

## **REGARDING THE DIALOGUE BETWEEN THE EUROPEAN PARLIAMENT AND NATIONAL PARLIAMENTS IN THE PROCESS OF PREPARATION FOR THE EU FUTURE FINANCIAL PERSPECTIVE – VIEW OF THE LATVIAN PARLIAMENT (SAEIMA)**

### **FRAMEWORK, CEILINGS, DURATION AND STRUCTURE OF THE NEXT FINANCIAL PERSPECTIVE**

The ceilings of the next Financial Perspective should remain at about the same level. We give our preference to the bottom-up approach where we, first, decide on the content of the expenditure categories not the overall size of the EU budget against the GDP.

The Own Resources ceilings should not be increased. In any case it is important that this remains purely unanimous decision of the Council.

Latvia approves the current structure of the EU budget and is of the opinion that proposals to create any new categories/instruments need to have a clear justification and a thorough assessment. New priorities and challenges primarily should be financed by streamlining resources within the agreed financial framework.

Latvia prefers to keep the seven year duration for the next EU's multiannual budget. We believe that the current structure of the EU budget allows for enough flexibility to cater for the unforeseen needs. If necessary, Latvia could agree to increase the margins within the expenditure categories at the time when the decision on the multiannual budget is taken.

### **REVENUES OF THE EU BUDGET**

The Own resources system should be simplified. The best way to do that is to abolish VAT based resource, retaining only GNI resource and Traditional own resources.

We are not in a position currently to agree or to start any discussions on new own resources. We are extremely concerned about the potential impact introduction of new taxes would have on competitiveness of different sectors of economy across the different Member States.

The correction mechanisms should be abolished as well.

### **EU BUDGET EXPENDITURES POST 2013**

The two main priorities for Latvia in the upcoming negotiations will be Cohesion policy and the Common Agricultural policy.

The Cohesion Policy should be focused on its original / historical aim, i.e. to reduce disparities in the level of development among the EU Member States and regions. It is necessary to maintain the same level of financial support for the convergence objective of Cohesion policy after 2013. We need to make sure that there is a real economic convergence among the Member States. Only through creating an economically homogeneous area will Europe become more competitive and achieve Strategy 2020 goals.

Financial distribution of the Cohesion policy has to be more concentrated and therefore Member States should be able to choose a limited number of priorities for support; the EU convergence regions should have possibility to choose more priorities.

The current architecture of the Cohesion policy should be kept for the next financing period as well; a clear linkage between the European Social fund, European Regional Development fund and the Cohesion fund has promoted a better coordination of actions and synergy of the Cohesion policy.

Reform of the **Common Agriculture policy** has to make a major contribution to establishment of fair conditions of competitiveness for all the EU farmers. In this context, it is necessary to abandon any references to the historic criteria and introduce new, objective, transparent direct payments distribution criteria for all the Member States.

Common Agriculture policy has to remain a single, common EU policy after 2013 without division in national or regional policies and both CAP pillars should be kept. First pillar of Common Agriculture policy has to be fully financed from the EU budget resources.