



EU BUDGET FOR THE FUTURE

#EUBudget #FutureofEurope



9 October 2019

A MODERN EU BUDGET RISING TO FUTURE CHALLENGES

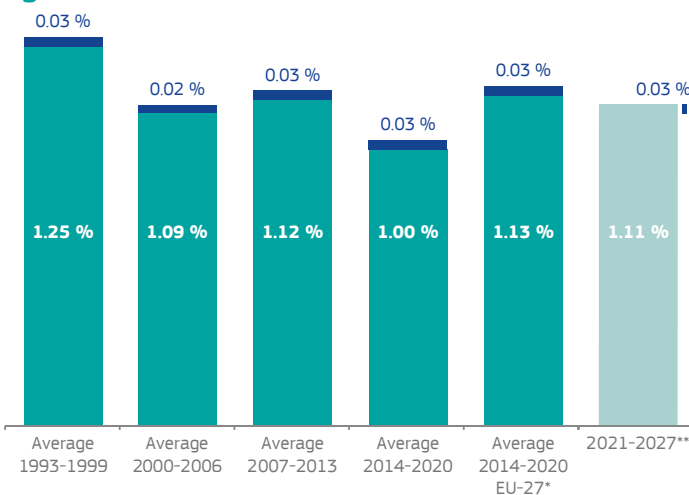
On 2 May 2018, the Commission proposed a modern, fair and focused long-term budget, tightly geared to the positive agenda agreed by the Leaders in Bratislava and Rome. It is the tool to translate into action the Strategic Agenda of the European Council and the political guidelines of the Commission's President-elect Ursula von der Leyen on the basis of which the European Parliament elected her.

SIZE OF THE EU BUDGET

The proposed size of the budget will make sure that the Union has the sufficient resources to turn these ambitions into reality. It also takes into account the budgetary consequences of the withdrawal of the United Kingdom.

The Commission proposed a long-term budget equal to 1.114% of EU 27 gross national income (GNI). Today the Union of 27 invests 1.16% of EU 27 GNI, including the European Development Fund. The proposed budget is therefore already smaller compared to the current one.

The size of the EU budget as a percentage of gross national income (GNI)



With a moderate decrease compared to what the Union spends today in the 27 Member States without the UK, the proposed MFF can foster policies where Union action can achieve more than each Member States alone: excellence in research and innovation, climate action, migration, border management, security and defence, Erasmus and digital investments.

If the EU budget is reduced further, this would make it difficult for the Union to deliver on its priorities and to provide the much needed support to its farmers, students, researchers, and hundreds of thousands of other beneficiaries of the EU budget.

* 2014-2020 estimated commitments excluding UK expenditure in % of EU27 GNI
** European Development Fund integrated ("budgetised")

Source: European Commission

■ European Development Fund

■ Commitments ceiling in % EU GNI

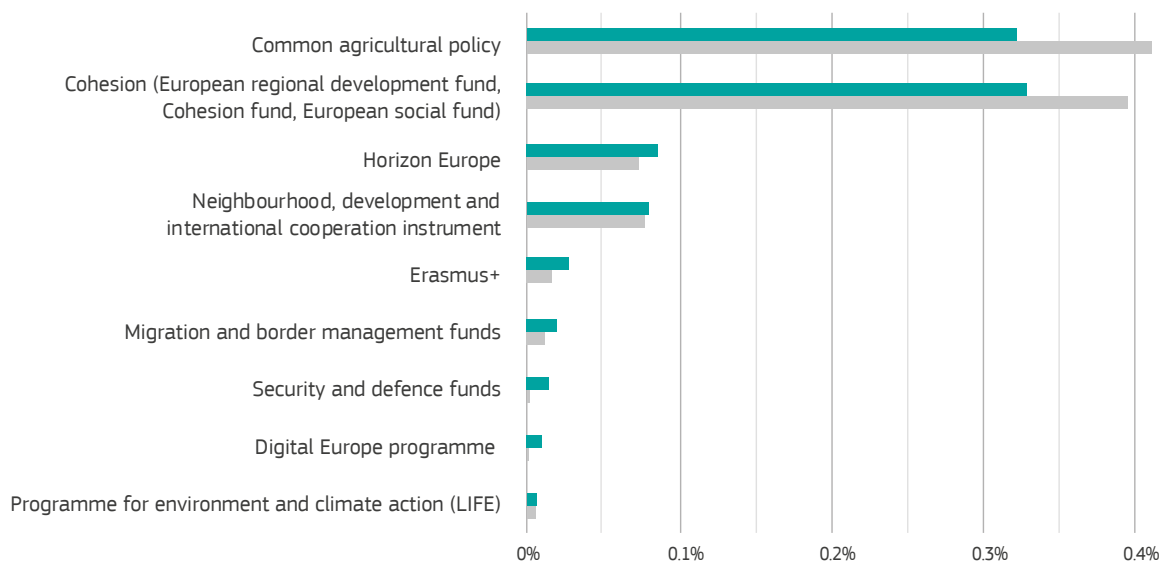


EVOLUTION OF MAIN POLICY AREAS: MATCHING ASPIRATIONS TO ACTION

The European Commission put forward a new balance between spending priorities. While cohesion policy and the common agricultural policy continue to play a vital role in shaping Europe’s future, they are being modernised in line with the new priorities – including stronger climate and environmental ambition – and the changing economic and social realities.

Expressed in % of GNI, spending increases in key programmes such as Horizon 2020, Erasmus+, Border management, the security fund and the creation of new programmes such as Digital Europe and the Defence fund, support the EU’s strategic agenda 2019-2024. These increases remain modest compared to long-standing policy areas and allow for a realistic overall MFF level, while making it possible to modernise the budget.

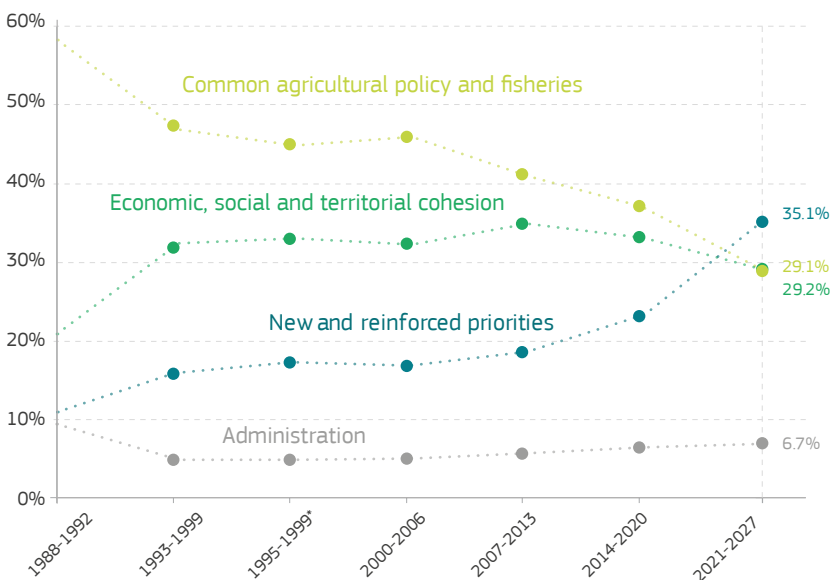
FINANCING FOR NEW AND LONG-STANDING PRIORITIES (IN % GNI EU27)



■ 2021-2027 ■ 2014-2020 (EU27+EDF)

In its proposal for EU’s next long-term budget, the Commission has suggested, for the first time ever, that the combined share of funding that goes to these policy areas is slightly higher than that of the common agricultural policy or the cohesion policy, in line with the political priorities and in line with what citizens are asking for.

EVOLUTION OF THE SHARE OF THE MAIN POLICY AREAS IN THE EU BUDGET (IN % OF THE TOTAL)



*Adjusted for 1995 enlargement
Source: European Commission



EU BUDGET 2021-2027: ADDRESSING THE KEY CHALLENGES OF TODAY AND TOMORROW...

In its proposal, the Commission has made sure that the EU has the necessary resources to act in key priority areas like climate and environment policy, migration and external action, as well as to provide EU support for structural reforms in our Member States.



CLIMATE & ENVIRONMENTAL POLICY

- **25%** of the next EU budget, or 320 billion euro over 2021-2027, should be spent on climate-relevant action.
- Thematic concentration ("greener, low-carbon Europe") and CO2 emissions premium in **cohesion policy**.
- Higher climate target for **agriculture, research** and **infrastructure** spending.
- New and reinforced actions on **renewables and clean energy**.
- New own resources directly linked to climate and environmental objectives (based on plastic packaging and the EU Emissions Trading System).



MIGRATION

- **2.6-fold** increase in the money for migration and border management.
- Stronger **European Border and Coast Guard Agency**.
- **Migration premium** in the cohesion allocation method.
- Support for integration of migrants under the **European Social Fund+**.
- 10% minimum support for migration under the new instrument for **external action**.
- New **thematic facility** to flexibly reallocate resources when and where needed for managing migration inside the EU.



EXTERNAL ACTION

- **30%** more money to preserve the EU's leading role on the global stage through development aid, cooperation, foreign and security policy, in particular in the EU's neighbourhood.
- **More coherent and effective structure:** the merger of most existing instruments into a single programme with worldwide coverage will improve coherence, policy delivery and effectiveness.



REFORM & INVESTMENT

- **Support reforms and investment** with a budgetary instrument to increase convergence and competitiveness in the euro area.
- More effective link between the European **semester and EU funding** for 2021- 2027 - for greater coherence between the coordination of economic and social policies and the use of EU funds.



INNOVATION & COMPETITIVENESS

- **1.6-fold** increase of the funding for research, innovation and digital to enable Europe to keep up with its global competitors.
- **€650 billion** of investments will be leveraged under the InvestEU Programme.
- **Horizon Europe:** largest envelope ever for research and innovation.
- **Cohesion policy:** thematic concentration requirements to dedicate funding to "a smarter Europe".
- **Digital Europe:** new dedicated programme to embrace digital transformation.



... IN FULL RESPECT OF THE RULES

The taxpayers want to see that the EU budget is spent efficiently and achieves the best results possible. The Commission has proposed a new mechanism that establishes a direct link between the respect for the **rule of law** and the EU budget. This is not a punitive measure. Nor is it a sanction. It is a way to make sure that the EU finances are protected and that the budget is efficiently spent.

