



Jean-Claude JUNCKER
President of the European Commission

Günther H. OETTINGER
Member of the European Commission

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Dear Colleagues,

Following up on the encouraging outcome of the informal debate held by the Leaders on 23 February, it is now time for the Commission to finalise swiftly the on-going preparation for a new, modern Multiannual Financial Framework for a European Union that delivers efficiently on its priorities post-2020.

The new adoption date of 2 May – only two months from now – will require swift and intense work. We have laid solid foundations through our debates in College and our collective work on the Spending Review. We would like to thank you and your services for your highly constructive contributions. Building on this process and the orientations given by the Vice-Presidents Steering Group, we would now like to set out the next steps and key parameters for the work in the coming weeks. This letter will be followed up by a more detailed note to your services to further organise the work at technical level.

The Multiannual Financial Framework will be among the most important and complex proposals made by this Commission. Our ambition is to design a package that gives strong support to the Union's existing and new priorities in a way that is tangible for all Europeans. The package will need to be fair and balanced in order to serve as a solid basis for the challenging negotiations to come. Finding this balance will require a high level of discipline within the Commission and also in our contacts with the other Institutions, the Member States and all the many stakeholders affected in some way by the EU budget.

We will need to make sometimes difficult choices together, as we have new priorities and are facing new challenges. This will also be the first Multiannual Financial Framework for the Union at 27. The withdrawal of the United Kingdom from the Union implies the loss of a significant contributor to the financing of the Union's policies and programmes. For this reason, we would like to ask you to take a critical look at where savings can be made in your priority areas and how these priorities can be delivered more efficiently. A balanced package of sufficient size will need to be backed by an intelligent combination of proportionate savings, redeployments within the EU budget and fresh resources.

European added value, enhanced performance, agility and simplification will be the hallmarks of our future proposals. The Spending Review has identified areas for streamlining and regrouping current programmes, and for removing overlapping objectives and actions. This will allow us to enhance synergies and complementarities, and to ensure that programmes reflecting political priorities have sufficient critical mass and inbuilt flexibility to achieve results effectively and efficiently. Our joint work between now and 2 May will be to ensure that these decisions are translated into clear, operational proposals.

The package to be adopted on 2 May 2018 will consist of:

- a political Communication setting out the broad orientations of the Commission's proposals;
- policy fiches describing for each major programme its European added value, objectives, delivery modes and simplification efforts, as well as complementarities with other programmes and financing provided at national or regional level;
- a Staff Working Document presenting main findings of the Spending Review, based on evaluation results, audits and the work done by the Vice-Presidents Steering Group and the Core Group of Directors-General;
- a proposal for a Council Regulation laying down the Multiannual Financial Framework;
- a proposal for an Interinstitutional Agreement on cooperation in budgetary matters and on sound financial management;
- proposals for a Council Decision on the system of own resources and the accompanying Council Regulations.

To prepare this package, Günther will organise in the second and third week of April 2018 hearings with Commissioners and their Directors-General to discuss key parameters and figures for the programmes in the next Multiannual Financial Framework. The list of programmes is annexed to this letter. It is based on the findings of the Spending Review and intensive discussion in the Vice-Presidents Steering Group and the Core Group of Directors-General, as well as the College orientation debate in January.

These programmes will need to be ready by 29 May, in view of the requirements of the other Institutions and our shared goal to make decisive progress in these negotiations before the European Parliament elections. Their financial design will need to take account of the very high amount of outstanding payment claims in 2021 and 2022 and the constraints of the applicable own resources ceilings. This will require a number of mitigating measures both for payment appropriations under the new Financial Framework and for the yearly profile of commitment appropriations.

The next two months will be very challenging for the Commission, at all levels. We have a shared responsibility to produce an ambitious, fair and balanced Multiannual Financial Framework that can at the same time constitute a realistic basis for the negotiations. Throughout this period, we will continue to listen to the European Parliament, Member States, national Parliaments and stakeholders.

We are very confident that by working together in the spirit of collegiality and collective responsibility we will be able to show the Commission at its best and seize this unique opportunity to shape the first long-term budget for the Union at 27.



Jean-Claude JUNCKER



Günther H. OETTINGER