

**From the Office of the  
Minister of Finance & Personnel**



Department of  
**Finance and  
Personnel**  
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Our reference: COR/581/2013

23 December 2013

Dear *Nicky*

Thank you for your letter of 21 October 2013 regarding the call for evidence to the Review of the Balance of Competences on the EU Budget.

You are already aware, during the 2014-20 Budget process, of our broad support for a real reduction in UK contributions to the EU Budget but only where it would not have a detrimental impact both financially and politically on NI due to possible loss of income from Cohesion Policy funds and agricultural support payments.

If Cohesion Policy funding was only to be available to poorer Member States and richer countries, such as the UK, were to substitute their own regional policies, poorer regions, such as Northern Ireland could lose significant additional EU Receipts. We welcome the Economic Pact announced by the Prime Minister earlier this year reallocating the UK's Structural Funds to the Devolved Administrations thereby minimising the fall in EU income that might have resulted had we followed the EU's calculations to the letter. This flexibility within the Member State is an important tool to correct potential local imbalances that a wider negotiation process might have on poorer regions within richer Member States.

Input to the questions, set out in the call for evidence, is in the attached Annex.

Yours sincerely

**SIMON HAMILTON MLA**