



Tweede Kamer

DER STATEN-GENERAAL

COURTESY TRANSLATION

to Mr Günther Oettinger
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re Multiannual Financial Framework post-2020

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Dear Mr Oettinger,

On Monday 8 and Tuesday 9 January 2018, on behalf of the standing committee on European Affairs, we participated with great interest in the High-Level Conference in Brussels regarding the new Multiannual Financial Framework post-2020 (MFF).

We would like to thank you for your hospitality and offer our compliments for the comprehensive programme. The conference provided us with great insight into the state of affairs regarding the MFF dossier and the mindset of the various speakers, including the European Commission themselves. We believe that the conference offered solid preparation for consideration of the proposal for a new MFF, which the European Commission will determine in May 2018.

The standing committee on European Affairs also appreciates the fact that you, as the responsible European Commissioner, are visiting the House of Representatives this week to discuss the principles of the future MFF. Experience has taught us that visits from representatives of EU institutions, such as the European Commission and the European Court of Auditors, are met with enthusiasm by the House of Representatives.

In order to make the best use of the available time during your visit to the House of Representatives, we would like to outline the House of Representative's general principles and the issues that have been discussed earlier in parliament.

We would also like to take the opportunity, partly linked to political dialogue, to raise several questions, including technical ones, with the European Commission, accompanied by the request for these questions to be answered in writing and, wherever possible, substantiated by research.



Context of the discussion regarding the Multiannual Financial Framework in the Netherlands

The EU long-term budget is an outstanding example of a political instrument. It outlines the policy action plans that will be implemented in the period ahead alongside the intensity of implementation. Desire always exceeds resources. Choices therefore need to be made and priorities established, as every euro can only be spent once.

It is vital that there is public support for the budget. This means that the budget visibly and demonstrably needs to solve citizen's problems, that spending is efficient and effective and that the European Court of Auditors offers a declaration of approval.

Brexit represents a major challenge for the EU budget, but also offers an opportunity to truly reform the MFF.¹ There are three possibilities to compensate for the departure of the United Kingdom from the European Union: 1) the EU receives its own revenues; 2) member state contributions are increased; 3) contributions are not increased, resulting in a smaller budget. In a motion, a majority of the House of Representatives has expressed their preference for the last option: a smaller EU demands a smaller EU budget.²

A majority of the House of Representatives advocates a scenario in which the size of the MFF is reduced in order to compensate for the departure of the UK (as one of the largest net contributors).³ The consequences of Brexit for the Dutch contribution to the EU, which amounted to no less than circa 5% of the EU budget at the start of the current MFF (2014-2020),⁴ need to be comprehensively identified.⁵

The costs of implementing the EU budget incurred by EU institutions and decentralised authorities also need to be critically examined, in order to reduce the unnecessary circulation of funds between the member states and Brussels.⁶

¹ Parliamentary document 21 501-20, no. 1232.

² Motion of MP Maeijer dated 19 April 2017, Parliamentary document 21 501-20, no. 1214; motion of MP Van Rooijen dated 20 April 2017, Parliamentary document 21 501-20, no. 1225.

³ Parliamentary document 21 501-03, no. 108.

⁴ National budget 2016: http://www.rijksbegroting.nl/2016/voorbereiding/begroting,kst212304_10.html

⁵ Motion of MP Omtzigt dated 19 April 2017, Parliamentary document 21 501-20, no. 1204.

⁶ Motions of MP Hijink dated 21 June 2017, Parliamentary document 21 501-20, no. 1243 and 1244.



Guiding principles and subjects for discussion at the House of Representatives

- Before funds are reserved for a budget item, it should first be considered whether there is an alternative solution to the problem. Not all problems need to be solved using money.
- The MFF solves the major, cross-border problems affecting people, and that member states cannot solve themselves.
- Budgetary expenditure has EU added value. National competences are not assumed with EU funds.
- Co-financing is to become the norm when making investments, in which the intended effect is greater than the sum of the individual investments.
- The MFF outlines in concrete terms the objectives to be achieved, what is required to achieve these objectives, the instruments to be used and the accompanying budget in advance.
- The budget features measures to stimulate efficiency and effectiveness.
- Budgetary expenditure is constantly evaluated.
- A 'new for old' system applies, that is, additional funds are only allocated to a (new) budget item if savings are made on another item.
- Implementation costs are reduced across the entire EU budget.
- A smaller EU means a pro rata reduction of the EU budget.
- Conditionality applies to the receipt of European resources. The Dutch net contribution is in keeping with countries with a comparable level of prosperity.
- The MFF is straightforward and transparent, and is evaluated and revised at set times.
- EU budget expenditure occurs in line with European Court of Auditors norms by way of a declaration of approval. Regarding the management of EU subsidies, each member state – following the example of countries including the Netherlands – drafts a National Declaration (also known as an EU member state declaration).
- Alongside expenses and obligations, the MFF also contains guarantees. These guarantees are valued transparently, and policy is in place to actively reduce the totality of guarantees.

Questions (of a political and technical nature) requiring a written response

- Are the current expenditure items in line with future EU priorities? If so, why? If not, which priorities does the EU believe are future-oriented?
- What revisions have been made to expenditure and how did the decision-making process proceed on this matter?
- Are the current expenditure items not too high, in the sense of resources not being used for their intended purpose (underspending)? If so, how much? If not, why not?
- Is current expenditure efficient and effective? If so, which studies indicate this?



- Have all the current budgets been examined to determine whether they were effective, if they can be closed, or if there are alternative methods of achieving the objectives? If so, are these studies available?
- With regard to determining the new MFF, has the Commission learned lessons through conducting a comprehensive evaluation of the effectiveness, added value and efficiency of the current MFF? If not, why not? If so, which lessons have been learned, and are these evaluations available?
- Does the EU apply an objective definition of EU added value? If so, what is the definition?
- Is this definition used as an assessment framework for expenditure items in the future MFF? If not, why not?
- Is the Commission aware of the amount of EU resources used for items that member states could address themselves without EU resources?
- What new priorities does the European Commission anticipate in the new MFF? What is the budgetary extent of these new priorities in absolute figures and percentages? How much money is already being allocated to these priorities? Is there another way of achieving the objectives and output than with money? If so, how?
- How does the European Commission evaluate working with 'national envelopes', especially with regard to flexibility and the reduced opportunity for cross-border cooperation?
- How much of the budget (for common agricultural policy) is used for direct income support? Can the Commission indicate how much money goes to large companies and wealthy farmers who do not require these funds? If not, why is the Commission not in possession of this information?
- The Netherlands has had good experiences with interdepartmental policy research in which budget items are examined with regard to efficiency and effectiveness, and in which scenarios are realised to ascertain the situation if the budget were cut by 20%. These studies are extremely helpful when seeking savings. The House of Representatives is aware that the European Commission also conducts studies of this kind, the Spending Reviews. What precisely is examined in these Spending Reviews, and do they illuminate opportunities for savings? Can these Spending Reviews be made public? If not, why not?
- Is the European Commission prepared to make an annual National Declaration (or EU member state declaration) regarding the management of EU subsidies obligatory for each EU member state? If not, why not?

Yours sincerely,

The rapporteurs regarding the Multiannual Financial Framework, on behalf of the standing committee on European Affairs,

Anne Mulder

Renske Leijten