Ministry of Foreign and European Affairs	Ministry of the Budget, Public Accounts and State Reform	Ministry of Agriculture, Food, Fisheries, Rural Affairs and Spatial Planning

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Press release

The European Commission has put forward its proposals for the European Union's financial framework for the period 2014-2020.

1/ With a proactive attitude, the French President and the Government were successful in focusing the European debate on the common agricultural policy and the common fisheries policy. They averted their dismantling and renationalisation. Stabilisation of the CAP budget and the common fisheries policy in current euros is an important achievement in the difficult negotiation about to begin among the Member States and with the European Parliament. The CAP will clearly remain the leading policy area of the European Union. France will accept no financial framework that does not guarantee such a stabilisation. The determination of the French President and the Government in this respect is steadfast.

We take note of a number of Commission proposals that will have to be thoroughly examined. The French authorities wish at this stage to emphasise the following points:

- The creation of a reserve to cover crises in the agricultural sector, which must be responsive, supplements the first pillar regulation instruments needed for farmers income stabilisation to cope with price volatility;
- The budget choice made by the Commission will limit the potential for undertaking a certain redistribution of direct payments between Member States and their "greening";
- The extension to farmers of the Globalisation Adjustment Fund in no way prejudges current and future trade negotiations and France reiterates that it will refuse any trade agreement that may jeopardise European agricultural interests.

2/ Against the backdrop of very strong European and national budgetary constraints, France regrets that the Commission is not proposing to apply the same fiscal discipline and reform effort to the other policies that it is proposing for the CAP. France will strive to correct this in the upcoming negotiations because time has come for better spending instead of more spending. The European Union must share the effort made by Member States to achieve budgetary discipline. More particularly,

- as regards cohesion policy, the Commission has not fully taken account of the fact that some 20 regions have achieved a level of development making them no longer eligible under the convergence objective: savings are possible;
- the sharp increase in funds earmarked for "competitiveness" is unacceptable at a time when the implementation and the effectiveness of such funds are questioned and when the Heads of State and Government have clearly called for in-depth reform: an increase

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in the budget for this policy - especially to this extent - before having reformed it in depth is not and option.

3/ France has continuously called attention to the need to stabilise its contribution to the EU budget. The Commission’s proposal does not meet this objective. The French national budget, which is already devoting nearly €20 billion to the EU budget, cannot accommodate the nearly €250 billion (i.e. almost 30%) increase in payments proposed by the Commission for the coming period. France calls for annual payment appropriation ceilings to be set at a realistic level and to cover all European expenditure (including large-scale projects such as ITER and GMES) in order to constitute a genuine cap on their increase.

4/ With regard to resources, France has always opposed rebates and cannot consider perpetuating them. No extension is possible. What is required is more simplicity, transparency and fairness.

The Commission suggests the creation of new own resources. France is open to discussion on this idea, on the condition that these resources would fully substitute for existing resources and that it would thus reduce contributions paid out of national budgets. The type of own resource to be selected should be carefully examined. France is willing to explore some of the solutions put forward by the Commission, particularly the idea of a levy on a European share of an international Financial Transaction Tax.

5/ With respect to the distribution to be determined in line with overall spending control, the European Union should have the appropriate level of resources to cover its external action, particularly with regard to its neighbourhood policy.

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