita 2017



Source: European Commission (2019); Eurostat (2019)

Luxembourg was the largest net recipient on a per capita basis; receiving €2,500 per capita in 2017 (Luxembourg is not included in Figure 5 as it distorts the scale). However, it is important to note that most of the EU expenditure in Luxembourg is on ‘Administrative’ funds - €1.5bn of a total of €1.8bn in EU Funds in 2017 - and this reflects the substantial presence of EU institutions in this small country. Other significant net beneficiaries included: Lithuania (€430 per capita); Estonia (€350 per capita); Greece (€350 per capita); Hungary (€315 per capita) and Latvia (€270 per capita). Therefore, while Poland, Romania and Portugal were among the highest net receivers of EU funding (as shown in figure 4): each of these MS only received between €170-€240 per capita in 2017.

References

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