
COMMISSION 'PLAYING TRICKS' WITH EU BUDGET FIGURES

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Members of the European Parliament have accused the European Commission of deliberately producing confusing numbers in its proposal on the next long-term EU budget.

"The commission's communication in terms of figures for the future multi-annual financial framework (MFF) seems to diverge quite significantly from reality," French MEP Isabelle Thomas said Wednesday (16 May) at the parliament's budget committee.

Thomas is one of the MEPs dealing with the next MFF in the parliament.

"What seems to underly the figures is a desire to confuse. Some figures are based on the EU-27, others on EU-28, some are based on current, others on constant prices * All sorts of tricks have been tried by the commission, which leads me to wonder about the very credibility and seriousness about what has been put to us," the Socialist MEP said.

The commission unveiled its proposal for the 2021-2027 period on 2 May with an overall figure of the budget of 1.114 percent of the EU-27's gross national income (GNI).

Despite the UK - one of the major net contributors to the budget - leaving the bloc, the commission has proposed a bigger budget than the current one, hoping to convince the remaining net payers to chip in more, in exchange for cuts in the EU's traditional policies, such as agriculture and cohesion spending.

The EU executive proposed what budget commissioner Guenther Oettinger called a five percent cut in agriculture policy with a four percent cut in direct payment to farmers, and seven percent cut in the cohesion policy aimed at helping poorer regions.

But according to an internal document of the parliament, obtained by EUobserver, and which includes provisional calculations of the budget, the cuts are more significant.

The parliament's experts calculate a more than 15 percent cut in agriculture, including more than 10 percent in direct payments and more than 25 percent in rural development, after deducting UK amounts.

The parliament calculated an approximately 10 percent cut in the cohesion spending - including a 45 percent reduction to the cohesion fund itself, which is the smallest part of the cohesion policy and is distributed to regions by national governments.

It also calculated a 13 percent increase in research (compared to the commission's 50 percent

statement), and only a 77 percent increase in the Erasmus exchange program (compared to the commission's statement of doubling it.)

Clarity vs Opacity

The parliament's analysis notes that the commission has been clear about the absolute figures - but it has been opaque about what it is comparing the figures with in the current MFF.

The parliament's analysis asked for clarification from the commission on which are the 2014-2020 amounts that it is using for its comparisons, and in particular how much it is deducting as the UK's share.

The parliament also wants clarity on the new architecture of the headings and programmes, and the macroeconomic assumptions of the EU executive.

Defenders of the cohesion argue that the policy is rooted in the EU treaty and that poorer regions should not be 'punished' because of Brexit.

Poland's EU affairs minister Konrad Szymanski warned on Monday (14 May) that some member states will lose more than 30 percent of their national allocations in cohesion policy. Though member states' allocations also depend on how the commission will decide to calculate them.

Net payers however argue that instead of transfers, the budget should focus on investment in research and innovation. Negotiations are expected to be tough, with the commission aiming to close a deal within a year.

The EP's budget committee's chair, Jean Arthuis sent a letter to budget commissioner Oettinger on 16 May, seen by EUobserver, on the "lack of reliability and comparability of some of the figures put forward by the commission".

Arthuis called for the commission to make the comparisons used between the two budgets in constant prices, clarify the actual 2014-2020 amounts the commission is using as a point of comparison and explain in detail the budget's new structure.

'Different world'

"[The EP's] figures shed some light on significant discrepancies between the commission's figures and reality," MEP Thomas said, adding that the proposal lacks consistency, clarity, ambition and political will.

The EU budget will have to be agreed unanimously by member states' governments and will have to be signed off by the parliament.

Poland's Jan Olbrycht, the other MEP charged with the budget file, agreed with Thomas adding that the commission changed the structure of the budget and it is difficult to compare it with the current MFF.

"The numbers are used in a way [that] it is impossible to compare," the centre-right MEP told the

EP's budget committee on Wednesday.

"When we have the information, that the agriculture is 'minus five' and direct payments is 'minus four', cohesion is 'minus seven', the question is what it really means?," he said.

"The analysis from EP says it is not minus seven, but it is at least 10, and cohesion is minus 45. If so, it means it will strike immediately cohesion countries," Olbrycht added.

The commission's Nadia Calvino, director-general of the EU directorate tasked with the budget, told the parliament committee that the commission is open to discussion to clarify the numbers to the parliament.

She highlighted that Brexit leaves "a different world" in comparing a budget for 27 member states with one for 28.

She explained that the methodology the commission followed with agriculture and cohesion took the current MFF and the 2020 year in current prices, and removed the allocation of the UK.

"In some programs it is easier, in others, we have put estimates," Calvino said, adding it is from these figures that the commission calculated the changes.

"Just focusing on the comparison is a bit misleading," she added later.

Thomas urged the commission to share the actual figures urgently, because the parliament otherwise will have to use its own figures in its resolutions.

She warned against the three EU institutions - commission, parliament and EU Council representing member states - using three different set of figures - ahead of what are expected to be very difficult negotiations.

Cuts in spending

Zsolt Darvas, a senior fellow at the Brussels-based Bruegel think-tank, told EUobserver it was unusual that the commission did not provide a document presenting a comparison between current and future spending.

It was Oettinger who presented figures comparing the previous and proposed size of the agriculture and cohesion policies, but no written figure was provided.

Darvas speculated that the commission might have not wanted to reveal the full extent of the cuts.

According to his own calculations, the total amount for cohesion increases by six percent in nominal terms, and decreases by seven percent in constant prices.

The cohesion fund - in Darvas's calculation - is planned to be reduced by 37 percent, the regional development fund – part of the cohesion policy spent directly by the regions – is proposed to be increased by 20 percent.

Agricultural spending is proposed to be cut by four percent, according to Darvas, while taking into account inflation, the reduction in real value is 15 percent.

Darvas added that what makes comparisons difficult is the shifting of funds in the proposed budget (for example four smaller funds merge into the European Social Fund), the deduction of the UK's share, and the inflation rate used for the constant price of EU spending by the commission, which is a fixed two percent, irrespective of the actual inflation.

Kaynak/Source: