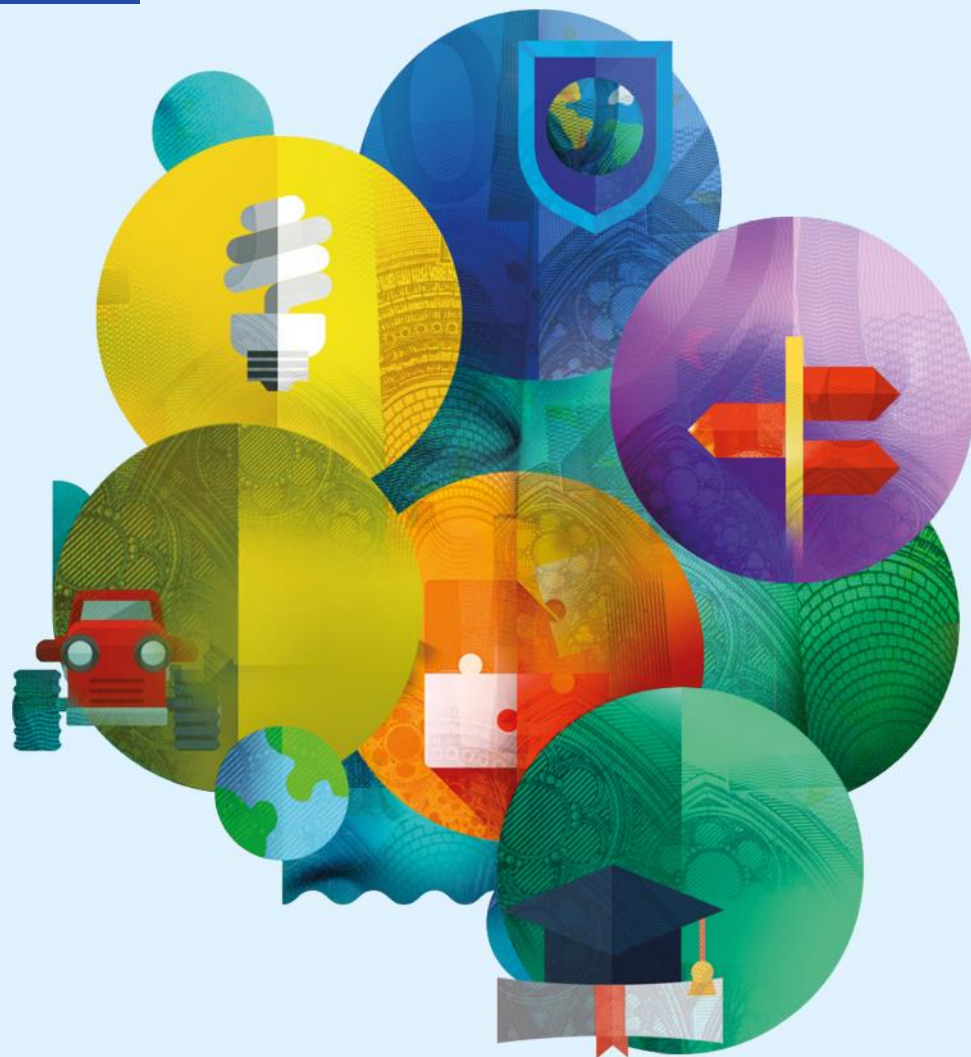


EU BUDGET FOR THE FUTURE

#EUBudget

#EURoad2Sibiu

#FutureofEurope





"The new budget is an opportunity to shape our future as a new, ambitious Union of 27 bound together by solidarity. With today's proposal we have put forward a pragmatic plan for how to do more with less."

Jean-Claude Juncker, President of the European Commission, 2 May 2018



European
Commission



EU BUDGET BASICS

7-year long-term budget 2014-2020

Annual budgets

2014

2015

2016

2017

2018

2019

2020

And then?

New priorities

Modernize
programmes

Brexit financing gap

Proposals for a
new, modern budget
for the EU-27
2021-2027

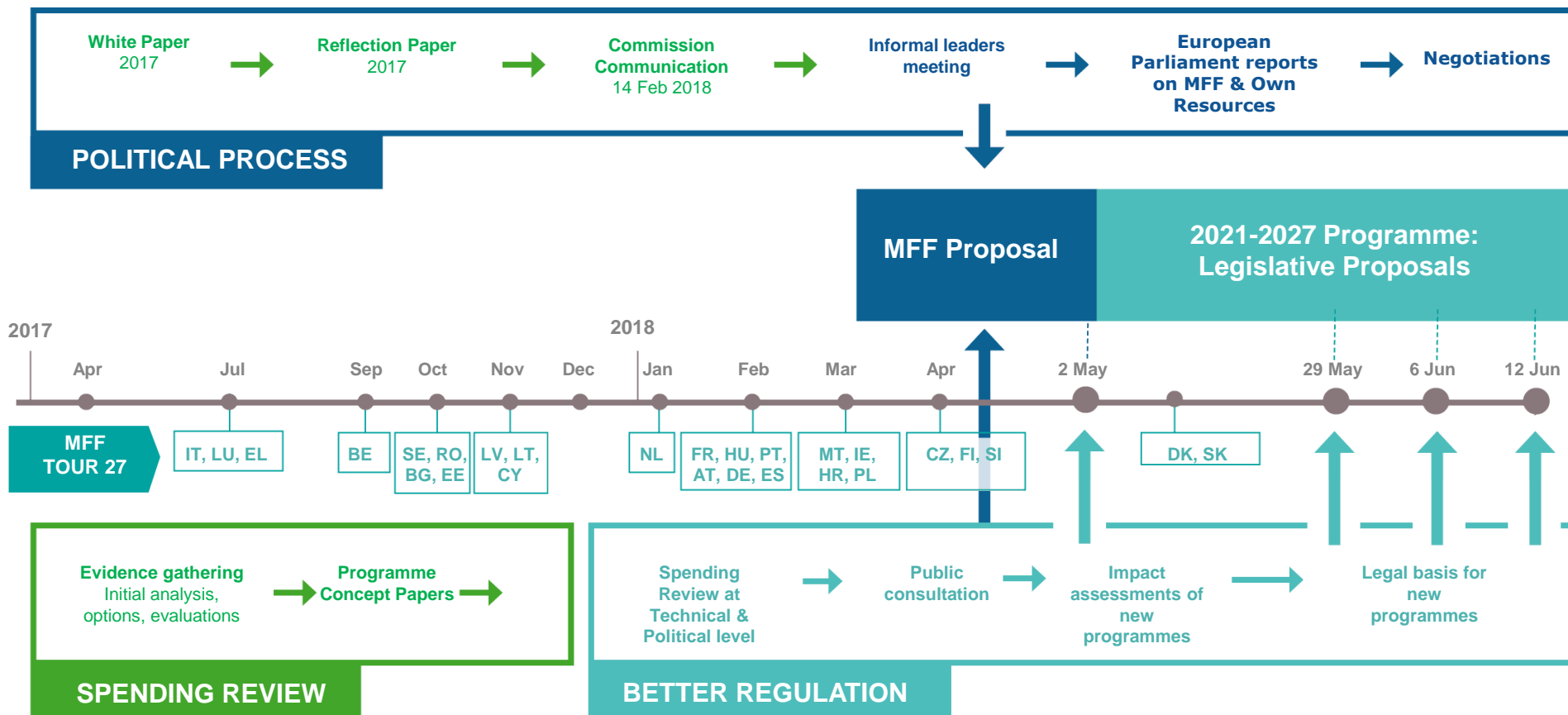
We engaged in an **open and inclusive debate**. We have listened to many stakeholders:

- Open public consultations with more than **11,000 responses**
- Beneficiaries of EU funding
- European Parliament
- Member States and National Parliaments: Commissioner Oettinger travelled to almost all Member States to discuss the proposal



A NEW, MODERN BUDGET FOR THE EU-27

Following an open and inclusive debate





KEY FEATURES

Multiannual Financial Framework 2021-2027

‘A modern budget for a Union that protects, empowers and defends’



More funding for
priority areas



A new mechanism
to protect the
EU budget from
financial risks
linked to the rule
of law



A strong focus on
European added
value and on
performance



Less red tape for
beneficiaries



A more flexible and
agile budget with a
clearer and leaner
architecture



European
Commission

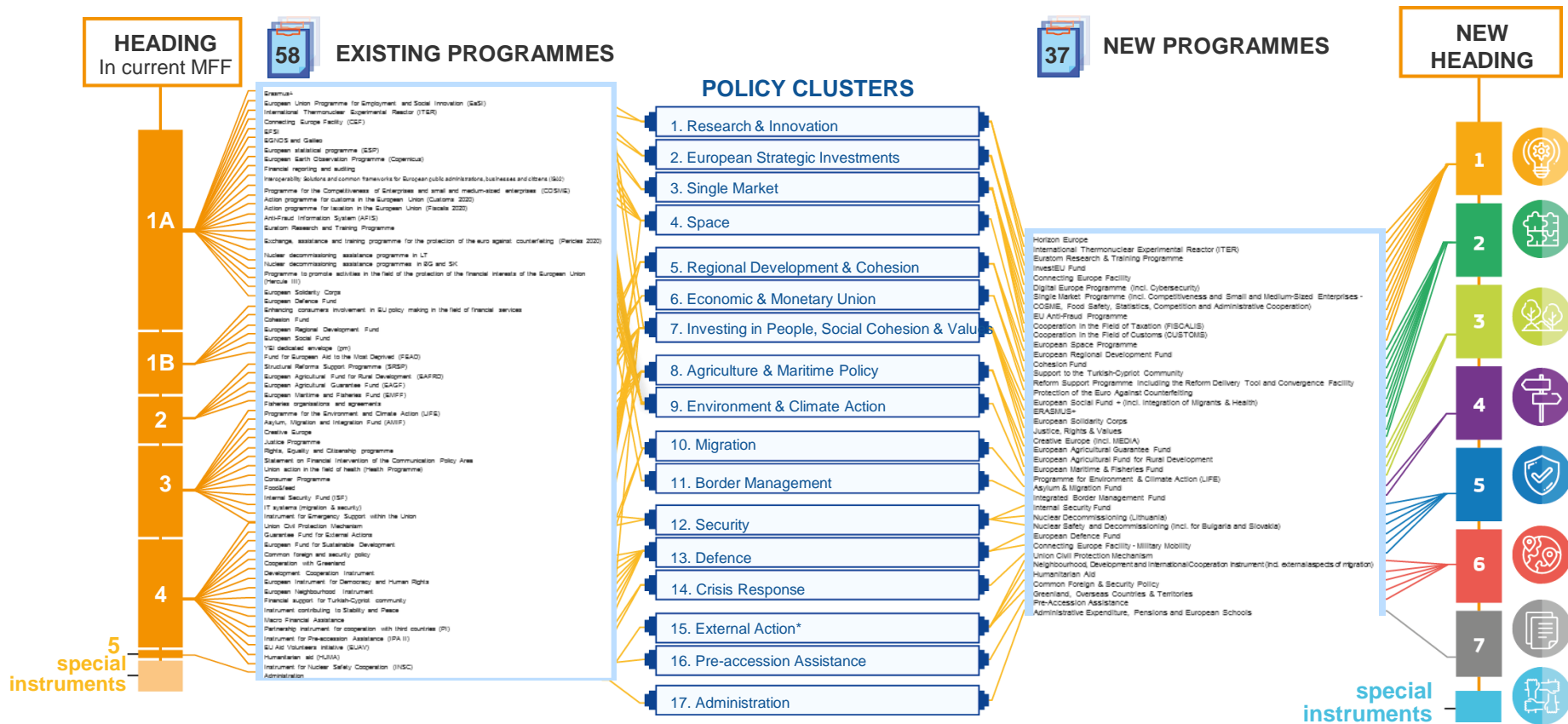
ALIGNED TO POLITICAL PRIORITIES



ALIGNED TO POLITICAL PRIORITIES (1)

Simplification, transparency and flexibility

Fewer programmes grouped in policy clusters.





ALIGNED TO POLITICAL PRIORITIES (2)

Simplification, transparency and flexibility

In billion euro, current prices



I. SINGLE MARKET, INNOVATION AND DIGITAL €187.4

- 1 Research and Innovation
- 2 European Strategic Investments
- 3 Single Market
- 4 Space



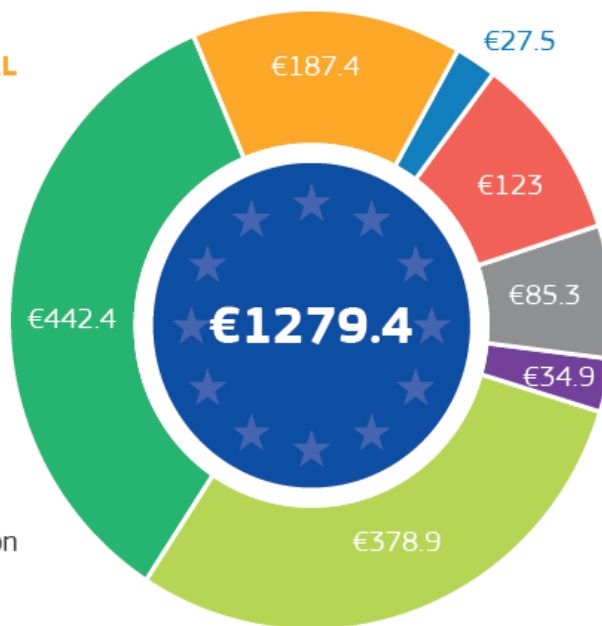
II. COHESION AND VALUES €442.4

- 5 Regional Development and Cohesion
- 6 Economic and Monetary Union
- 7 Investing in People, Social Cohesion and Values



III. NATURAL RESOURCES AND ENVIRONMENT €378.9

- 8 Agriculture and Maritime Policy
- 9 Environment and Climate Action



V. SECURITY AND DEFENCE €27.5

- 12 Security
- 13 Defence
- 14 Crisis Response



VI. NEIGHBOURHOOD AND THE WORLD €123

- 15 External Action
- 16 Pre-Accession Assistance



VII. EUROPEAN PUBLIC ADMINISTRATION €85.3

- 17 European Public Administration



IV. MIGRATION AND BORDER MANAGEMENT €34.9

- 10 Migration
- 11 Border Management



ALIGNED TO POLITICAL PRIORITIES (3)



I SINGLE MARKET, INNOVATION & DIGITAL

1 Research & Innovation

- Horizon Europe
- International Thermonuclear Experimental Reactor (ITER)
- Euratom Research & Training Programme

2 European Strategic Investments

- InvestEU Fund
- Connecting Europe Facility
- Digital Europe Programme (incl. Cybersecurity)

3 Single Market

- Single Market Programme (incl. Competitiveness and Small and Medium-Sized Enterprises - COSME, Food Safety, Statistics, Competition and Administrative Cooperation)
- EU Anti-Fraud Programme
- Cooperation in the Field of Taxation (FISCALIS)
- Cooperation in the Field of Customs (CUSTOMS)

4 Space

- European Space Programme



II COHESION & VALUES

5 Regional Development & Cohesion

- European Regional Development Fund
- Cohesion Fund
- Support to the Turkish-Cypriot Community

6 Economic & Monetary Union

- Reform Support Programme including the Reform Delivery Tool and Convergence Facility
- Protection of the Euro Against Counterfeiting

7 Investing in People, Social Cohesion & Values

- European Social Fund + (incl. Integration of Migrants & Health)
- ERASMUS+
- European Solidarity Corps
- Justice, Rights & Values
- Creative Europe (incl. MEDIA)

European
Solidarity
Fund

European
Investment
Stabilisation
Function

Globalization
Adjustment
Fund





ALIGNED TO POLITICAL PRIORITIES (4)



III NATURAL RESOURCES & ENVIRONMENT

8 Agriculture & Maritime Policy

- European Agricultural Guarantee Fund
- European Agricultural Fund for Rural Development
- European Maritime & Fisheries Fund

9 Environment & Climate Action

- Programme for Environment & Climate Action (LIFE)

25% climate
mainstreaming
across the
EU Budget



V SECURITY & DEFENCE

12 Security

- Internal Security Fund
- Nuclear Decommissioning (Lithuania)
- Nuclear Safety and Decommissioning (incl. for Bulgaria and Slovakia)

13 Defence

- European Defence Fund
- Connecting Europe Facility - Military Mobility

14 Crisis Response

- Union Civil Protection Mechanism (rescEU)

European
Peace
Facility

Emergency
Aid Reserve



IV MIGRATION & BORDER MANAGEMENT

10 Migration

- Asylum & Migration Fund

11 Border Management

- Integrated Border Management Fund

European
Border and
Coast Guard
(Frontex)



VI NEIGHBOURHOOD & THE WORLD

15 External Action*

- Neighbourhood, Development and International Cooperation Instrument (incl. external aspects of migration)
- Humanitarian Aid
- Common Foreign & Security Policy
- Overseas Countries and Territories (including Greenland)
- **16 Pre-Accession Assistance**
- Pre-Accession Assistance

*The European Peace Facility is an off - budget fund outside the Financial Framework



European
Commission

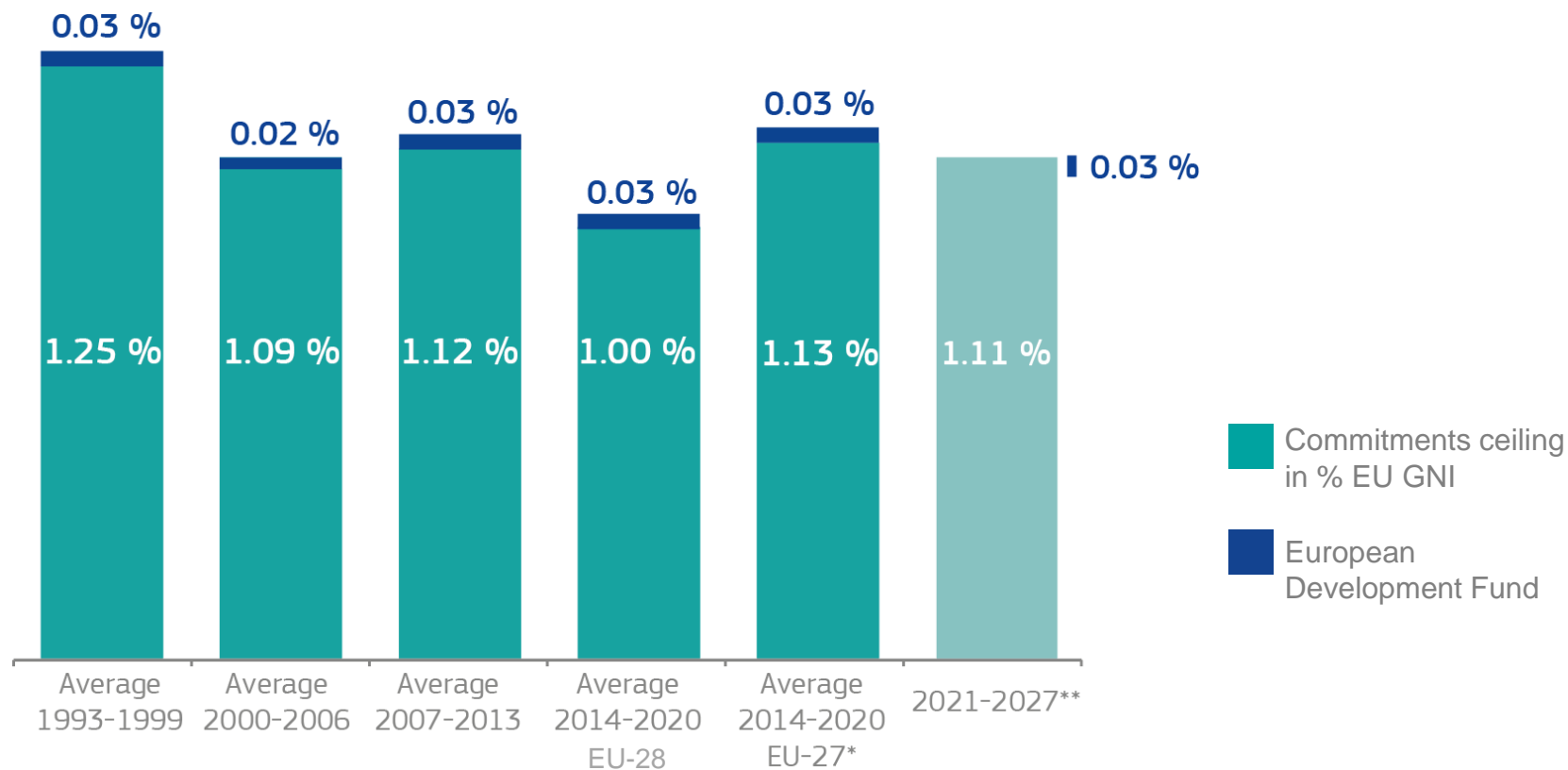
REALISTIC



REALISTIC : MATCHING PRIORITIES WITH RESOURCES

Broadly stable level in % of GNI

The size of the EU budget as percentage of Gross National Income (GNI)



*2014-2020 estimated commitments
(UK expenditure excluded) in % EU27 GNI

** European Development Fund integrated ("budgetised")

Source: European Commission



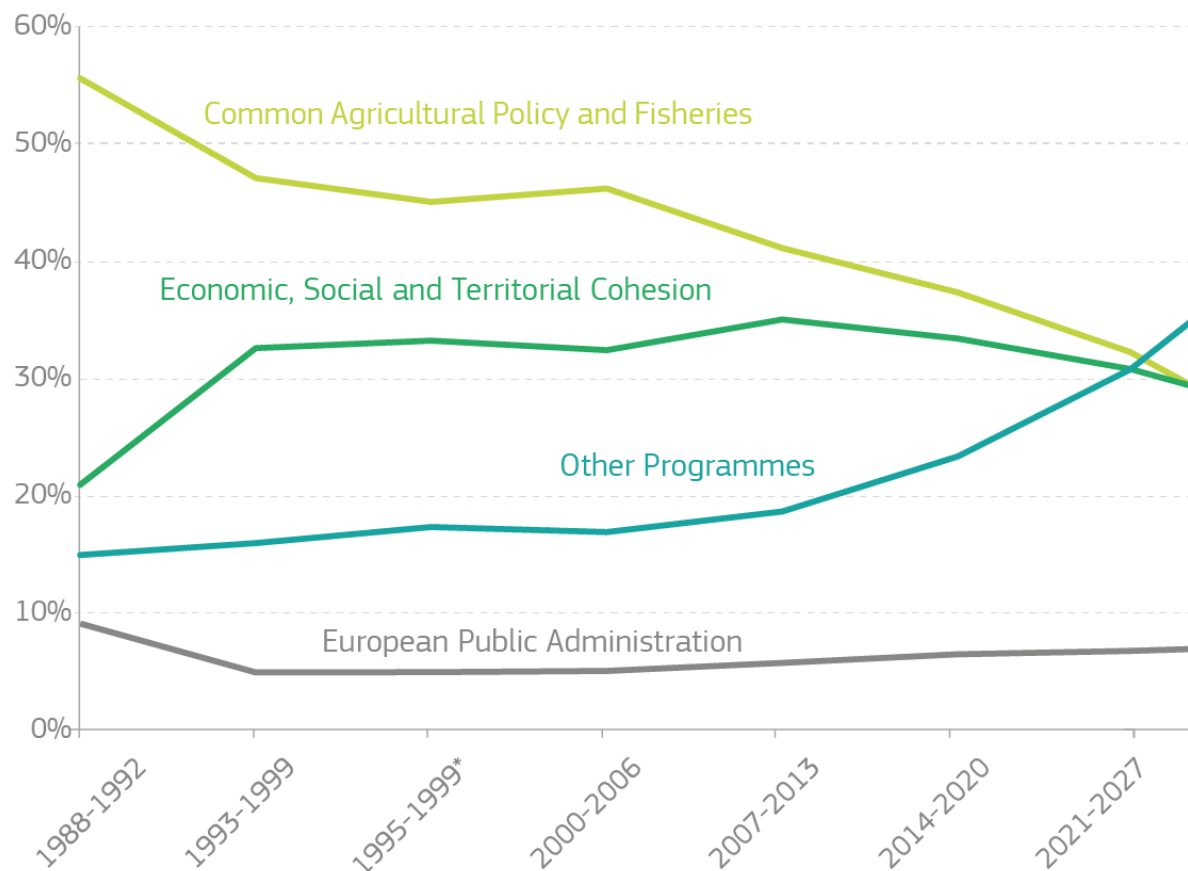
FAIR & BALANCED



MATCHING PRIORITIES WITH RESOURCES

Rebalancing and fairness

Evolution of main policy areas in the EU budget



*Adjusted for 1995 enlargement

Source: European Commission

FOCUSED ON ADDED VALUE



FOCUSED ON EUROPEAN ADDED VALUE

Reinforcement of priority areas

Research, Innovation & Digital



x 1.6



Youth



x 2.2



LIFE Climate & Environment



x 1.7



Migration & Borders



x 2.6



Security



x 1.8



External Action



x 1.3



*Increase under the new
long-term EU Budget*

Combined increase = + €109 billion

Climate Mainstreaming
contributing to climate objectives



x 1.6



20% of Multiannual Financial Framework
2014-2020, EU 28 = 206 billion

25% of the Multiannual Financial Framework
2021-2027, EU 27 = 320 billion

Combined increase = + €114 billion

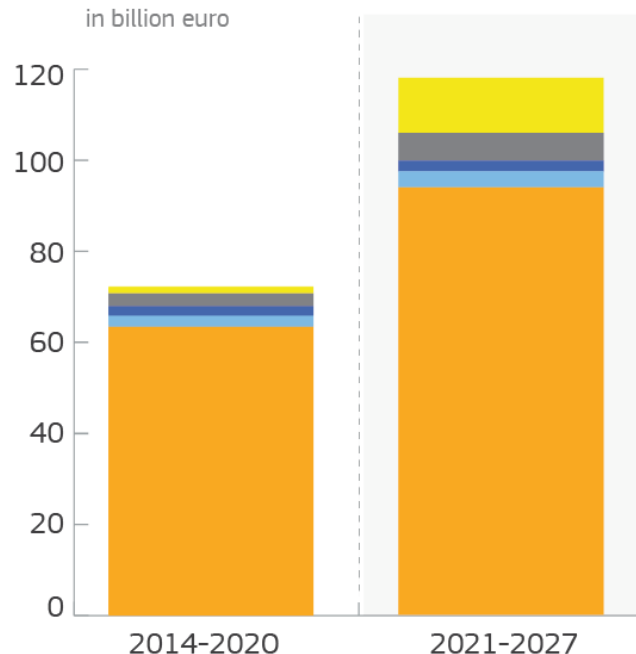
Note: Compared to Multiannual Financial Framework 2014-2020 at EU-27, including European Development Fund

Source: European Commission





RESEARCH AND INNOVATION


Investing in the future





- Building on the success of the EU's past flagship research and innovation programmes, the Commission proposes to **increase investment in research-innovation and digital** by allocating **€114.2 billion** for the future MFF.

Digital Europe Programme & Connecting Europe Facility - Digital 

International Thermonuclear Experimental Reactor (ITER) 

Euratom Research and Training Programme 

Innovation Window InvestEU Fund 

Horizon Europe 

Source: European Commission

Note: Compared to the Multiannual Financial Framework 2014-2020 at EU-27 (estimate)

Source: European Commission



DIGITAL TRANSFORMATION

- ❑ The Commission proposes to create a new **Digital Europe programme** with an overall budget of **€9.2 billion** to shape and support the digital transformation of Europe's society and economy.

Examples:

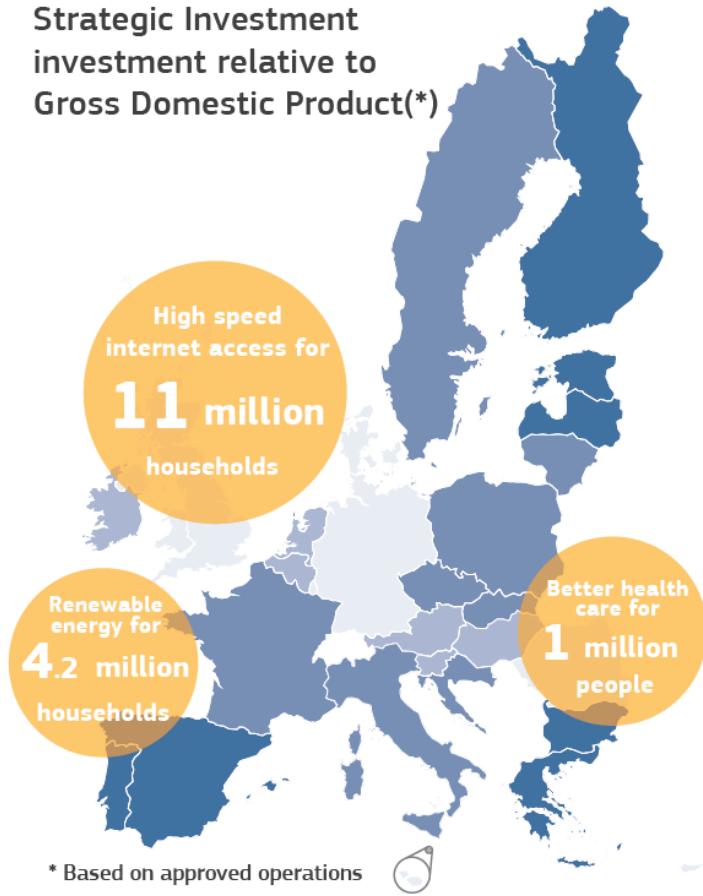
- Artificial intelligence
 - Super-computing
 - Investing in Europeans' digital skill
 - Developing very high capacity digital networks
 - Joining forces against cyberattacks
-
- ❑ The digital strand of the Connecting Europe Facility has a budget of **€3 billion** which will finance digital connectivity infrastructure.



INVESTMENT (1)

Current situation: EFSI

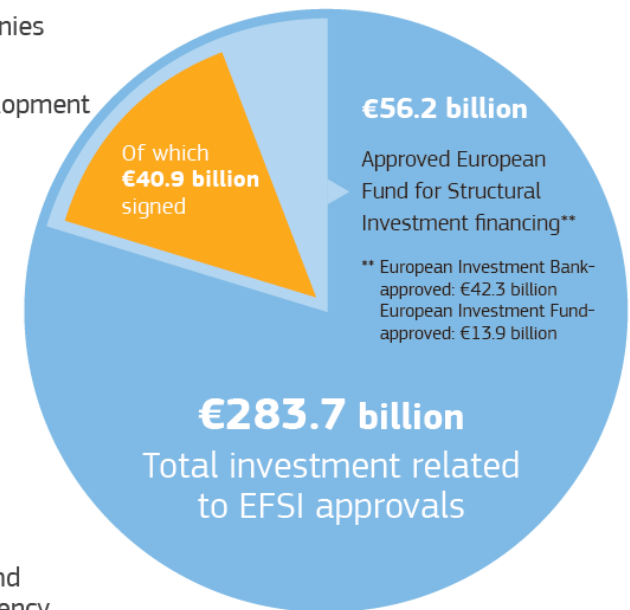
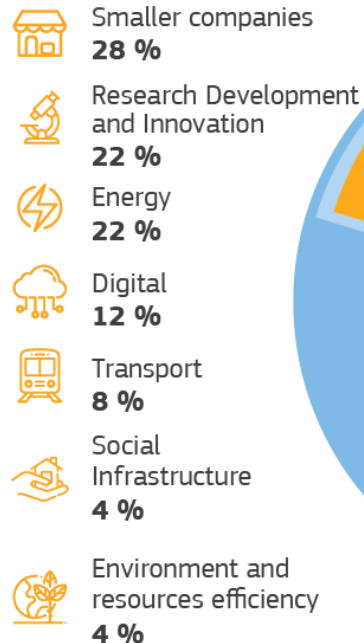
European Fund for Strategic Investment investment relative to Gross Domestic Product(*)



Darker colours signify higher investment

Showcasing the success of the 'Juncker Plan' in using the EU budget to mobilise private investment

EFSI investment by sector(*)

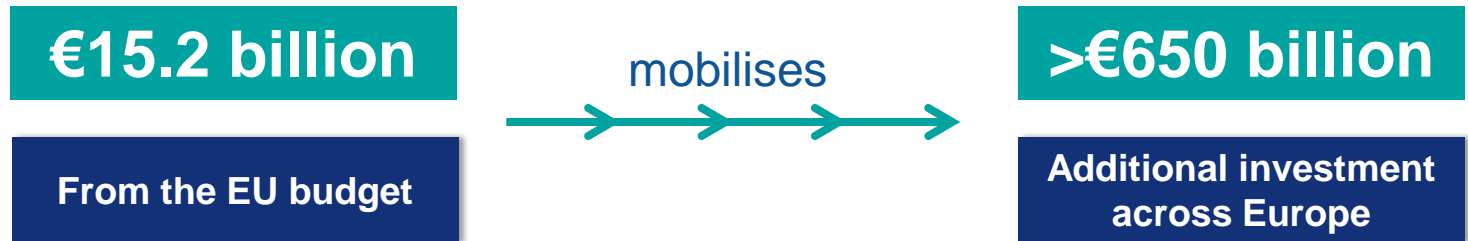


Target by 2020 **€500 billion**



INVESTMENT (2)

Streamlining tools to promote investment: **InvestEU Fund**



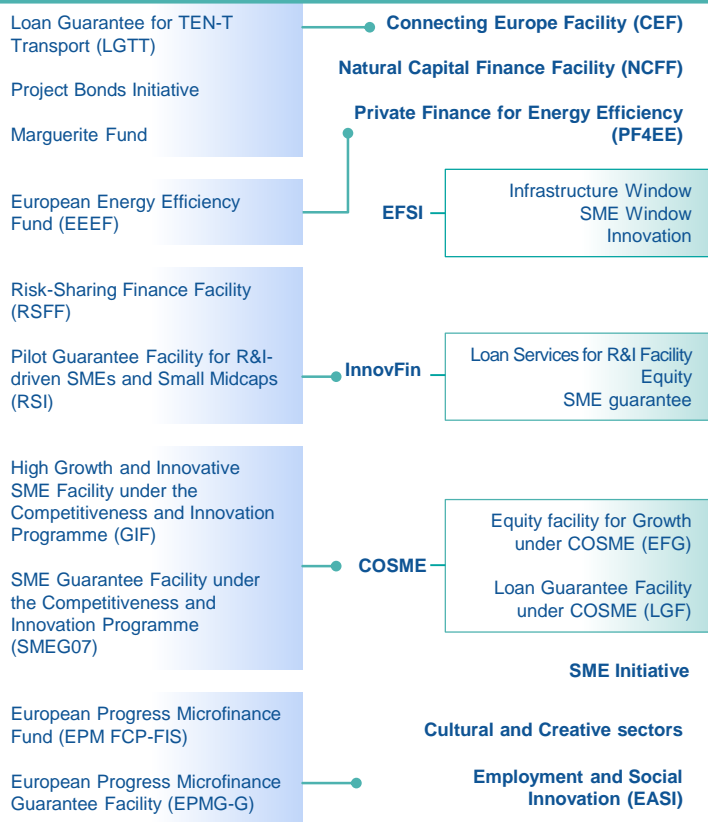
- ❑ A new, **fully integrated investment fund**: InvestEU
- ❑ **Mobilise** significant **private resources** with a relatively limited amount of public resources for much needed investments throughout Europe
- ❑ **Single, streamlined structure** including all centrally managed financial instruments inside the EU
- ❑ Reducing overlaps, **simplify access to funding** and **reduce administrative burden**



INVESTMENT (3)

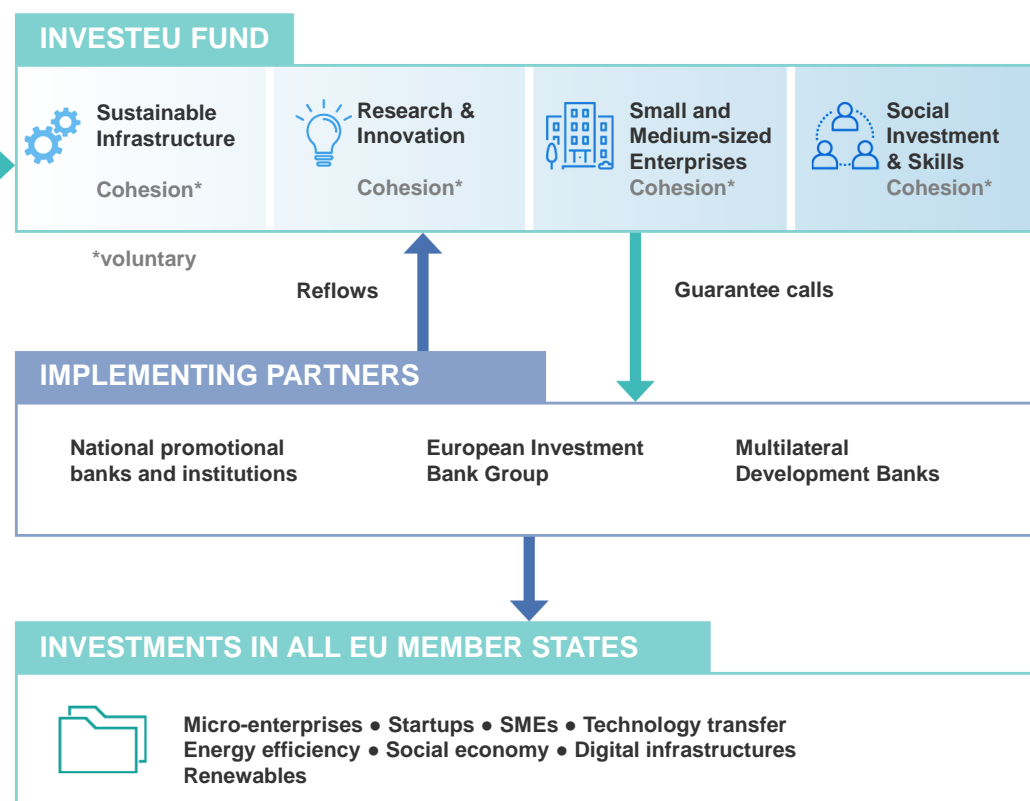
Streamlining tools to promote investment: InvestEU Fund

Financial instruments under current
multiannual financial framework



Inside the EU

New architecture for the
long term EU budget 2021-2027

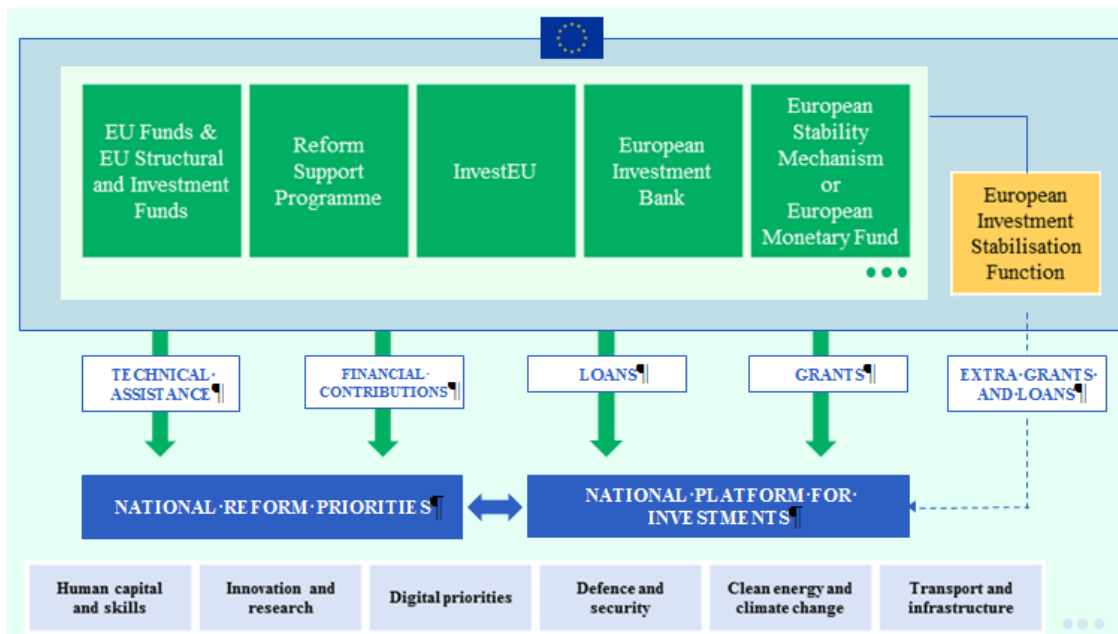




EU BUDGET AND ECONOMIC MONETARY UNION

(Heading 2 + outside MFF)

- ❑ In the future long-term EU budget **two new instruments** are proposed:
 - Reform Support Programme
 - European Investment Stabilisation Function
- ❑ These new instruments will help:
 - support economic and social convergence
 - maintain macroeconomic stability in the euro area



Source: European Commission



REGIONAL DEVELOPMENT AND COHESION

- ❑ A strengthened link with the European Semester
- ❑ A simplified framework and less red tape for the beneficiaries of the funds
- ❑ A more tailored approach to regional development
- ❑ Relative per capita income as the predominant criterion for allocating funds

EUROPEAN REGIONAL DEVELOPMENT AND COHESION FUND

Budget of €273 billion



investing in research and innovation



support small businesses



help with the transition towards a low-carbon economy



support digital, energy and transport networks



fund better health, education and social infrastructure and sustainable urban development

EUROPEAN SOCIAL FUND+

Budget of €101 billion



investing in people



ensuring fairer opportunities for all



funding skills, youth employment and social inclusion



INVESTING IN PEOPLE

- ❑ The proposals upgrade the **European Social Fund** into a **European Social Fund+** with an overall budget of **€100 billion**, simplifying and increasing its effectiveness.
- ❑ More than doubling the size of a **substantially strengthened, inclusive and extended Erasmus+ programme**, further promoting learning mobility across the EU.
- ❑ A **reinforced European Solidarity Corps** will integrate the existing EU Aid Volunteers programme. This will offer European citizens a unique opportunity to engage in solidarity activities within and outside Europe.



COMMON AGRICULTURAL POLICY

- ❑ The modernised **Common Agricultural Policy** based on a **new delivery model** will:
 - Place a greater emphasis on the environment and climate;
 - Support the transition towards a more sustainable agricultural sector;
 - Support the development of vibrant rural areas.

- ❑ The modernised policy will have a budget of **€365 billion** and continue to be built around two pillars:
 - direct payments to farmers and
 - rural development funding.

- ❑ For rural development, the Commission proposes to increase **national co-financing rates**. In addition, an amount of **€10 billion** in Horizon Europe will support research and innovation in food, agriculture, rural development and the bioeconomy.



SUSTAINABILITY, ENVIRONMENT PROTECTION AND FIGHT AGAINST CLIMATE CHANGE

Climate Mainstreaming
contributing to climate objectives



20% of Multiannual Financial Framework
2014-2020, EU 28 = **206 billion**

x 1.6



25% of the Multiannual Financial Framework
2021-2027, EU 27 = **320 billion**

Combined increase = + €114 billion

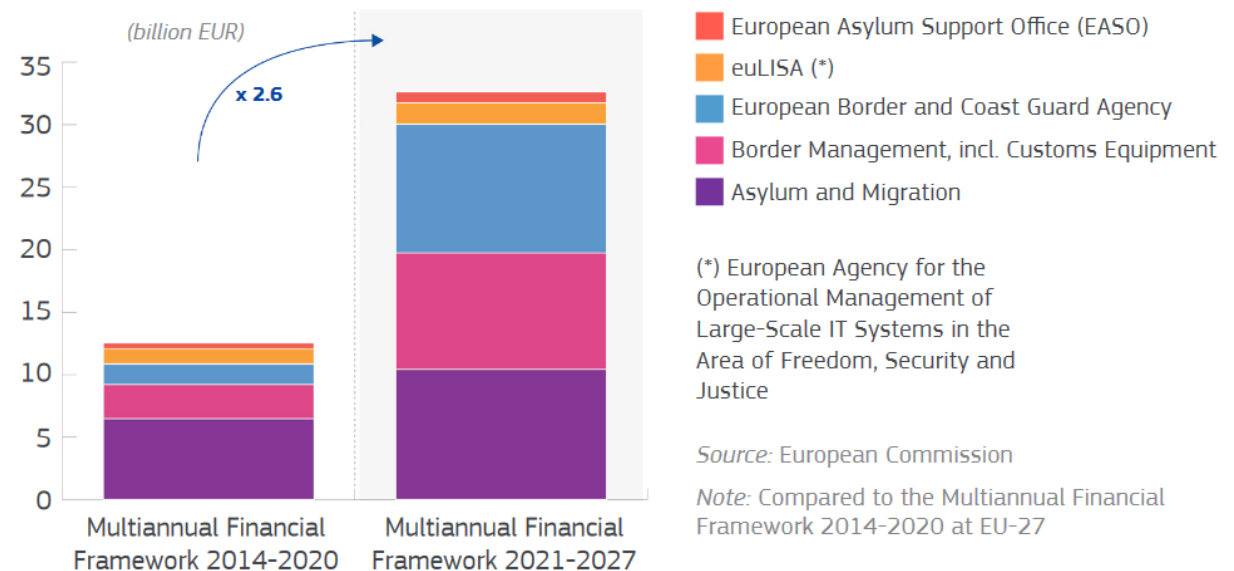
- ❑ **LIFE programme will be strengthen (€5.4 billion)** and will also support measures promoting energy efficiency and clean energy.
- ❑ **Common Agricultural Policy** will place a greater emphasis on environment and climate. It will support the transition towards more sustainable ways of providing safe and high-quality food for the EU's consumers.
- ❑ All **farmers** receiving area payments will have **to comply with a range of requirements related to climate change**, water, soil, biodiversity and landscapes.



MIGRATION AND BORDER MANAGEMENT

- ❑ The **EU budget for the management of external borders, migration and asylum** will be significantly **reinforced**, overall, reaching **€35 billion**, compared to €13 billion for the period 2014-2020.

A strong focus on migration and protecting our external border



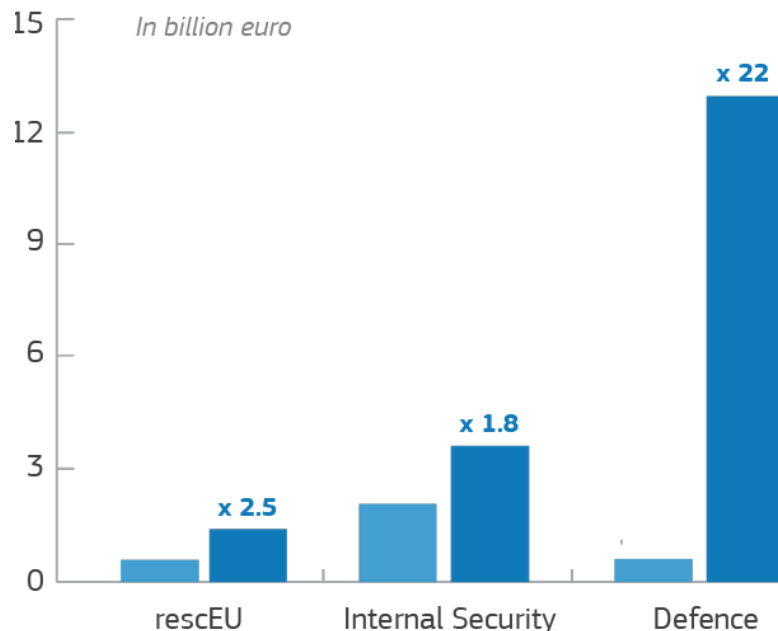
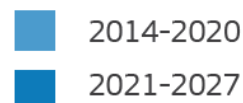


SECURITY & DEFENCE

- ❑ **+ €28 billion** (of which €5 billion for security)
- ❑ **€13 billion** (over the 7 years period) for the **European Defence Fund**
- ❑ **€7 billion** (through the Connecting Europe Facility) to enhance strategic transport infrastructures to make them fit for **military mobility**
- ❑ **European Peace Facility** for action in external security and defence

Source: European Commission

A step change for security and defence



Source: European Commission

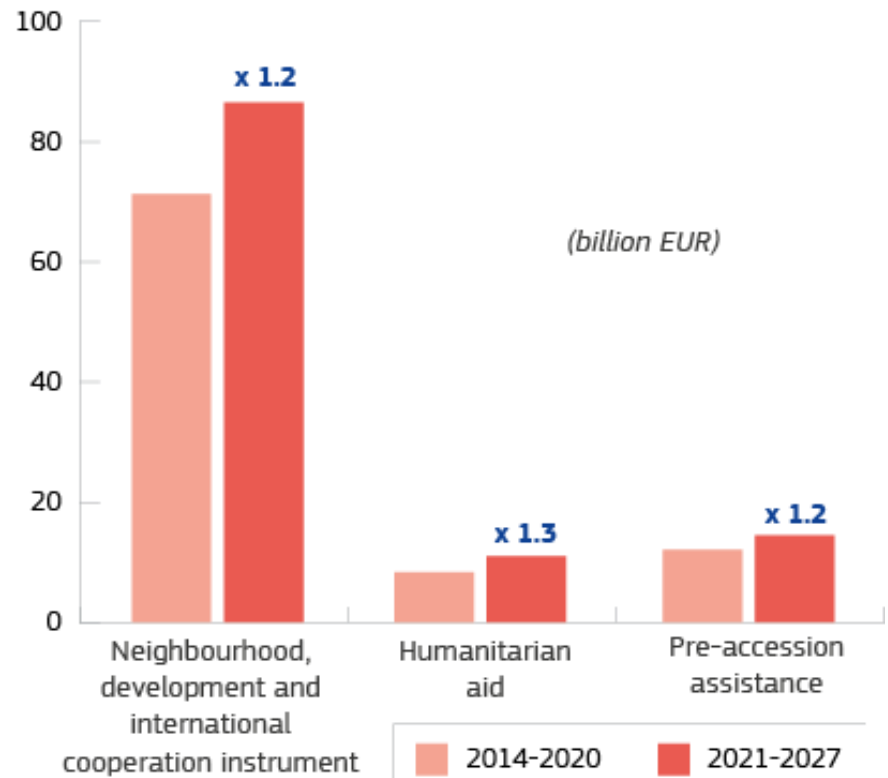
Note: Compared to Multiannual Financial Framework at eu-27 (estimate)



NEIGHBOURHOOD AND THE WORLD (1)

Over half of all development aid comes from the EU and its members, making them collectively the **world's largest aid donor**.

- The Commission proposes **to increase investment in the external actions up to 26% to reach €123 billion** in the future long-term EU budget.

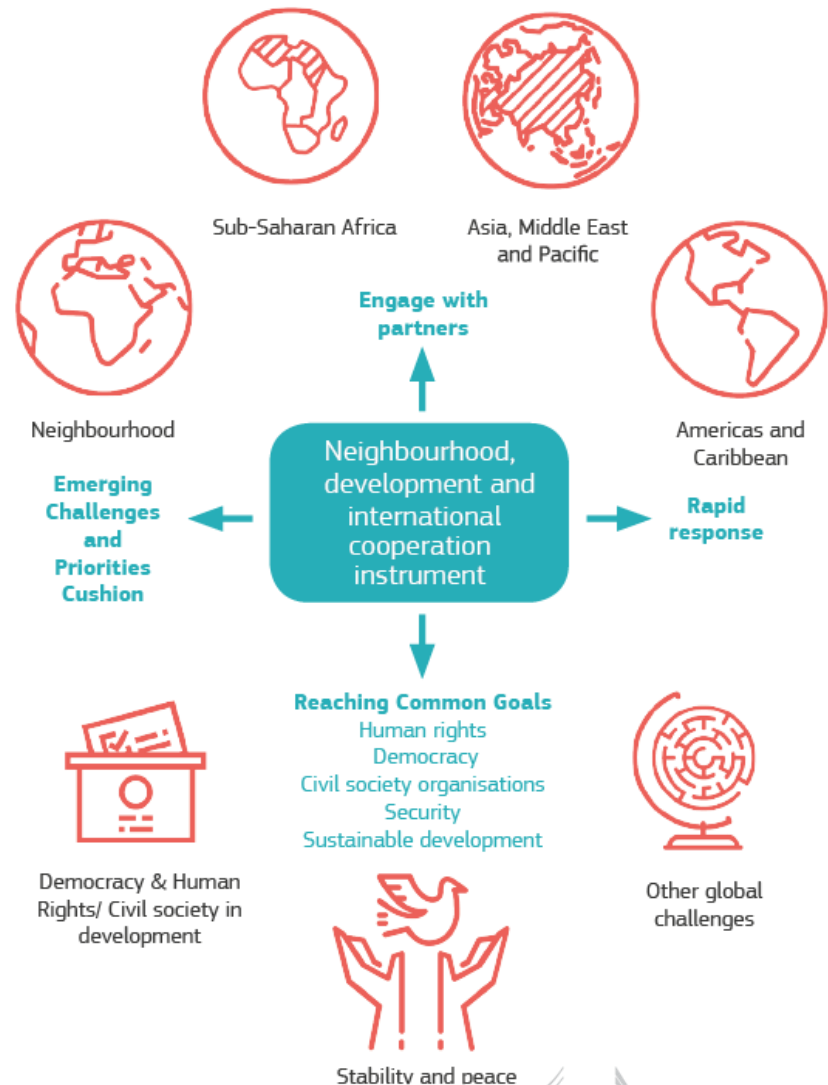




NEIGHBOURHOOD AND THE WORLD (2)

The neighbourhood, development and international cooperation instrument

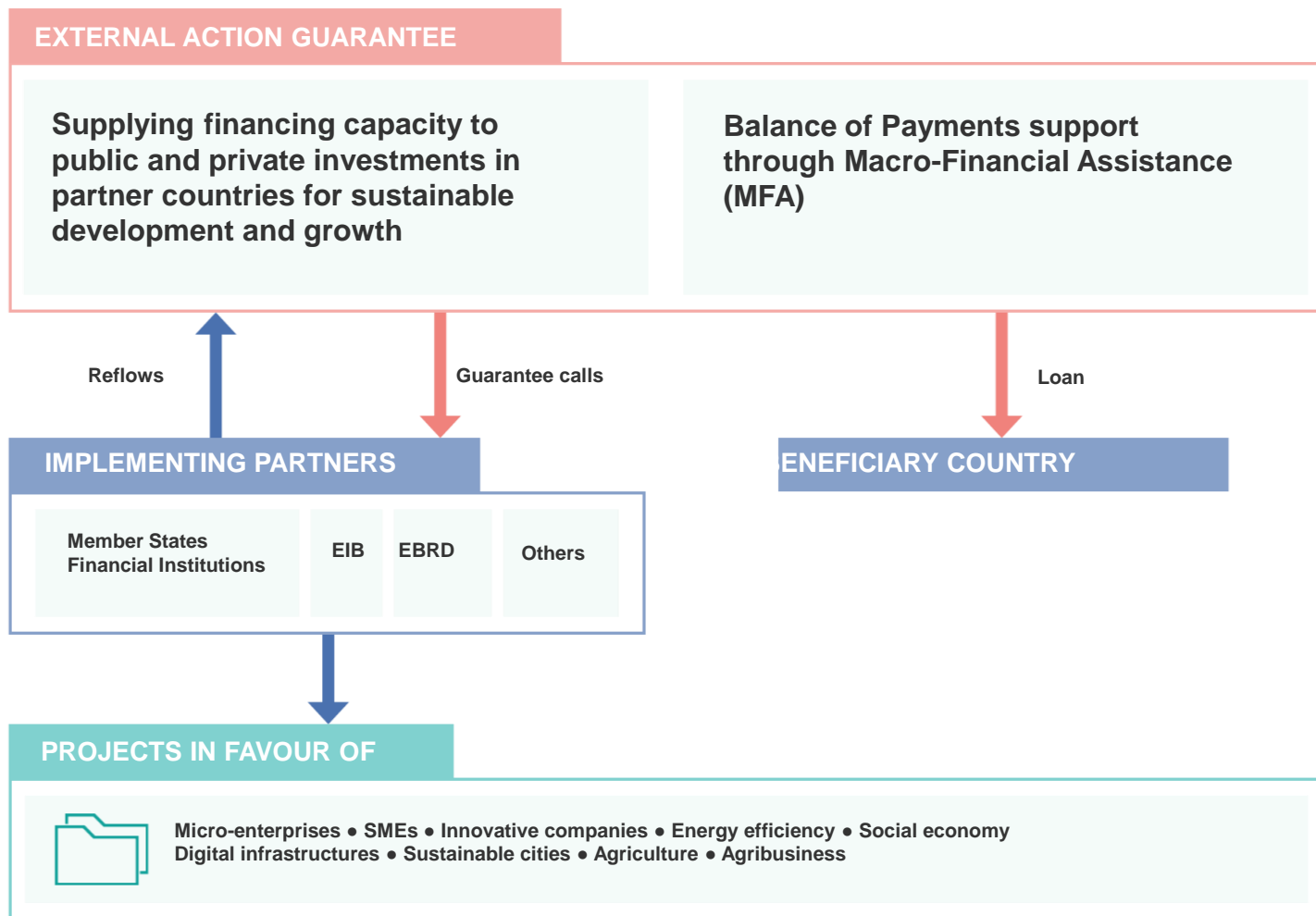
- ❑ **Major restructuring of the EU's external action instruments** to provide better coherence, build on cooperation effectiveness, simplify processes and use economies of scale.
- ❑ **New neighbourhood, development and international cooperation instrument**





NEIGHBOURHOOD AND THE WORLD (3)

Streamlining tools to promote investment



MORE FLEXIBLE



FLEXIBILITY

Providing an agile response to new needs and challenges



Programming

- Re-programming at mid-term
- Blending of funds & transfers between management modes



Response to crises & unforeseen events

- Programme Reserves (unallocated envelopes) within each programme
- Agricultural Crisis Reserve
- Union Civil Protection Mechanism
- Special Instruments:
 -  Emergency Aid Reserve
 -  European Union Solidarity Fund
 -  European Globalisation Adjustment Fund
 -  Off-budget: European Peace Facility



Extra flexibility between headings and years

- **Global Margin for Payments**
- **Contingency Margin**
- **Flexibility Instrument**
- From Global Margin for Commitments to **Union Reserve:**
 - ✓ Unused margins from previous years
 - ✓ Decommittments: Funds that have been committed to the EU budget but which are ultimately not spent in the implementation of EU programmes



European
Commission

PRAGMATIC



STRONGER LINK WITH THE EUROPEAN SEMESTER OF ECONOMIC POLICY COORDINATION



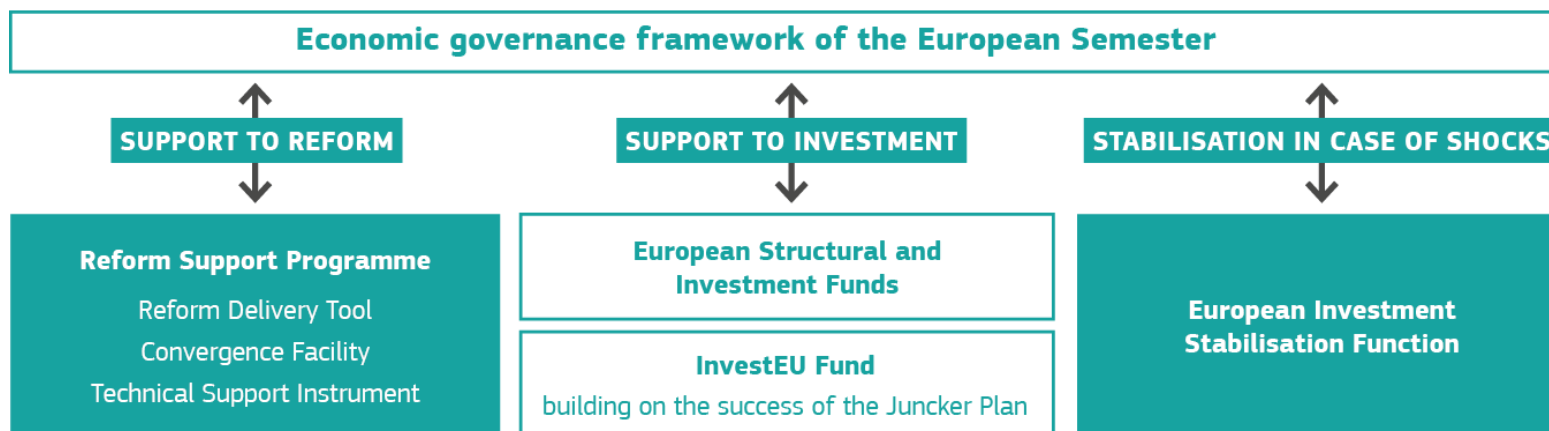
coordination and complementarity of financing from cohesion policy funds and the new Reform Support Programme



roadmap for the short, mid- and long-term planning and monitoring of investments



technical and financial support for reforms at national level





SOUND FINANCIAL MANAGEMENT AND THE RULE OF LAW



New **mechanism** will allow:

to suspend, reduce or restrict access to EU funding

in a manner proportionate to the nature, gravity and scope of the rule of law deficiencies

when a "generalised deficiency" may affect the financial interests of the EU



It will **apply to**:

all EU funds implemented in shared management

to funds implemented in direct and indirect management where the financial beneficiary is a government entity

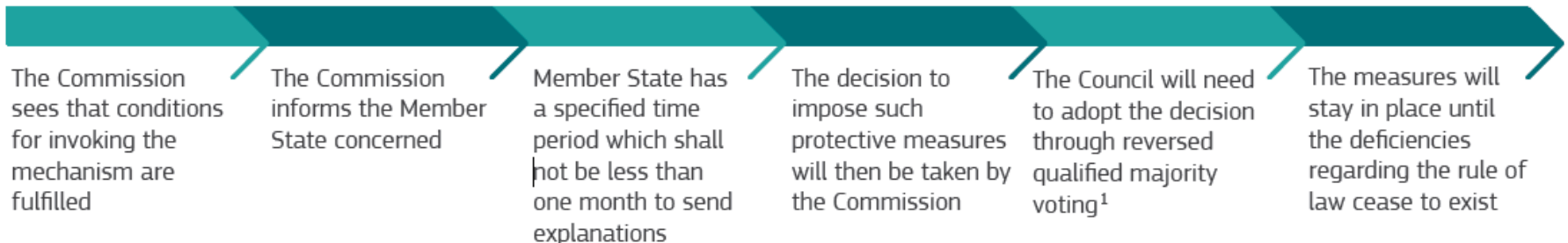


It would **not affect**:

the individual beneficiaries of EU funding

Member States would continue to be obliged to implement the affected programmes and pay final recipients

HOW WILL IT WORK?



NEW SOURCES OF REVENUE



FINANCING THE EU BUDGET (1)

Simplification and diversification of revenue sources

Modernisation of existing Own Resources



Value Added Tax-based: simplified



Traditional Own Resources
(mainly customs duties):

lower collection costs (20% to 10%)



GNI-based contribution: smaller share

New Own Resources



Common Consolidated Corporate Tax Base



20% of revenues from emissions trading system



National contribution based on non-recycled plastic packaging waste

Other revenues



Seigniorage (External assigned revenue for new Investment Stabilisation Function)



Revenues of new European Travel Information and Authorisation System

No rebates



Phasing out mechanism over five years

Higher Own Resources ceiling

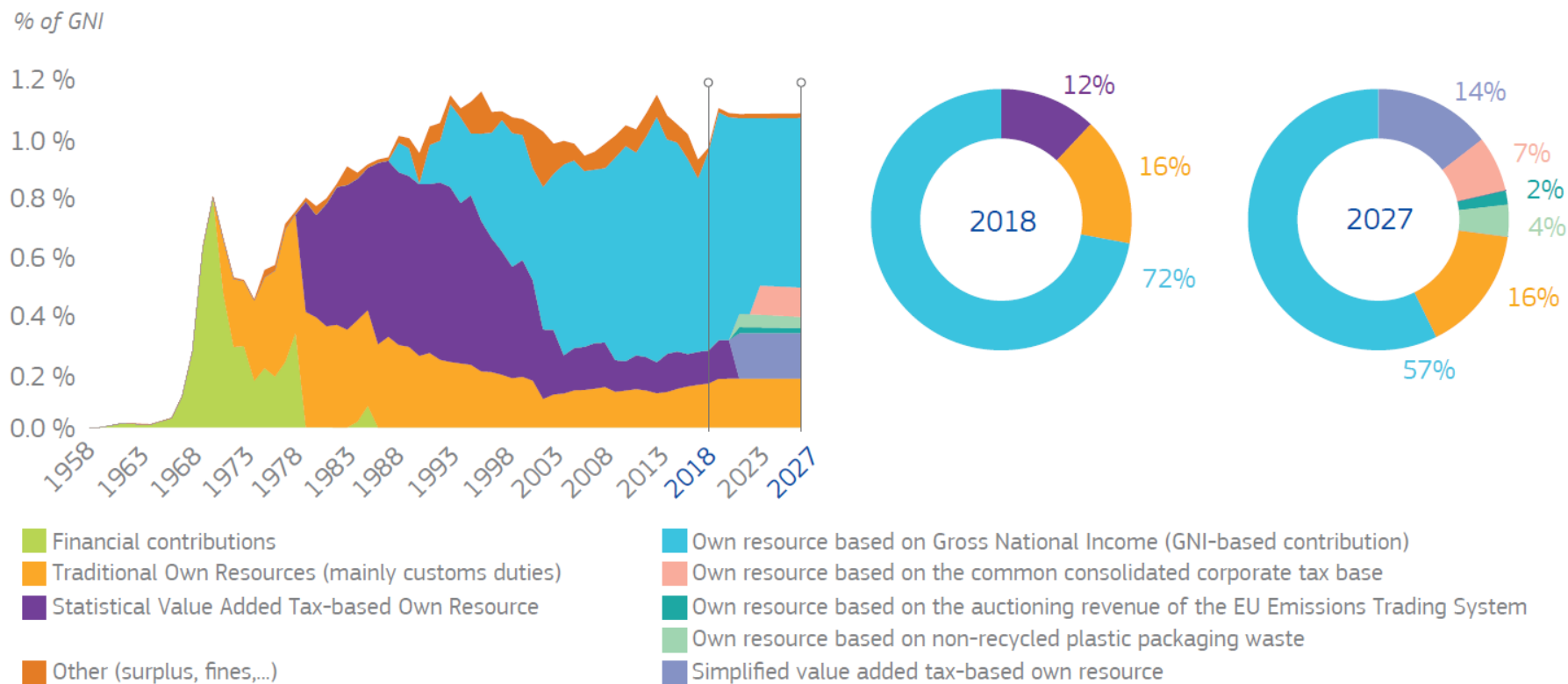


From currently 1.2% of GNI to 1.29% of GNI



FINANCING THE EU BUDGET (2)

Development of sources for financing of the EU budget.



NEXT STEPS



NEXT STEPS

FROM MAY TO JULY

Technical analysis in Council and Parliament of the MFF proposals + programmes

MFF

02.05

College adoption
of MFF package

Presentation in
EP Plenary in Brussels

Presentation to COREPER II

14.05

Presentation
to General
Affairs Council

29.05

Batch I

06.06

Batch II

12.06

Batch III

29 MAY

European Regional Development Fund,
Cohesion Fund and Common Provisions
Regulation

30 MAY

Investing in People, Social Cohesion & Values
Programmes (including European Social
Fund+, European Globalisation Adjustment
Fund, Erasmus+, European Solidarity Corps,
Creative Europe and Justice, Rights and
Values)

31 MAY

Economic and Monetary Union Programmes
(including Reform Support Programme,
European Investment Stabilisation Function and
Pericles)

1 JUNE

Common Agricultural Policy, European
Maritime & Fisheries Fund and the LIFE
Programme for Environment and Climate
Action

6 JUNE

European Strategic Investment (including
InvestEU, Connecting Europe Facility, Digital
Europe Programme) and Space

7 JUNE

Research and Innovation (Horizon Europe,
International Thermonuclear Experimental
Reactor and Euratom)

8 JUNE

Single Market Programme, Anti-Fraud
Programme, Fiscalis and Customs

12 JUNE

Migration and Border Management

13 JUNE

European Defence Fund, Security and
Nuclear Safety

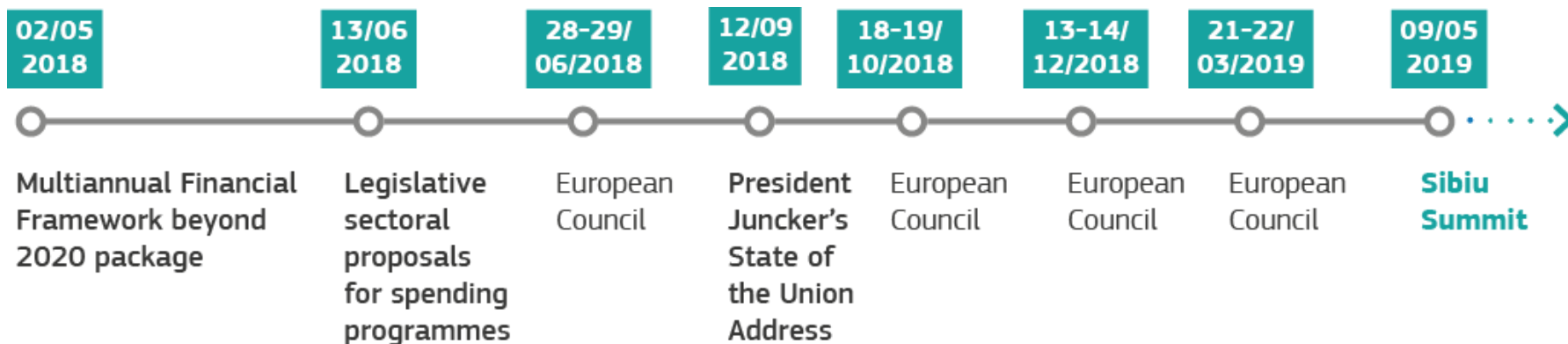
14 JUNE

Neighbourhood and the World (including
Neighbourhood, Development and
International Cooperation Instrument, Pre-
accession Assistance; Overseas Countries &
Territories (including Greenland)

**LEGISLATIVE PROPOSALS
OF PROGRAMMES**



NEXT STEPS





'This budget proposal is truly about EU added value. We invest even more in areas where one single Member State cannot act alone or where it is more efficient to act together - be it research, migration, border control or defence. And we continue to finance traditional - but modernised - policies, such as Common Agricultural Policy and Cohesion Policy, because we all benefit from the high standard of our agricultural products and regions catching up economically.'

Günther H. Oettinger, Commissioner
for Budget & Human Resources,
2 May 2018



European
Commission