Europaudvalget 2015-16
EUU Alm.del Bilag 649
Offentligt

27 May 2016

Danish reply to the public consultation on the revision of the Financial Regulation applicable to the general budget of the Union

Denmark thanks the Commission for the opportunity to comment on the public consultation on the revision of the Financial Regulation applicable to the general budget of the Union, which could be an opportunity to ensure simplification and alignment of the Financial Regulation. Denmark generally supports this ambition and is happy to outline some specific views. While some points are related to the ideas put forward in the consultation document, other points are generally related to the Financial Regulation as such. However this paper is not to be considered an exhaustive list of Danish viewpoints and Denmark will lay out its final position once the proposal is presented by the Commission.

Performance-based budgeting

Generally Denmark supports the agenda of performance based budgeting, which entails shifting focus away from documenting expenditure and activities to delivering more effective, measurable results. In this regard there is a need of changing the indicators to outcome rather than output. However it is essential that the administrative burdens imposed on the Member States as well as the Commission (e.g. documentation requirements) will not increase as a result of a stronger focus on performance and outcome. Denmark also underlines that the goal of the performance agenda is to increase the results of the current budgetary allocations, and thus must not lead to an increase in the general level of expenditure in the EU budget.

Flexibility via internal trust funds

The consultation document proposes the idea of creating flexibility in the EU budget through the use of trust funds for emergencies within the EU. Denmark is sceptical about the creation of internal trust funds. Such a change could lead to an increase in the number of initiatives funded outside the ordinary EU budget. This in turn could lead to decreasing transparency in the budgeting and circumvention of the agreed MFF ceilings. This would be against sound budgetary principles.

Instead sufficient margins in the yearly budgets are a key tool to ensure sufficient flexibility. Particularly it is a pivotal point for Denmark that the agreed budgetary ceilings are respected. Creating instruments outside the EU budget could in effect undermine the agreed ceilings.

Financial instruments

The Commission proposes to simplify the rules for financial instruments. Financial instruments can alleviate budgetary pressures by increasing the leverage of the budget and its impact on the broader economy. Financial instruments can also decrease the potential for state aid distortions of the internal market compared to grants, e.g., in enterprise support. At the same time, financial instruments may not always be the optimal mode of support, and a wider use of financial instruments could increase the EU-budget's liability and reduce transparency in budgeting. Therefore Denmark recommends further analysis and evaluation of existing projects, such as EFSI, before extending the current use of financial instruments.

Introducing new procedures for the revenue side of the EU-budget

Denmark finds it essential that any budget surplus, in accordance with current rules, is transferred back to the Member States and does not have any effect on the expenditure side of the EU budget. Thus the revenue side and the expenditure side of the budget must be clearly separated. Denmark sees no ground for changing this principle. In fact Denmark believes this principle could be furthered by introducing a mechanism, where surpluses are automatically transferred to the Member States instead of being part of an amending budget.

Assigned revenue

Part of the EU-budget is classified as assigned revenue, which means that it is not part of the revenue side of the EU-budget as such, but rather earmarked for certain expenditures. In order to increase the transparency of the EU budget it is suggested that assigned revenue is made part of the revenue side of the EU-budget in line with other own resources, or at least that the use of assigned revenue is limited significantly.

Joint initiatives under Horizon2020

Under the umbrella of Horizon2020 a number of joint initiatives have been established through article 185 TFEU between the Member States and the Commission. The basic acts of some of these article 185 initiatives foresee that the initiative shall be established as a body under private law in one of the member states, typically as an association with the Member States being the members of the association.

As article 58.1.vi of the Financial Regulation stipulates, "adequate financial guarantees" need to be provided by private law bodies with a public service mission. This requirement does not exist for public institutions. Hence it has been demanded that the Member States share the liability of the joint initiatives budget, so that the Member States de facto effectively bare the risk. As a consequence, some Member States will have to withdraw from some of the initiatives due to legal obstacles in providing such a guarantee.

It is therefore suggested that the provisions be changed to the effect that the Commission is enabled to enter joint initiatives under art. 185 TFEU in such a way that each party to the joint initiative would be required to be liable only for its own financial contribution. Consequently, Member States would no longer be required to provide an unlimited financial guarantee for the Union contribution in the joint initiatives.