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Narodowy Bank Polski

Paweł Samecki, Member of the Board

Beyond the End of the EU Financial Perspective 2014-20 – introductory remarks

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What are the major challenges the EU faces today?

- Security, both externally & internally (terrorism)
- Immigration/refugees
- EMU (+ EU) governance and architecture

Are those challenges likely to exist and be relevant in the course of the next 3-4 years, when the next EU budget will be negotiated?

- I believe so

Is the gravity of those challenges and the need to respond to them sufficient to change the course of the EU integration process?

- No
- Not in the coming few years
- Personal guess: the most likely scenario – based on those listed in the Commission’s *White Paper on the Future of Europe* - is something between “Carrying on” (status quo) and “Those who want more do more” (multispeed EU)

What will be the impact of the mixed “*inertia-cum-multispeed EU*” scenario on the EU budget?

- Size: due to Brexit and net contributors’ fatigue, the odds are that it will be lower than in 2014-2020
- Structure: the three challenges (security, immigration, EMU governance) need to be better reflected and accommodated in the budget, including some room for the Eurozone fiscal capacity
- Hence, Common Agriculture Policy and cohesion policy to be reduced

Conclusion

- Central Europe no longer to enjoy transfers in the range of 3-4% of GDP, as in 2013-2015 (2-3% net). This financial support translated into 1/3 - 1/2 of public investment. In the new reality these parameters may be halved → risk of becoming net contributors?
- The Central European economies will have to adjust and find new sources of financing investment, preferably by generating more domestic savings.
- **Are they capable of doing so?**

To put it other way...

**Is there life after the end of the EU
Financial Perspective 2014-2020?**