

His Excellency Dr José Manuel Durão Barroso
President of the European Commission

18 December 2010

Dear President Barroso

The next multiannual financial framework will come as Member States make extraordinary efforts to clean up public finances. These efforts are intended to bring down public deficits and public debt to a sustainable level in keeping with an enhanced fiscal and macroeconomic monitoring framework.

European public spending cannot be exempt from the considerable efforts made by the Member States to bring their public spending under control. The action taken in 2011 to curb annual growth in European payment appropriations should therefore be stepped up progressively over the remaining years of this financial perspective and payment appropriations should increase, at most, by no more than inflation over the next financial perspectives.

A budgetary rule should be defined for the overall level of spending incurred by the European Union over the period covered by the next multiannual financial framework, such that the level of commitment appropriations is set at a level compatible with the required stabilisation of budgetary contributions of Member States. Consistent with this, the commitment appropriations over the next multiannual financial framework should not exceed the 2013 level with a growth rate below the rate of inflation.

It is possible to implement ambitious European policies for our citizens if we have a stable volume of spending. This calls for a better use of available funds. The challenge for the European Union in the coming years will not be to spend more, but to spend better. This challenge can be met by improved European spending efficiency, accurate tracking of incurred commitment appropriations, seeking out where we can gain economic leverage and simplifying the financial framework.

In view of the above, we await the Commission's package of proposals.

David Cameron, Prime Minister of the United Kingdom

Angela Merkel, Federal Chancellor of Germany

Nicolas Sarkozy, President of the French Republic

Mark Rutte, Prime Minister of the Netherlands

Mari Kiviniemi, Prime Minister of Finland