

Multiannual financial framework for the years 2021 to 2027

2018/0166(APP) - 14/12/2020 - Legislative proposal

PURPOSE: to set the multiannual financial framework for the years 2021 to 2027.

PROPOSED ACT: Council Regulation.

ROLE OF THE EUROPEAN PARLIAMENT: Council may adopt the act only if Parliament has given its consent to the act.

BACKGROUND: taking into account the need for an adequate level of predictability for preparing and implementing medium-term investments, the duration of the multiannual financial framework (MFF) should be set at seven years starting on 1 January 2021.

The economic impact of the COVID-19 crisis requires the EU to provide a long-term financial framework paving the way to a fair and inclusive transition to a green and digital future, supporting the EU's longer-term strategic autonomy and making it resilient to shocks in the future.

CONTENT: the draft Council regulation establishes a long-term budget of EUR 1 074.3 billion in commitment appropriations at 2018 prices for the EU-27, including the integration of the European Development Fund.

Together with the Next Generation EU recovery instrument of EUR 750 billion, it will allow the EU to provide an unprecedented EUR 1.8 trillion of funding over the coming years to support recovery from the COVID-19 pandemic and the EU's long-term priorities across different policy areas.

Areas of expenditure

Under the next Multiannual Financial Framework, EU funding should focus on new and reinforced priorities across all EU policy areas, including the ecological and digital transitions.

The next long-term budget should cover seven areas of expenditure:

1. Single market, innovation and digital: EUR 132.8 billion;
2. Cohesion, resilience and values: EUR 377.8 billion;
3. Natural Resources and Environment: EUR 356.4 billion;
4. Migration and border management: EUR 22.7 billion;
5. Security and defence: EUR 13.2 billion;
6. Neighbourhood and the World: EUR 98.4 billion;
7. Administration: EUR 73.1 billion.

Main characteristics

The draft regulation:

- sets out the rules on compliance with the MFF ceilings: during each budgetary procedure and when implementing the budget for the year concerned, the European Parliament, the Council and the Commission should respect the annual expenditure ceilings of the MFF. The annual ceilings for commitment appropriations by category of expenditure should respect the ceilings for commitments and own resources, which are set in accordance with the Council Decision on the system of the European Union's own resources in force;
- lays down rules for annual technical adjustments of the MFF in order to recalculate the ceilings and margins available;
- lays down rules for other situations that may require adjustments to the MFF due to delays in the adoption of new rules, measures related to sound economic governance or measures adopted under the Regulation of the European Parliament and of the Council on a general regime of conditionality for the protection of the Union budget;
- puts in place special thematic and non-thematic instruments to enable the Union to react to specific unforeseen circumstances and to further increase flexibility. The ceiling of the annual amount available for the flexibility instrument would be set at EUR 915 million (in 2018 prices);
- introduce specific provisions to enter commitment and corresponding payment appropriations into the budget over and above the ceilings set out in the MFF where it is necessary to use special instruments;
- sets specific rules to deal with large-scale projects the lifetime of which extends well beyond the period set for the MFF;
- lays down general rules on interinstitutional cooperation in the budgetary procedure, while respecting the budgetary powers of the European Parliament, the Council and the Commission.

Programme-specific adjustment mechanism

Under the draft regulation, EUR 15 billion of additional funding would go to flagship programmes/areas.

The main source for the increases (EUR 11 billion) should come from a new mechanism linked to the proceeds from fines collected by the EU and should result in automatic additional allocations to the concerned programmes in 2022-2027.

Further top-ups (EUR 2.5 billion) come from margins left unallocated within the ceilings set by the European Council.

In particular, the following would be strengthened:

- the Horizon Europe programme in the field of research and innovation;
- the new EU Health programme which will provide a solid basis for EU action in the field of health, building on the lessons learned during the

COVID-19 pandemic;

- support for migration and border management;
- youth programmes such as Erasmus+ and the European Solidarity Corps.

The Commission should present a proposal for a new Multiannual Financial Framework before 1 July 2025, in order to give the institutions sufficient time to adopt it before the next Multiannual Financial Framework is put in place.