



EUROPEAN COMMISSION

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Dear President,

Let me thank you for transmitting the Opinion of the Czech Senate on the European Commission's Communication on the Budget Review {COM(2010) 700 final} and the new EU multiannual financial framework 2014-2020. Apologies for the extremely late reply to the Senate's Opinion. Still, the Commission notes with pleasure the interest of the Czech Senate in the above mentioned Communication on the options identified by the European Commission for the debate on how the EU budget can help to address future challenges, in particular the achievement of the Europe 2020 strategy.

In this Communication and its annexes, the Commission's intention was not only to respond to the specific mandate from the December 2005 European Council and the 2006 Interinstitutional Agreement between the Commission, the Council and the European Parliament on budgetary discipline and sound financial management to undertake a full, wide-ranging review covering all aspects of EU spending. The Commission also wished to launch the necessary in-depth discussion on the future financing of the European Union budget with a view to preparing the proposal for the next multiannual financial framework. We are very grateful to the Czech Senate for having contributed to this discussion.

Following the consultation period launched by the budget review, the Commission presented the proposals for the next MFF on 29 June 2011 respecting the timetable foreseen in the Interinstitutional Agreement. The Commission is currently in the process of adopting detailed legislative proposals for the different financial instruments and programmes which will be presented by 31 December 2011. To this end, the Commission has taken into consideration all comments and opinions received and has also carried out the necessary impact assessments for the individual financial instrument proposals that will implement the general multiannual financial framework.

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Please be assured that the specific concerns raised by the Czech Senate, in particular regarding the need to ensure that we use our resources to best effect, where the EU budget can make a difference and bring real added-value in a period of economic and budgetary difficulties, as well as the need to better adapt the budget allocations to the basic policy priorities to respond to the Europe 2020 strategy goals, has been duly taken into account in the final proposals. The Commission is pleased to note that the Czech Senate has put a particular emphasis on the need for redirecting EU funding towards energy infrastructure projects reinforcing the Union's energy security or projects supporting science, research and innovation. These concerns should be met with the proposed creation of a Connecting Europe Facility and the new Common Strategic Framework for research, innovation and technological development called Horizon 2020 - in combination with the continued support from the structural and cohesion funds.

Let me add a few words on new own resources, since the Czech Senate has expressed particular sensitivities with regard to this issue. The introduction of new own resources does not represent a transfer of new competencies to the Union. The Treaty on the Functioning of the European Union (Article 311) provides that the Council adopts the decision laying down the provisions relating to the system of own resources. In that context, the Council can decide, with unanimity, to establish new categories of own resources or abolish an existing category. Any such decision requires, in addition, the approval by each Member State in accordance with its respective constitutional requirements. But the Commission believes that own resources can play a role in achieving common policy objectives which can be better achieved at Union level. This is clearly the case for the so-called traditional own resources – that is, customs duties – related to the Customs Union. But it will also be the case with the new Financial Transaction Tax proposed by the Commission. This tax should ensure that the financial sector contributes in a fair and substantial way to recoup the costs of the crisis. As a complement to regulatory efforts, it could discourage overly risky activities by financial institutions. And by gradually replacing national contributions to the Union budget it will participate in the Member States' budgetary consolidation efforts.

The High-Level Conference on the Union's Multiannual Financial Framework 2014-2020, held in Brussels on 20 and 21 October 2011 provided an opportunity for representatives from all national parliaments to discuss the main underlying principles of the future Union budget with representatives from EU institutions and national Governments. Let me thank you again for the Opinion of the Czech Senate, which will help to enrich the debate on the future financing of the European Union budget.

Yours faithfully,

*Maroš Šefčovič
Vice-President*