



EUROPEAN COMMISSION

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Dear Chair,

The Commission would like to thank the Assembleia da República for its Opinion on the post-2020 Multiannual Financial Framework.

In the preparation of its proposals for the 2021-2027 Multiannual Financial Framework, the Commission has built on the open and inclusive debate launched in March 2017 with the White Paper on the Future of Europe, and in June 2017 with the Reflection Paper on the Future of European Union Finances.

The Commission has listened carefully to national Parliaments, to the Member States, to the European Parliament and to the discussions held in the context of the Informal Leaders' Meeting in February 2018. The Commission has also listened to citizens and to the final beneficiaries of European funding, in the framework of citizens' dialogues held in all Member States, and of the public consultations carried out between January and March 2018, with more than 11,000 responses received.

Between 2 May and 14 June 2018, the Commission presented a comprehensive package for the 2021-2027 long-term budget, including sectoral legislative proposals for programmes supporting and implementing European policies.

The Commission welcomes the contribution of the Assembleia da República to the debate and take note of its opinion that the future agricultural policy and cohesion policy should be granted the same level of resources as compared to the current Multiannual Financial Framework, through an increased level of Member States' contribution set at a level of 1.2% of the Gross National Income.

The Commission would like to underline that it proposed moderate cuts in agricultural policy and cohesion policy without undermining their added value. They are combined with the modernisation on those policies that will allow them to continue delivering on their core objectives.

*Ms Regina BASTOS
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The proposed allocation method for cohesion policy is calibrated to provide a balanced distribution of funds. It aims to reflect how disparities have evolved over the past years, includes new criteria to better consider the socio-economic situation on the ground, keeps targeting resources to regions where support is most needed and ensures a fair treatment for all. It provides for a 'safety net' to avoid too abrupt changes in Member States' allocations from which Portugal is benefiting.

The Cohesion Fund itself is reduced due to the removal of the restriction for the eligible Member States, including Portugal, to implement one third of their total structural funds allocation via the Cohesion Fund. However, it does not mean that less developed countries and regions will receive less. All three funds - European Regional Development Fund, Cohesion Fund and European Social Fund - have to be considered together. The available resources will be partly moved to Portugal's European Regional Development Fund allocation, which offers a broader range of investment options, including those linked to future development needs such as research and innovation, education, social infrastructure, renewable energy and energy efficiency.

The Commission also welcomes the support from the Committee for Budgetary and Financial Affairs and Administrative Reform of the Assembleia da República to many elements of the proposals, in particular in relation to the simplification of the budget structure, the alignment of the Union budget with the Union's priorities for programmes such as Erasmus and Horizon Europe (including for its specific agricultural component), enhanced flexibility in budget management, the proposal on the rule of law, the reform support programme and the proposed strengthened complementarity of European funds.

The Commission proposals are pragmatic and realistic, strongly geared to the top political priorities agreed by Leaders in Bratislava and Rome on the future of Europe. They aim to show how the European Union addresses continued and emerging challenges, combining additional efforts with the necessary budgetary rigour, to move forward together with confidence to deliver on our common agenda.

The Commission hopes that its proposals provide a solid basis for the negotiations to come. It looks forward to a constructive and positive debate with the Portuguese government and with the Assembleia da Republica on the next Multiannual Financial Framework and to continuing our political dialogue in the future.

Yours faithfully,

*Frans Timmermans
First Vice-President*

*Günther H. Oettinger
Member of the Commission*