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The upcoming negotiations on the Multiannual Financial Framework of the EU after 2020

Content

- Current MFF 2014-20
- Long-term EU budget trends
- The Commission's MFF proposal of 2 May
- MFF negotiations: main issues
- MFF negotiations: time table

MFF 2014-20

Table 2 MULTIANNUAL FINANCIAL FRAMEWORK (EU 28) ADJUSTED FOR 2018*

(EUR million - current prices)

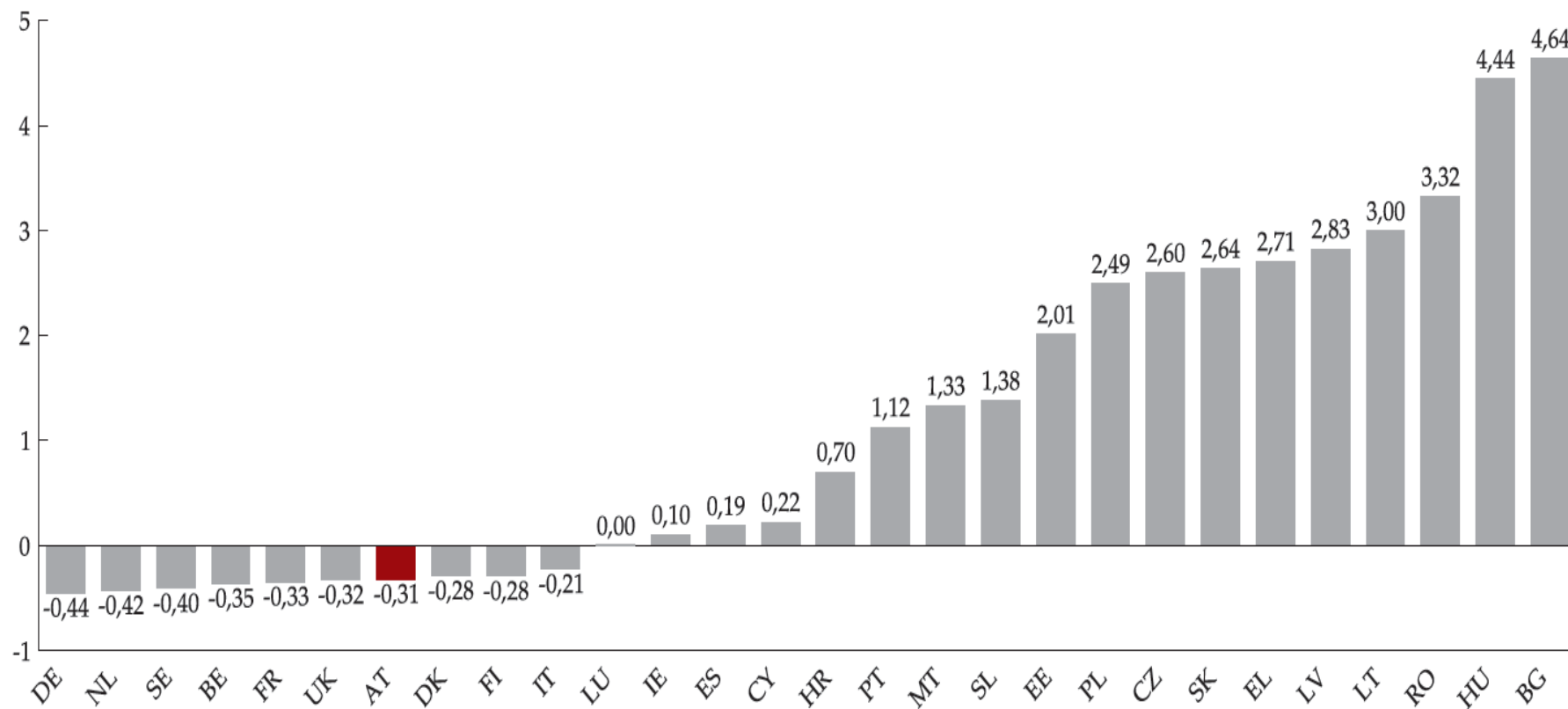
COMMITMENT APPROPRIATIONS	2014	2015	2016	2017	2018	2019	2020	Total 2014-2020
1. Smart and Inclusive Growth	52 756	77 986	69 304	73 512	76 420	79 924	83 661	513 563
1a: Competitiveness for growth and jobs	16 560	17 666	18 467	19 925	21 239	23 082	25 191	142 130
1b: Economic, social and territorial cohesion	36 196	60 320	50 837	53 587	55 181	56 842	58 470	371 433
2. Sustainable Growth: Natural Resources	49 857	64 692	64 262	60 191	60 267	60 344	60 421	420 034
of which: Market related expenditure and direct payments	43 779	44 190	43 951	44 146	44 163	44 241	44 264	308 734
3. Security and citizenship	1 737	2 456	2 546	2 578	2 656	2 801	2 951	17 725
4. Global Europe	8 335	8 749	9 143	9 432	9 825	10 268	10 510	66 262
5. Administration	8 721	9 076	9 483	9 918	10 346	10 786	11 254	69 584
of which: Administrative expenditure of the institutions	7 056	7 351	7 679	8 007	8 360	8 700	9 071	56 224
6. Compensations	29	0	0	0	0	0	0	29
TOTAL COMMITMENT APPROPRIATIONS	121 435	162 959	154 738	155 631	159 514	164 123	168 797	1 087 197
as a percentage of GNI	0.90%	1.17%	1.05%	1.04%	1.02%	1.01%	1.01%	1.03%
TOTAL PAYMENT APPROPRIATIONS	135 762	140 719	130 694	142 906	154 565	159 235	162 406	1 026 287
as a percentage of GNI	1.01%	1.02%	0.98%	0.95%	0.98%	0.98%	0.97%	0.98%
Margin available	0.22%	0.21%	0.25%	0.28%	0.22%	0.22%	0.23%	0.24%
Own Resources Ceiling as a percentage of GNI	1.23%	1.23%	1.23%	1.23%	1.20%	1.20%	1.20%	1.22%

* underlying GNI based on ESA 2010 from 2018 onwards

MFF 2014-20: net positions 2014-16 (GNI %)

Mittelwerte 2014-2016

in BNE %



Quelle: EK, Finanzbericht 2016; BMF-Berechnungen

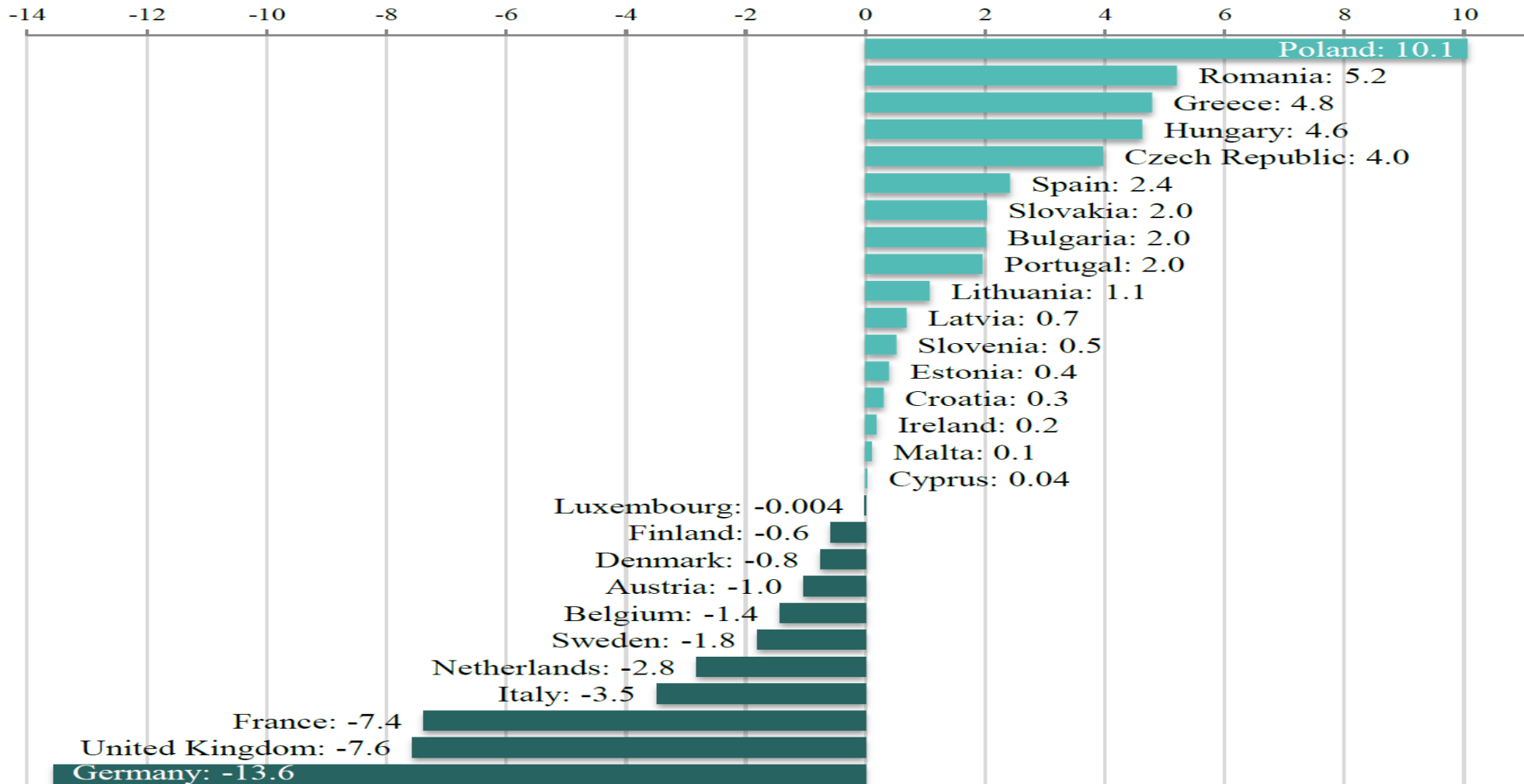
MFF 2014-20: net positions 2014-16 (bn. €)



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Europe in accounting terms

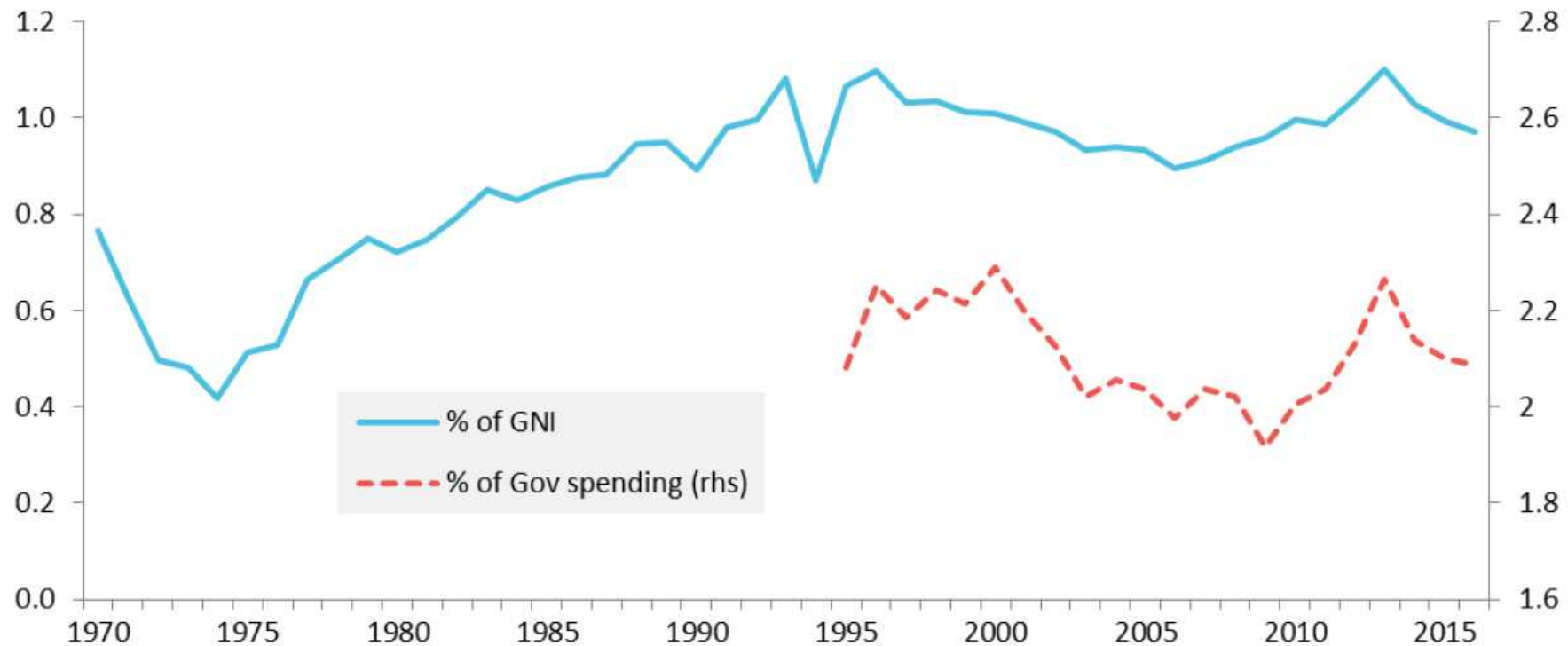
EU budget: average annual balance 2014-2016* (EUR billion)



* Average operating budgetary balances 2014-2016 in EUR billion. Figures may vary per year.

Long-term EU budget trends: expenditure according to MFF (ca. 1% of GNI)

Figure 1 - EU budget as a proportion of Gross National Income and of total public expenditure



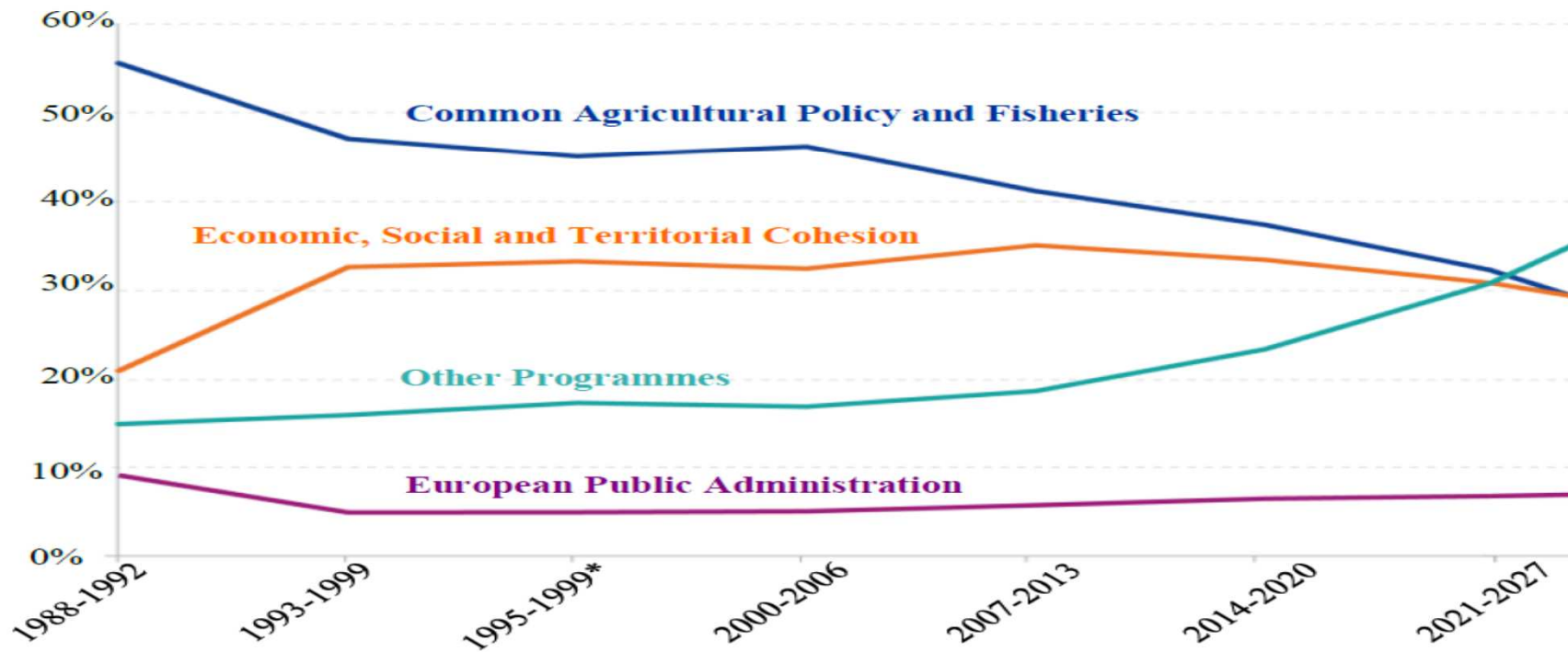
Source: European Commission Services own calculation based on Eurostat.

Note: executed budget of the EU, with varying numbers of Member States over time (from EU-6 to EU-28).

SWD(2018) 172 {Communication COM(2018) 325}

Long-term EU budget trends: expenditure according to MFF (ca. 1% of GNI)

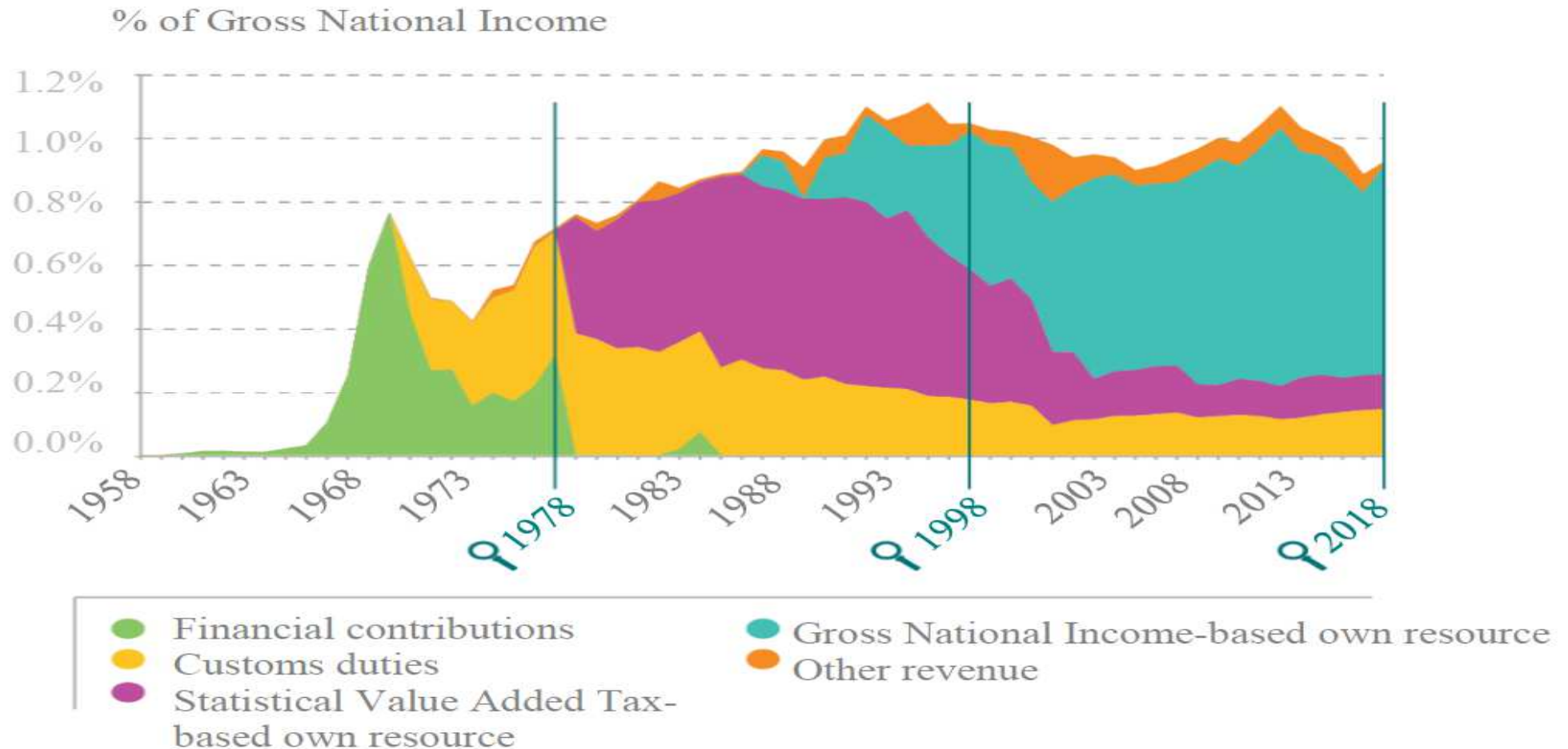
Evolution of main policy areas in the EU budget



*Adjusted for 1995 enlargement

Long-term trends: Financing the EU budget

Sources of financing of the EU budget



The Commission's MFF proposal of May 2nd: „A Modern Budget for a Union that Protects, Empowers and Defends“

- https://ec.europa.eu/commission/publications/factsheets-long-term-budget-proposals_en

MULTIANNUAL FINANCIAL FRAMEWORK (EU-27)

(EUR million - current prices)

Commitment appropriations	2021	2022	2023	2024	2025	2026	2027	Total 2021-2027
1. Single Market, Innovation and Digital	25.421	25.890	26.722	26.604	27.000	27.703	28.030	187.370
2. Cohesion and Values	54.593	58.636	61.897	63.741	65.645	69.362	68.537	442.412
Of which: Economic, social and territorial cohesion	48.388	49.890	51.505	53.168	54.880	56.647	58.521	373.000
3. Natural Resources and Environment	53.403	53.667	53.974	54.165	54.363	54.570	54.778	378.920
Of which: Market related expenditure and direct payments	40.300	40.527	40.791	40.931	41.072	41.214	41.357	286.195
4. Migration and Border Management	3.264	4.567	4.873	5.233	5.421	5.678	5.866	34.902
5. Security and Defence	3.347	3.495	3.514	3.695	4.040	4.386	5.039	27.515
6. Neighbourhood and the World	15.669	16.054	16.563	17.219	18.047	19.096	20.355	123.002
7. European Public Administration	11.024	11.385	11.819	12.235	12.532	12.949	13.343	85.287
Of which: Administrative expenditure of the institutions	8.625	8.877	9.197	9.496	9.663	9.951	10.219	66.028
TOTAL COMMITMENT APPROPRIATIONS	166.721	173.694	179.363	182.892	187.047	193.743	195.947	1.279.408
as a percentage of GNI	1,12%	1,13%	1,13%	1,12%	1,11%	1,11%	1,09%	1,11%
TOTAL PAYMENT APPROPRIATIONS	159.359	163.969	177.350	180.897	184.515	188.205	191.969	1.246.263
as a percentage of GNI	1,07%	1,07%	1,12%	1,10%	1,09%	1,08%	1,07%	1,08%
Margin available	0,22%	0,22%	0,17%	0,19%	0,20%	0,21%	0,22%	0,21%
Own Resources ceiling as a percentage of GNI*	1,29%	1,29%	1,29%	1,29%	1,29%	1,29%	1,29%	1,29%
OUTSIDE THE MFF CEILINGS								
Special Instruments:								
Emergency aid reserve	637	649	662	676	689	703	717	4.734
European Globalisation Adjustment Fund (EGF)	212	216	221	225	230	234	239	1.578
European Union Solidarity Fund (EUSF)	637	649	662	676	689	703	717	4.734
Flexibility instrument	1.061	1.082	1.104	1.126	1.149	1.172	1.195	7.889
European Investment Stabilisation Function*	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.
European Peace Facility	800	1.050	1.300	1.550	1.800	2.000	2.000	10.500
TOTAL OUTSIDE THE MFF CEILINGS	3.347	3.648	3.950	4.253	4.557	4.812	4.868	29.434
TOTAL MFF + OUTSIDE THE MFF CEILINGS	170.068	177.341	183.313	187.145	191.604	198.555	200.816	1.308.843
as a percentage of GNI	1,14%	1,15%	1,16%	1,14%	1,13%	1,14%	1,11%	1,14%

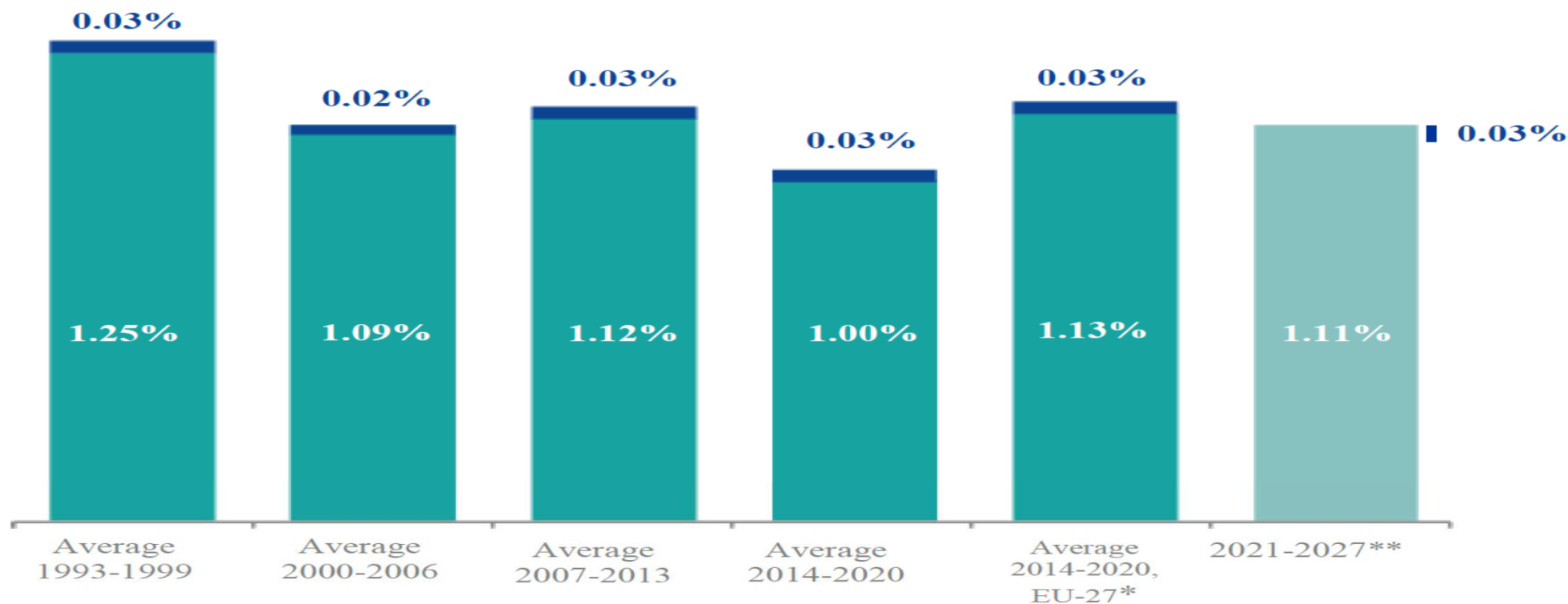
* The percentages are without prejudice to the ceiling set out in the Own Resources Decision in force

* For the European Investment Stabilisation Function an interest rate subsidy will be provided through external assigned revenues equivalent to a share of monetary income.

Current prices are calculated by applying annually a fixed deflator of 2% to the amounts in 2018 prices.

The Commission's MFF proposal of May 2nd: Overall ceiling compared to past

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



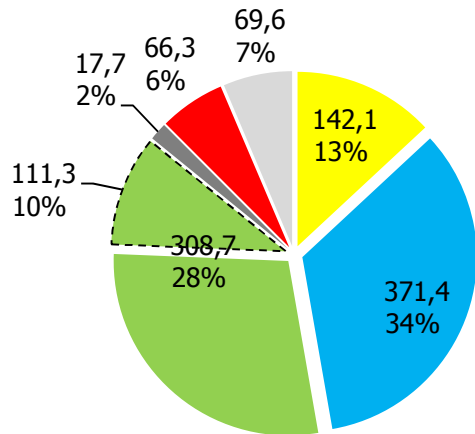
 Commitments ceiling in % EU GNI  European Development Fund

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

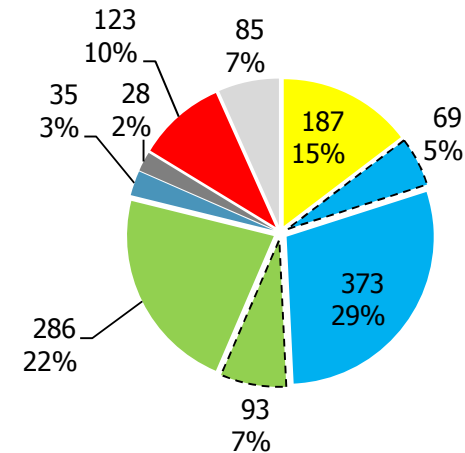
The Commission's MFF proposal of May 2nd: main expenditure areas, bn. € (current prices) and %

2014-20

2021-27



- 1a: Wettbewerb
- 1b: Kohäsion
- 2 - Direktzahlungen und marktbezogene Ausgaben
- 2 - Ländliche Entwicklung, Umwelt, Rest
- 3: Sicherheit
- 4: Globales Europa
- 5: Verwaltung



- 1. Single Market, Innovation and Digital
- 2. Cohesion and Values (Rest)
- 2. of which: Economic, social and territorial cohesion
- 3. Natural Resources and Environment (Rest)
- 3. of which: Market related expenditure and direct payments
- 4. Migration and Border Management
- 5. Security and Defence
- 6. Neighbourhood and the World
- 7. European Public administration

Negotiations on MFF 2021-27: main issues (expenditure side)

- **Overall ceiling:** positions between 1.00 % of EU 27 GNI (some net contributors) 1.11% (Commission and some MS) and 1.30% (EP)
- **Quality of expenditure:** focus on EU added value (EU public goods) and performance-orientation
- **New and reinforced priorities:** internal and external security, migration, digitalisation, mobility, climate change, research, competitiveness
- **Cohesion policy:**
 - nominal stabilisation of EU 28 (incl. UK) budget for EU 27?
 - Reference to migration and other factors; increased conditionalities (rule of law)?
 - Higher national cofinancing rates
- **Agriculture:**
 - 1st pillar: nominal stabilisation of EU 27 (excl. UK) budget for EU 27?
Capping for large farms?
 - 2nd pillar: significant cut?

Negotiations on MFF 2021-27: main issues (financing)

- **New own resources proposed (no new taxes):**
 - **ETS:** part of revenue currently allocated to MS
 - **Common consolidated Corporate Tax base (CCCTB):** legislation under discussion
 - Resource based on the amount of **non-recycled plastic packaging waste**
- **VAT-based own resource:** reform or abolishment of complex method?
- **Rebates** (GER, NL, S, DK, AT): phasing out proposed by Commission
- Own resources ceiling: rise from 1,20 % of GNI to 1,29% (payments)
- **GNI-based own resource:** residual

Timetable MFF 2021-27

- **2 May 2018: Commission budgetary proposals**
- 29 May: Commission proposals on cohesion, agriculture, EMU
- 6 June: Commission proposals on CEF, digitalisation, Single Market
- 12 June: Commission proposals on migration, security, defence, „neighbourhood and the world“
- **28/29 June: European Council decides on further timetable**
(ambitious Commission schedule or more time needed)
- **13/14 December 2018 European Council: progress report or attempt to achieve consensus between MS**
- **2019:** finale adoption (EP consent) before EP elections in Mai 2019 or further negotiations in Council
- **1.1.2021: Entry into force of the whole legislative package** (incl. ca. 40 pieces of sectoral legislation)

- Thank you for your questions and other contributions to the discussion!