

Informal background note on revised budget figures for FP7

Attached is a draft revised budget breakdown for FP7 based on the Council conclusions of December 2005 and pending confirmation of the agreement between Parliament and Council on the financial perspectives for 2007 – 2013.

The Commission takes as a working hypothesis for FP7 a budget of € 47,781 billion in constant 2004 prices for the period 2007 to 2013. This does not include yet the increase of € 300 million (2004 prices) proposed within the agreement reached at the trilogue of 4 April 2006 on the Financial Perspectives.

A budget of € 47,781 billion in 2004 prices corresponds to a budget of € 54,244 billion in current prices, i.e. including expected inflation over the 7 year period.

With €54,244 billion as a basis the proposed breakdown is shown in the table.

This budget represents a reduction of approximately 30% vis-à-vis the Commission's initial proposal of April 2005. However, the proposed revised budget represents an average annual increase vis-à-vis FP6 of approximately 40% in constant 2004 prices, which corresponds to an increase in average terms of approximately 60% in current prices. It should be noted that around 2/3 of this increase will go to the new initiatives such as the ERC, space and security, research infrastructure, regions of knowledge and the research potential.

The figures in the legislative proposals are in current prices. Therefore the following sets out some broad comparisons between FP6 and FP7 in current prices, as well as some of the broad principles which have guided the establishment of the revised breakdown.

All in all, about $\frac{3}{4}$ of FP7 is continuity of existing FP6 actions, while $\frac{1}{4}$ consists of new actions. Existing actions in continuity vis-à-vis FP6 are all seeing an increase in budget. However, one important challenge is to introduce 25% of new actions with a very slow increase in the budget in the first 3 years.

The Cooperation SP remains the core of FP7 and is increased with over 30% compared with FP6. Its relative part out of the total FP7 increases compared to the initial proposal. However, the budget increase includes Space and Security and also the fact that the themes will have to incorporate horizontal actions, which in FP6 had a separate budget, such as support for policy, new and emerging science and technology, the coordination initiative ERA NET and international cooperation. The balance between the thematic priorities is globally the same as in the initial proposal; marginal upward adjustments are made for energy and for thematic priorities with smaller budgets.

The ERC needs a critical mass in order to have the expected impact and the budget proposed is just over 1 billion per year on average over the seven years. The ERC's budget profile, starting small in 2007 and ending high in 2013, will enable the ERC to have a successful start and a substantial expansion of its activities.

The People SP is one of the most oversubscribed parts of FP6 and the budget is increased 50% compared with FP6.

Looking at the parts of the Capacities SP, research infrastructures have been increased by 60% compared with FP6 but this represents a large cut compared with the original proposal. The SMEs schemes are increased by nearly 50% compared with FP6.

Regions of Knowledge and Research potential are essentially new schemes so no comparison is possible with FP6. Science in Society will have an over 30% increase compared with FP6.

On international cooperation the budget takes into account that the research activities will be dealt within Cooperation while Capacities will deal with horizontal support actions and measures.

Actions that are subject to an international commitment cannot be reduced by much. This applies to fusion, particularly ITER but also to an extent to the indirect fusion research actions

Actions that are part of an institutional setting have no budget elasticity. This applies to the Joint Research Centre, both in the EC and in the EURATOM programmes, whose budget only reflects growing costs of a stable level of personnel over and above the inflation rate. The same approach was followed in the initial FP7 proposal, where the JRC's budget had seen almost no growth.

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Draft revised budget FP7 (in current prices) (*)

The 7th Framework Programme of the European Community (EC)	EUR million 2007-2013
<i>Revised indicative figures</i>	
Cooperation	32.202
Health	5.984
Food, Agriculture and Biotechnology	1.935
Information and Communication Technologies	9.080
Nanosciences, Nanotechnologies, Materials and new Production Technologies	3.467
Energy	2.235
Environment (including Climate Change)	1.886
Transport (including Aeronautics)	4.150
Socio-economic Sciences and the Humanities	607
Security and Space	2.858
Ideas	7.460
People	4.577
Capacities	4.193
Research Infrastructures	2.008
Research for the benefit of SMEs	1.228
Regions of Knowledge	126
Research Potential	320
Science in Society	329
Activities of International Co-operation	182
Non-nuclear actions of the Joint Research Centre	1.751
TOTAL EC	50.183

The 7th Framework Programme of the European Atomic Energy Community (EURATOM)	EUR million 2007-2011	EUR million 2007-2013 ^(**)
<i>Revised indicative figures</i>		
Fusion energy research	1.947	2.900
Nuclear Fission and radiation protection	287	411
Nuclear Activities of the Joint Research Centre	517	750
TOTAL EURATOM	2.751	4.061

(*) Does not include the increase of € 300 million (2004 prices) proposed within the agreement reached at the trilogue of 4 April 2006 on the Financial Perspectives.

(**) Figures for 2012-2013 are only for information

