Note of the CTME

Cohesion funds: Europe's small towns "concerned" about cuts in funding

Brussels, October the 19th 2019

As decisive negotiations on the future Multiannual Financial Framework (MFF) open in Brussels, the CTME, chaired by **Roberto Pella**, expresses the concern of small towns of the European Union about the looming budget cuts on the structural funds, namely the European Regional Development Fund, the European Social Fund and the European Agricultural Fund for Rural Development.

Negotiations could be delayed, and we need visibility in order to plan our future investments. Beyond visibility, we also need security, and we need the beneficiaries, of which we are a part, to be reassured. Following the commitments of the Covenant of Mayors, local authorities have a key role to play in achieving our various objectives in the fight against global warming. It therefore seems essential to us that the European Commission publishes a contingency plan that would act as a safety net by ensuring that, in the event of a delay in the next MFF, current policies would be temporarily extended.

We understand that with the Brexit, as well as the post-financial crisis, an increasing pressure is being put on the national budgets of each Member State. Although several Member States consider their participation in the European budget as a "net cost", we consider that an ambitious EU budget is the guarantor of an investment policy on territories for small towns, especially on digital issues, energy transition, prevention of natural disasters, innovation, Research or heritage conservation.

Indeed, the European Structural Funds are the ones that enable us to carry out many projects which, without European support, would simply not see the light of day. The reduction in the European budget, if made official, would have disastrous consequences and we would stand among the first victims of these choices.

Aware of national budgetary constraints, we consider new own resources would enable the Union to finance a more ambitious budget, without increasing the pressure on national budgets – nor on taxpayers. A tax on financial transactions, a common consolidated tax base for multinationals or a carbon adjustment at borders would make it possible, among other proposals being discussed, to design an ambitious EU budget capable of meeting its challenges.

Own resources constituted 90% of the origin of the European budget in 1988; whereas in 2013, 80% of the European budget will come from the individual contributions of the Member States. A rebalancing is as urgent as it is necessary, in order to preserve a sufficient level of financial commitment in the territories for the projects of our small towns.

We welcome the growing role that the European Union is destined to play and the new objectives it is setting itself; but we cannot accept that these new priorities should be financed on the back of European territorial policies, which are the most visible to our fellow citizens. The latter are not an adjustment variable and cannot compensate for the weakness and inadequacy of a European budget limited to around 1% of GDP. This would only accentuate the feeling of remoteness from European policies.