

Multiannual financial framework 2021-2027: Interim report on the Commission proposals

At its November I plenary session, Parliament is scheduled to vote on a report that details its position on the proposals for the 2021 to 2027 multiannual financial framework (MFF), including the breakdown of resources and EU revenue. With a resolution adopted, Parliament will be ready to start negotiations with the Council.

Background

The MFF gives a budgetary overview of EU priorities, establishing ceilings for each major EU spending heading over a period of at least five years. Set out in a regulation requiring unanimity in Council and the consent of the European Parliament, the MFF aims to ensure the orderly development of EU spending, and must strike a difficult balance between predictability and capacity to address unexpected events. The [current MFF](#) covers the 2014 to 2020 period, and its [resources](#) represent 1 % of the EU-28's gross national income (GNI). The 2014 to 2020 MFF has faced challenges from the outset, not least the investment gap in the EU and the 2015 to 2016 migration and refugee crisis. In response, measures have included resorting on a vast scale to the available flexibility provisions, and reinforcing them in the [mid-term revision](#) of the MFF, both moves strongly advocated by Parliament.

European Commission proposal

The Commission tabled its [proposal](#) for the post-2020 MFF in May 2018, building on the debate on the [future of the EU](#) and [its finances](#). The MFF would run from 2021 to 2027 and be [endowed](#) with €1.13 trillion (2018 prices), i.e. 1.11 % of EU-27 GNI following the UK's expected withdrawal from the EU. Proposed changes include: a different structure and new headings for emerging priorities; the inclusion of the [European Development Fund](#) (0.03 % of EU-27 GNI) in the EU budget; greater flexibility for programmes, headings and years; streamlining of funding instruments (from 58 to 37); a mechanism to link the MFF to respect for the rule of law; additional resources for some policy areas (such as research and innovation, youth, the digital economy, border management, security and defence); and cuts for others (agriculture and cohesion). Based on [accompanying proposals on EU revenue](#), new own resources should contribute to financing priorities. Noting the negative impact of the late adoption of the 2014 to 2020 MFF on its initial implementation, the [Commission](#) has called for an agreement before the May 2019 Parliament elections.

European Parliament position

Parliament's outlined its mandate for the negotiations in its March 2018 resolutions on the [next MFF](#) and on [EU own resources](#), and in its [first reaction](#) in May 2018 to the Commission proposals. An interim report prepared by Parliament's Committee on Budgets (BUDG) now details that mandate further, translating it into budgetary figures and proposing amendments to the draft MFF regulation and accompanying interinstitutional agreement. The report expresses concern that proposed MFF resources as a share of EU-27 GNI have been cut, and would not enable the EU to tackle its commitments. Taking Brexit into account, the table overleaf recaps the main changes requested. These include: further reinforcing priorities such as research and innovation (Horizon), youth (Erasmus+ and measures against unemployment), transport, space, small businesses, environment, climate, neighbourhood, and development; and restoring resources for agriculture, cohesion and decentralised agencies affected by cuts to their 2014 to 2020 levels. The BUDG report changes bring the next MFF to €1.32 trillion (1.3 % of EU-27 GNI). The text welcomes proposals for increased flexibility and own resources, supporting even more ambitious reform. In addition, it reaffirms that negotiations have to tackle jointly the MFF and EU revenue, urging the Council to start them rapidly.

Interim report (Rule 99.5): [2018/0166R](#). Committee responsible: BUDG. Rapporteurs: Jan Olbrycht (EPP, Poland), Isabelle Thomas (S&D, France), Janusz Lewandowski (EPP, Poland) and Gérard Deprez (ALDE, Belgium).

New MFF: BUDG interim report, the Commission proposal and 2014 to 2020 allocations (€ million, 2018 prices, EU-27)

Commitments	2014-2020 (EU-27)	2021-2027 Commission proposal	2021-2027 BUDG interim report	BUDG report vs. Commission proposal	BUDG interim report: items with 2014-2020 level restored or <u>additional increases</u> or <u>new</u> ¹
1. Single Market, Innovation and Digital	116 361	166 303	216 010	+29.9 %	<u>Horizon Europe, InvestEU Fund, Connecting Europe Facility (CEF) Transport, Decentralised Agencies, Single Market Programme, Fiscalis, EU Anti-fraud Programme, Sustainable Tourism, European Space Programme</u>
2. Cohesion and Values	387 250	391 974	457 540	+16.7 %	<u>European Regional Development Fund (ERDF) and Cohesion Fund (CF), Support to the Turkish-Cypriot Community, European Social Fund+</u> (including a Child Guarantee), <u>Erasmus+, Creative Europe, Justice, Rights and Values</u> (including Union values strand), <u>Decentralised agencies</u>
3. Natural Resources and Environment	399 608	336 623	404 718	+20.2 %	<u>European Agricultural Guarantee Fund (EAGF) and European Agricultural Fund for Rural Development (EAFRD)</u> , ² <u>European Maritime and Fisheries Fund, Other, Programme for Environment and Climate Action (LIFE), Just Energy Transition Fund, Decentralised agencies</u>
4. Migration and Border Management	10 051	30 829	32 194	+4.4 %	<u>Decentralised agencies</u>
5. Security and Defence	1 964	24 323	24 639	+1.3 %	<u>Nuclear Decommissioning, Decentralised agencies</u>
6. Neighbourhood and the World	96 295	108 929	113 386	+4.1 %	<u>Instrument(s) in support of neighbourhood and development policies, Overseas Countries and Territories (including Greenland), Decentralised agencies, Pre-Accession Assistance</u>
7. European Public Administration	70 791	75 602	75 602	=	
Total MFF ceilings	1 082 320	1 134 583	1 324 089	+16.7 %	
In % GNI (EU-27)	1.16 %	1.11 %	1.30 %		
Instruments outside ceilings	N/A	26 023	38 623	+48.4 %	<u>Emergency aid reserve, EU Solidarity Fund, Flexibility Instrument</u>

Source: EPRS, based on data from the BUDG interim report, including its Annexes I and III.

¹ In addition, the interim report increases the margins for headings 1, 2, 3 and 6 as compared to the Commission proposal.

² The interim report maintains the financing of the common agricultural policy for the EU-27 at the 2014 to 2020 level in real terms, while budgeting the initial amount of the agricultural reserve.

