

Bruegel Workshop

Reforming the EU Budget: A view from two new member states

Mojmir Mrak (University of Ljubljana, Slovenia)

Jarosław Pietras (Warsaw University, Poland)

On 14 January 2007, Bruegel organised a workshop to discuss the future of EU finances. Jarosław Pietras (Warsaw University, Poland) and Mojmir Mrak (University of Ljubljana, Slovenia) were invited to present their views on reforming the EU budget from the perspective of new member states.

Mojmir Mrak presented the summary of the *EU Budget Review: An opportunity for thorough reform or minor adjustment?*, a report prepared by the Slovenian EU Budget Reform Taskforce. The Review articulates four possible scenarios for EU public finances for the period immediately after the year 2013: (1) existing expenditure scenario (unchanged GNI ratio); (2) existing policies scenario; (3) restrictive scenario (decreasing expenditure on the CAP and the Cohesion Policy) and (4) community scenario (increasing expenditure on competitiveness). After evaluating them all, authors indicate scenarios (3) and (4) to be unlikely to happen. They point to (1) existing expenditure level scenario as the one to be the most realistic. With regard to the restrictive scenario, the presenter argued that it was a possibility. However, which of the two most probable scenarios will happen primary depends on the political situation in the EU in the coming years.

Jarosław Pietras agreed with Mojmir Mrak that the size of the budget will not change significantly in the coming decades. In his presentation, Jarosław Pietras discussed the reforms of the EU budget that new member states perceive as necessary. First, he highlighted that there should be a vertical coherence between EU goals and the mechanisms to deliver them. This implies that the review of the EU budget should take into account interlinkages between the European and the national financial instruments. Furthermore, Pietras considered that the multiple correction mechanisms on the revenue and spending sides should be simplified and made more transparent, in order to increase the efficiency of EU spending. Finally, the presenter argued that countries that are unable to implement EU policies, ie due to capacity limitations, should obtain additional assistance from the EU.

Presentations were followed by an open discussion. All participants agreed on the need to reform the EU budget as the current one does not respond to the global challenges that the EU faces.

With respect to the size of the EU budget, participants had the perception that it was unlikely that the level of expenditure would be increased in the coming years. However, the resources to finance the budget should be diversified. Jarosław Pietras pointed out that there should be a source of financing that allows money to go directly to the EU budget without passing through national parliaments.