

Multiannual financial framework for the years 2021 to 2027

2018/0166(APP) - 14/12/2020 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Budgets adopted the report by Jan OLBRYCHT (EPP, PL) and Margarida MARQUES (S&D, PT) on the draft Council regulation laying down the multiannual financial framework for the period 2021 to 2027.

The committee responsible recommended that the European Parliament give its consent to the draft Council regulation laying down the multiannual financial framework for the period 2021 to 2027.

In addition to the MFF Regulation, the overall political compromise with the Council Presidency and with the Commission is reflected in:

- an [Interinstitutional Agreement](#) between the European Parliament, the Council and the Commission on budgetary discipline, cooperation in budgetary matters and sound financial management, as well as on new own resources, including a roadmap for the establishment of new own resources;

- a set of Joint Declarations of the European Parliament, the Council and the Commission (annexed to this Recommendation).

Figures from the multiannual financial framework (EU-27) for the period 2021 to 2027

The overall level of the MFF is set at EUR 1074.3 billion at 2018 prices. Taking into account the grant component of the Instrument for Recovery/Next Generation EU (EUR 390 billion in grants or direct budgetary expenditure), the amount rises to EUR 1464.3 billion.

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.

Strengthening flagship programmes

Parliament managed to secure EUR 15 billion in additional funding for flagship programmes/areas:

- Horizon Europe: +4 billion;
- InvestEU: +1 billion;
- Erasmus+: +2.2 billion;
- EU4Health: +3.4 billion;
- Creative Europe: + 0.6 billion;
- Rights and values programme: +0.8 billion;
- Border Management & Border & Coast Guard Funds: +1.5 billion;
- NDICI: + 1 billion;
- Humanitarian aid: +0.5 billion.

For future unforeseen needs, a further EUR 1 billion goes to the Flexibility instrument.

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. This mechanism should also result in a genuine increase of the MFF ceilings on a yearly basis. The seven-year MFF overall ceiling will therefore incrementally reach EUR 1 085.3 billion.

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

Introduction of new own resources

The three institutions have established the principle that Next Generation's interest costs and repayments are to be covered by the proceeds from new own resources:

- a plastic contribution is introduced in January 2021, new legislative proposals on a carbon border adjustment mechanism, digital levy and ETS should be submitted by June;
- by June 2024, Commission should put forward a proposal for additional new own resources, which could include a Financial Transaction Tax and a financial contribution linked to the corporate sector or a new common corporate tax base.

Role of the European Parliament as one arm of the budgetary authority

Parliament obtained the creation of a new procedural step (the budgetary scrutiny procedure) with regard to the establishment of future crisis mechanisms based on Article 122 TFEU that may have significant budgetary implications.

Horizontal issues

The compromise package provides for:

- an increase in the overall spending target for the climate objectives from 25% to at least 30% of MFF/Next Generation spending;
- the addition of a new annual biodiversity target of 7.5% in the MFF from 2024, with a view to reaching 10% in 2026 and 2027;
- the development of a methodology for measuring gender expenditure, to be implemented from 2023 at the latest for several centrally managed programmes.