



Committee on Budgets
The Chairman

Ref.: D (2020) 29536

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HE Mr Michael CLAUSS
Ambassador Extraordinary and
Plenipotentiary
Permanent Representative of the
Federal Republic of Germany
to the European Union
Rue Jacques de Lalaing 8–14
1040 Bruxelles

Dear Ambassador,

Last week, we interrupted negotiations after you reiterated Council's unwillingness to consider any increase in MFF ceilings (and any shifting of Next Generation EU financing costs over and above such ceilings) in order to make room for genuinely increased programme envelopes.

Before interrupting our talks, we accepted the Commission's proposal to put some scenarios on the table in order to finance the top-ups to flagship programmes. Unfortunately, the Commission paper received yesterday does not include the option to increase the programme envelopes, let alone raise the ceilings and address the NGEU financing costs. Instead, we have scenarios focused on flexibilities which closely resemble what the Council has advocated over the past weeks, and what we have rejected again last week, both by letter and during the trilogue. We are therefore back to square one.

Let me state again very clearly that Parliament is not interested in budgetary tricks that would kick the can down the road to future annual budgetary procedures. **Agreeing on top-ups means agreeing now on higher seven-year envelopes ("reference amounts") for our flagship programmes, to be effective as of 2021 and serve as a baseline for the development of our policies for seven years.** We owe it to our citizens, youth, researchers, health workers and companies. At the same time, we also consider it essential to secure higher unallocated margins and flexibilities to address new tasks and unforeseen needs in the years to come. One does not replace the other.

We are ready to hold an informal meeting tomorrow morning, as you suggested, in lieu of the planned trilateral dialogue. But we do not consider the Commission paper as a basis for a discussion, let alone decision, on the top-ups. The options put forward by the Commission can be discussed at a later stage, in the framework of our negotiations on the flexibilities.

I do not need to recall all the steps taken by Parliament to come to a compromise until now. But, once again, we are ready to continue in the same spirit: **I hereby transmit to you a proposal to finance our latest compromise offer of 39 billion Euros.** At its core, there must be an increase of the ceilings as well as the moving of 13 billion of NGEU financing costs over and above such ceilings. But, in a spirit of compromise, we are taking one step

further by limiting to an “upper single digit number” of 9 billion the necessary increase of the ceilings. It also recalls our positions on unallocated margins and flexibilities - that need to be distinguished from the top-ups. This updated offer will be the basis of our message to you tomorrow.

We are very eager to resume formal trilateral dialogues, in order to agree not only on top-ups but also on all other issues that remain to be discussed and finalised.

However, it will not be efficient to resume such trilateral dialogues before you seek to update your negotiating mandate and look for much more room for compromise within the Council.

Sincerely yours,

A handwritten signature in blue ink, appearing to read 'J. Van Overtveldt', with a large, sweeping flourish at the end.

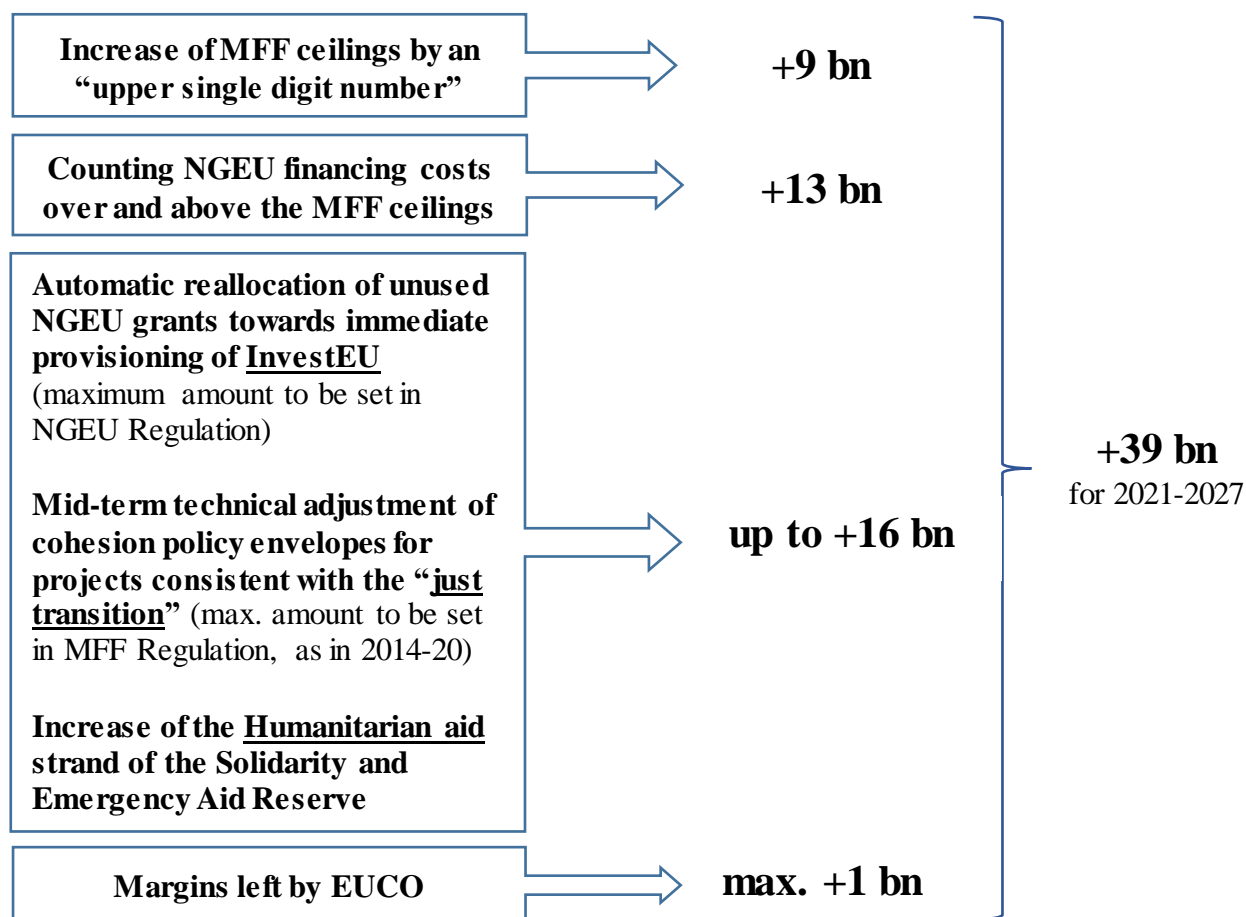
Johan Van Overtveldt

Annex

Copy: Commissioner Johannes Hahn
MEPs Jan Olbrycht, Margarida Marques, José Manuel Fernandes, Valérie Hayer,
Rasmus Andresen

Top-ups to be decided now to develop our seven-year policies

Alternative construct for the 15 flagship programmes



Unallocated margins and flexibilities for future initiatives & unforeseen needs

Updated European Parliament position

