

# Multiannual financial framework for the years 2021 to 2027

2018/0166(APP) - 16/12/2020 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 548 votes to 81, with 66 abstentions, a legislative resolution approving the draft Council regulation laying down the multiannual financial framework (MFF) for the period 2021 to 2027.

In view of the economic consequences of the COVID-19 crisis, the long-term financial framework should pave the way for a fair and inclusive transition to a green and digital future that promotes longer-term strategic autonomy.

## MULTIANNUAL FINANCIAL FRAMEWORK (EU-27)

The draft regulation establishes a long-term budget of EUR 1074.3 billion in commitment appropriations and EUR 1061 billion in payment appropriations at 2018 prices for the EU-27.

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.

## Programme specific adjustments

Under the draft regulation, EUR 15 billion of additional funding should 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) should come from unallocated margins within the ceilings set by the European Council. For unforeseen future needs, an additional EUR 1 billion should be allocated to the Flexibility Instrument.

The total amount of additional allocations in commitment appropriations for flagship programmes over the period 2022 to 2027 is as follows:

- 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.

## Special instruments

The draft regulation puts in place:

- special thematic instruments to allow the EU to react to unforeseen circumstances: (i) the European Globalisation Adjustment Fund, (ii) the Solidarity and Emergency Aid Reserve and (iii) the Brexit adjustment reserve. The solidarity and emergency aid reserve would not be used to manage the consequences of market-related crises affecting agricultural production or distribution;
- special non-thematic special instruments to increase flexibility: (i) the single margin facility and (ii) the flexibility instrument which should allow for specific unforeseen expenditure in a given year. The ceiling of the annual amount available for the Flexibility Instrument is set at EUR 915 million (in 2018 prices).

## Revision

The Commission should present a review of the functioning of the MFF no later than 1 January 2024. It should present a proposal for a new multiannual financial framework before 1 July 2025, to give the institutions sufficient time to adopt it before the next multiannual financial framework is put in place.

## DECLARATIONS BY THE INSTITUTIONS

In addition to the draft regulation, a set of joint declarations by the European Parliament, the Council and the Commission are annexed to the legislative resolution. They concern in particular the following points:

## 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 with a view to introduction by 1 January 2026 at the latest.

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

A declaration sets out the arrangements for a budgetary scrutiny procedure between the European Parliament and the Council, with the active assistance of the Commission. This procedure may be followed in respect of a Commission proposal for a Council act based on Article 122 TFEU with potential appreciable implications for the EU budget.

Climate, biodiversity, gender equality and sustainable development goals

The Commission should ensure that the methodology for monitoring climate action is transparent to the public. Transparency and exchange of information with Parliament and Council on the progress towards reaching the climate objectives will be a key principle of the climate tracking.