



Presidency Conference on the Multiannual Financial Framework

**Speech Jeroen Dijsselbloem,
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Ladies and gentlemen,

• Today has been a milestone. Representatives of all the 28 national parliaments of the member states are here today. Our colleagues from the European Commission, the European Parliament, the European Court of Auditors and a number of interest groups have also attended. It was the first step towards the next Multiannual Financial Framework. We all know how difficult it is, so it's best to start early.

• I know the next round of negotiations on the multiannual budget still seems far away, as the next period will only start in 2021. But this first step is important. So in what follows, I would like to talk about:

o The importance of the Multiannual Financial Framework.

o How today has contributed to the future of the European budget.


o And the steps we are going to take in the future.

[Importance of the MFF]

• The European budget benefits all EU-members – and 500 million Europeans - in different ways. For many of us, it provides funds for structural investments and supports economic growth, employment and social cohesion. For instance through the European Regional Development Fund, or the European Social Fund. But the MFF is also necessary for innovation and education and contributes to the long-term development of the European economy. For example Horizon2020 and the Erasmus programme. In my mind two excellent examples of European added value. The point is that we all benefit in some way.

• We should always keep in mind: 'For whom are we doing this?' Not for us. Not for parliaments even. But for the EU-citizens. All of them.

• However, there is no such thing as free money. So I want to



make some preliminary points, before getting to the results of today's conference.

- First of all, the financial, economic and debt crises have hit Europe hard over the past years. This has increased the pressure on national governments and the way they spend their budget. In the same way we all do in our domestic budget decisions, we should ask ourselves time and time again how we can maximize the added value of the EU-budget. I am pleased vice president Georgieva has taken the lead today, as she is pushing for better results from the EU-budget. It is our responsibility to make every euro count. And given that the EU-budget is limited, it is our responsibility to make the right choices where and on what to spend it.

- Secondly, we have already made some important and necessary choices in this context.

- o With the Juncker-plan the European Fund for Strategic Investments has been introduced and funded within the existing budget ceilings: An important accomplishment.

- o We are maximizing implementation of programmes from the former budget.

- o And, most importantly, we have reacted to the migration crisis by reserving higher than expected funding within the existing framework.


These choices were all necessary, but they have also put a great strain on our funds and have limited our future flexibility. It has become crystal clear, in my mind, that we are able to react to changing circumstances, but at the moment, we are stretching the flexibility to the very limit, and we are not even halfway the current MFF period which runs until 2020.

- Thirdly and lastly, we need to be flexible to be as effective as possible – and I'm saying this as a net-contributor. But we can all see that changing circumstances demand changed policies. And different policies demand different funding. We should therefore shift our focus to the future. I hope today has made you all realize a forward looking focus is what Europe needs and demands from us as policy makers. That brings me to today's results.

[Results of the conference]

- Your presence here today and your contributions to the conference are a first and important step in designing the next MFF. I am proud of this. I'm glad that we could host this meeting under the Dutch Presidency. And I'm happy that we were able to give all of you the opportunity to speak today and share your ideas and thoughts.

- We consider the collected principles on all four individual subjects today as points of guidance for the future MFF. Let me shortly react to a few:



- First of all the balance between flexibility and long term investments. The current budget ensures member states, different regions and even individual institutions of sufficient funds for long term investments. I believe these investments are needed to prepare Europe for the future. However, the changing circumstances demand flexibility of the EU-budget to respond to unforeseen events. As I have already stated, we have been able to react to these circumstances, but we are reaching the very limits of what we can accommodate.


- Today, you discussed principles for a flexible budget, without losing the certainty of long-term investments for Europe. Thank you for valuable new ideas, like reserving a larger part of the budget for unforeseen circumstances, next to funds and new financial instruments for long-term investments and/or Cohesion policy.

- In addition, I would like to point to the opportunity to cooperate as close as possible with private institutions. Let us combine our sources in funding and investing in the future of Europe, thereby increasing our financial strength and efficiency. In addition, let us increase investments over subsidies. Both "principles" would help to relieve the currently so apparent tension between investments and reacting to unforeseen circumstances.

- The upsides of a more flexible budget are clear. If we look at the current migration crisis, this could provide for the necessary ability to unite and react collectively through the EU-budget, as the value added of such a joint response is, in my mind, undisputed. I sincerely hope your discussion today has contributed to future solutions to find that flexibility can deal with the issue.

- Secondly, there is trade-off in balancing the various goals of the EU-budget, from solidarity to subsidiarity. Via the EU-budget, we fund, finance and contribute to a great number of projects, goals and beneficiaries. And given the budgetary constraints, this leads to an intense debate. I have been in such debates as well, overhearing principles such as subsidiarity, solidarity, added value, focus on results, and various combinations hereof. Many of these inherent goals of the EU-budget have been discussed today as well and we need to continue this debate.

- Lastly, we cannot discuss the expenditure side of the budget without discussing its financing. This financing needs to be fair and transparent. The current financing of the EU-budget is, however, too complicated, and not transparent enough. We all know why. We finance the budget via different sources, we use different methods to calculate our contributions, and we revise our contributions afterwards up until four years looking back after closing the budget. In short: these practices lack transparency and do not contribute to – or even limit – a thorough discussion on shaping the expenditure side of the budget, because there is a trade-off between financing and expenditure. Only if we are more transparent about this we can learn from each other, for example via best practices.



- Today has been helpful for this issue. I am grateful Mr. Mario Monti is present here today and was able to join this discussion. I hope the outcomes will assist him in completing his work for the High Level Group Own Resources. We will welcome you, mr. Monti, in February's Ecofin meeting

[Conclusion: the future]

- Although I'm closing the conference today, our work doesn't end here. On the contrary, it has only just begun. So how do we continue?

- I can promise you that we, the presidency, will continue the work. We will host an open discussion on the MFF and the EU-budget during the informal General Affairs Council in April. Moreover, we will take that same discussion to the informal ECOFIN at the end of April as well. We hope to lay some groundwork for the next presidencies to build on.

- In parallel, we want to get the basics of the budgetary process right – which can be done on the short term - by improving the transparency, simplicity and predictability. During the Dutch Presidency we are therefore working on simplifying these basic elements.

- o To increase simplicity we hope to move towards a more straightforward budget calendar, with a limited and fixed number of amending budgets.

- o To increase transparency we are cooperating with the Commission to provide more and detailed information on the implementation of the budget and the forecasting of future budget years.

- o Lastly, to increase predictability, we hope we can conclude on revised regulation on the yearly rebalancing of GNI and VAT resources.

Getting the basics right is also crucial to maintain popular support for our contributions to the EU, as several of my colleagues and myself have experienced with the rebalancing of contributions in the fall of 2014.

- We are determined to contribute to a better functioning of the MFF and the EU-budget during our presidency. You can rest assured that we will discuss these basic elements in the light of today's bigger picture during the informal ECOFIN in April.

- Looking ahead, I also urge you to do your part. Go to your national parliaments, go to your constituencies, go to your stakeholders. Debate the suggested principles that we debated here. Most importantly, tell them how crucial it is that we negotiate a completely new MFF together and with an open, future-oriented attitude. Thank you in advance for all your efforts.



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