Council of the European Union
General Secretariat

THINK TANK REVIEW

Council Library

JUNE 2020
SPECIAL ISSUE

MULTIANNUAL FINANCIAL FRAMEWORK 2021- 2027 AND RECOVERY FUND

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Ahead of the discussion of a **recovery fund to respond to the COVID-19 crisis** and a new **EU long term budget** at the video conference of the members of the European Council on 19 June 2020, this special issue* compiles related articles and reports published in previous issues of the monthly Think Tank Review.

It covers the period from May 2018, when the Commission submitted its first proposal for a long-term budget for the EU, to May 2020.

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EUROPEAN POLICY CENTRE

Europe’s path to strategic recovery: brace, empower and engage

by Giovanni Grevi

The Covid-19 crisis highlighted Europe’s vulnerability to global challenges and disorder. The pandemic risks amplifying geopolitical competition, which is undermining multilateral cooperation when sound management of our interdependence is crucial. Discussion on a recovery fund should not be limited to the financial dimension, but instead thought of in terms of ‘grand strategy’. Europeans should not only craft a decisive response to the pandemic but also use it as a springboard to reinforce the EU and its domestic power base on the global stage. (8 p.)

WILFRIED MARTENS CENTRE FOR EUROPEAN STUDIES

Whatever it takes, for as long as is needed: mapping a new European recovery programme

by Eoin Drea @EoinDrea

At its core, the coronavirus pandemic is a human tragedy. Its negative economic and social impacts are deeper and broader than were first anticipated. The spread of the virus and the required measures to contain it have resulted in a concurrent slowdown in all major global economies. This represents an unprecedented challenge to the economic integrity of the EU, its member states, and the global trading framework. (5 p.)

KONRAD-ADENAUER-STIFTUNG

Einigung über EU-Hilfspaket – Fortschritte bei langfristigem Konjunkturprogramm

by Hardy Ostry, Kai Gläser, Ludger Bruckwilder et al.

The heads of state and government were able during a video conference to approve the Corona aid package of around 540 billion euros. There was also agreement on the need for a long-term economic stimulus program within the EU's Multiannual Financial Framework (MFF), the so-called “recovery fund”. At the end of the summit, the EU leaders were confident that despite any differences, they could reach an agreement for the economic stimulus program in a timely manner. (DE - 6 p.)

LUISS SCHOOL OF EUROPEAN POLITICAL ECONOMY

The recovery fund: legal issues

by Gian Luigi Tosato

The article analyses the recovery fund from the legal point of view. It argues that the guidelines provided by the EC are certainly relevant, yet, the basic points of the new instrument are still to be defined. It presents some legal issues which the Commission will have to consider regarding the general framework, the financing and the disbursements of the fund. (6 p.)

INSTITUT DER DEUTSCHEN WIRTSCHAFT (IW, KÖLN) GERMAN ECONOMIC INSTITUTE

[European rescue and recovery programmes against the corona crisis]

by Hubertus Bardt @H_Bardt, Sandra Parthie @SandraParthie, Livio Romano et al.

The current crisis is different from the 2008/2009 situation, but again it is a tremendous challenge for the economies across Europe. The corona-crisis is hitting the economies symmetrically, though with differences in magnitude levels, while the 2009 crisis was primarily a crisis of the banking industry and the manufacturing sector. (8 p.)

LUISS SCHOOL OF EUROPEAN POLITICAL ECONOMY

[Logic, facts and common sense in the time of Covid-19]

by Riccardo Perissich

The epidemic and the lockdown of most economic activity is threatening with a recession much more severe than the one after the 2008 financial crisis. Since the fiscal and structural situation of the member states is very different, there is the risk that national actions could increase the divergence between the member states to a point that would be close or beyond acceptable limits. Some kind of common action is therefore necessary. A bridge has to be found between rules without solidarity and solidarity without rules. (21 p.)

FOUNDATION FOR EUROPEAN PROGRESSIVE STUDIES (FEPS)

[Debt monetization and EU recovery bonds]

by Alberto Botta, Alberto Russo and Eugenio Caverzasi

The brief examines the ways for fighting the Covid-19 emergency and re-launching the European economy. It highlights some peculiar characteristics, from an economic point of view, of the current Covid-19 crisis. It looks at its exogenous nature with respect to Eurozone countries, as well as at the complex mix of supply and demand shocks it entails. (15 p.)

E3G

[Recovering better: a green, equitable and resilient recovery from Coronavirus]

by Ronan Palmer @ronan_wifi, Michael Jacobs, @michaelujacobs, Laurie Laybourn-Langton et al.

We are living through an unprecedented health and economic emergency. Countries where the coronavirus has taken hold are struggling to control transmission rates, to mobilise sufficient resources for their health services, to provide companies with sufficient liquidity to survive, and to ensure that workers and those on social security benefits have sufficient incomes on which to live. (10 p.)

FOUNDATION FOR EUROPEAN PROGRESSIVE STUDIES (FEPS)

[A Green Deal for all]

by Thorfinn Stainforth, Céline Charveriat @MCcharveriat, Eloïse Bodin @Eli_Bodin et al.

The paper examines how to achieve sustainability and equity between the people, regions, countries and generations of Europe in a post-Covid-19 era. The current health crisis has opened up a new understanding of the interrelation between humans, wildlife, ecosystems and the meaning of well-being and healthy living. Consequently, a coherent and cohesive Green

Deal that incorporates the social, environmental and economic aspects should be a central element of any recovery programme. (30 p.)

LUISS SCHOOL OF EUROPEAN POLITICAL ECONOMY

Verso un 'Piano Marshall' europeo: Come trasformare una crisi in un'opportunità

Towards a sustainable European 'Marshall Plan': how to turn the crisis into an opportunity

by Giuseppe De Michele and Marcello Messori

The brief contributes to the debate on how to fund the national fiscal policies of the euro-area countries, required to deal with the economic impact of the Covid-19 crisis. The paper presents a new massive European investment plan (Marshall plan), other than InvestEU, aimed at covering a part of the increased public spending in various euro-countries, thus reducing the increases in these countries' government debt. (EN/ IT - 14 p.)

DEUTSCHE GESELLSCHAFT FÜR AUSWÄRTIGE POLITIK (GERMAN COUNCIL ON FOREIGN RELATIONS)

Time for a corona fund. How a coalition of willing member states can shore up the EU economy

by Shahin Vallée

While the ECB has already taken bold steps, the EU member states need to support its efforts by committing to underwrite together some of the fiscal costs of the Covid-19 pandemic. The best option would be to launch a corona fund with the power to mobilize 1 trillion EUR - support for such a fund need not be unanimous. (8 p.)

KONRAD-ADENAUER-STIFTUNG

Europas Süden und das Corona-Hilfsprogramm der EU

by Caroline Kanter, Henri Bohnet, Nino Galetti et al.

This brief assesses how the results of the last EU summit have been received by politics and society, especially in Southern Europe (Italy, Spain, France, Greece and Cyprus). On April 23, the European leaders agreed on a multi-billion corona aid package. In addition a joint economic stimulus program is necessary. However, there is currently disagreement between the member states on the design of this instrument. (DE - 7 p.)

FOUNDATION FOR EUROPEAN PROGRESSIVE STUDIES (FEPS)

Debt monetization and EU recovery bonds

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ISSUE 77 - APRIL 2020

NOTRE EUROPE - JACQUES DELORS INSTITUTE

Comment le budget de l'UE peut-il contribuer à résoudre la crise du coronavirus?

by Eulalia Rubio

The spread of Covid-19 in Europe leads to the need to provide a coordinated European financial response in order to support the healthcare systems of the member states and avoid a major economic recession. The EU budget is not suited to respond to the coronavirus crisis. However, it is the only financial instrument available to the European institutions and should therefore be used as much as possible to combat this crisis. In March, the Commission presented several initiatives to respond to the Covid-19 epidemic, suggesting the development of an "Investment initiative in response to the coronavirus" worth 37 billion euros financed with cohesion policy funds. (FR - 5 p.)

NOTRE EUROPE - INSTITUT JACQUES DELORS

La politique budgétaire à l'heure du coronavirus: il est temps d'activer les clauses de sauvegarde inscrites dans les cadres budgétaires

by Andreas Eisl

The Covid-19 pandemic requires a strong and coordinated budgetary and monetary response from policy makers at all levels of government in Europe. Although the exact consequences of this crisis are currently very difficult to assess fully, it is of utmost importance that the EU member states and the European institutions commit to spending without limit (spending as much as necessary to resolve the crisis) and to ensuring the unconditional refinancing of this expenditure. (FR - 7 p.)

BERTELSMANN STIFTUNG / HERTIE SCHOOL/JACQUES DELORS CENTRE

Sharing the fiscal burden of the crisis. A pandemic solidarity instrument for the EU

by Sebastian Grund,, Lucas Guttenberg and Christian Odendahl

EU member states must share the burden of the fiscal costs of the Covid-19 pandemic. The pandemic solidarity instrument delivers such burden sharing: the EU would borrow 440 billion euros in the market and would give it as grants to member states for specific spending in areas such as health care, short-time works schemes or stimulus packages; it would also give guarantees to the European Investment Bank to provide liquidity to European companies. (12 p.)

NOTRE EUROPE - JACQUES DELORS INSTITUTE

The member state compartment of the InvestEU fund: how does it work? Will it fly?

by Eulalia Rubio

For the next MFF covering the 2021-27 period, the Commission proposes to bring together the multitude of EU budget programmes providing financing in the form of loans and guarantees into a single programme: the Invest-EU fund. Building on the success of the Juncker fund, the goal of this new programme is to trigger at least 650bn of additional investment across the Union during the following seven years. (21 p.)

ISSUE 76 - MARCH 2020

NOTRE EUROPE - JACQUES DELORS INSTITUTE

Bientôt la fin pout les négociations sur le CFP?

by Eulalia Rubio

This publication analyses the special summit on the EU budget on February 20, concerning the negotiations on the next EU MFF. With the celebration of this summit, it is interesting to recall the challenges of these negotiations, by analyzing some of the most controversial issues, and by talking about what could happen when the Parliament comes into play. (FR - 6 p.)

CENTRE FOR EUROPEAN POLICY STUDIES

Towards a new MFF: new priorities and their impact on Italy

by Giovanni Barci Daniel Gros and Jorge Núñes Ferrer

This paper analyses the outlook for regional funding in Italy under the next MFF of the EU. The starting point is the Berlin formula, developed from a blend of national and regional indicators. The modifications to the Berlin formula proposed by the Commission would accentuate the importance of the national component. (33 p.)

ISSUE 74 - JANUARY 2020

FONDATION ROBERT SCHUMAN

Budget debate: the battle for the 1% threshold

by Nicolas-Jean Brehon

Once again, the budgetary negotiation of the MFF is focused on the overall level of the European budget, or more precisely its relative share in the Union's gross national income (GNI). The 1% threshold of the GNI is again the centre of debate. This paper first outlines both the importance of the 1% threshold in politico-economic terms and the tensions that arise from the negotiations on this topic. This report focuses then on the specific features of the negotiations for the 2021 / 2027 MFF, such as the consequences of Brexit, and gives a state of play on the current state of the negotiations. (8 p.)

BRUEGEL

A new look at net balances in the European Union’s next multiannual budget

by Zsolt Darvas @ZsoltDarvas

Whenever the EU’s budget is discussed, much of the political focus is on net balances – whether countries pay in more than they receive – rather than on the broader overall positive effects of EU spending. This paper estimates the impact on net balances of the 2018 Commission MFF proposal, under three scenarios: elimination of rebates for all of the 2021-2027 new budget period, gradual elimination of rebates and non-elimination of rebates. The calculation also takes into account the estimated net contribution of the UK to the 2021-2027 EU budget based on the draft EU-UK withdrawal agreement. (33 p.)

EUROPEUM

[The future of EU finances: new own resources]

by Markéta Mlčúchová

Reform of the EU budget is not necessarily of a technical character, rather it is a response to the growing Euroscepticism and populism within member states. Besides restoring the citizens' confidence and belief in the EU, it is necessary to ascertain that the EU budget is prepared and sufficiently agile to react to the growing global instability, migration flows, terrorism, and to ensure both internal and external security, combat climate change and the financial drop caused by the exit of the UK. (8 p.)

ISSUE 72 - NOVEMBER 2019

EUROPEAN PARLIAMENT THINK TANK

[Mainstreaming of climate action in the EU budget: impact of a political objective]

by Alessandro D'Alfonso

The EU has developed many legislative measures related to climate change, and is on track to meet its 2020 targets for the reduction of greenhouse gas emissions, the improvement of energy efficiency and the increased use of renewables. However, analysts estimate that more demanding targets in the medium- and longer-term require significant financial investments in mitigation and adaptation measures. Public resources can play an important role in financing such investment needs, not only directly but also in attracting funding from other sources. (28 p.)

TANKETANKEN EUROPA

[Borgernes ønsker til EU klemmes i stramt budget]

by Jan Høst Schmidt

The many new priorities outlined by the college of commissioners will require an increased budget or significant reductions in traditional areas of EU spending such as agriculture. The author argues that the 1% of GNP target advocated by countries such as Denmark and Germany will not be enough to finance important reforms and investments. (DK - 18 p.)

ISSUE 71 - OCTOBER 2019

NOTRE EUROPE - JACQUES DELORS INSTITUTE

[New beginnings - an EU budget in support of new Commission's agenda]

by Eulalia Rubio [@eulaliarubio]

The von der Leyen Commission starts its mandate in the middle of the negotiations of the next MFF for the 2021-2027 period. This unique coincidence in time gives the new Commission some leverage to influence the negotiations. Four main points should be put forward through the collaboration between the Parliament and the Commission: maintenance of an adequate overall volume of EU spending; introduction of new EU sources of funding; elimination of rebates and corrections; provision of appropriate flexibility to make it easier to adjust EU spending to unforeseen events. (12 p.)

INSTITUTE OF INTERNATIONAL AND EUROPEAN AFFAIRS

Reconciling foreign policy and development priorities in the EU budget (MFF 2021-2027)

by Niamh Fallon

This brief outlines the shape of the proposed neighbourhood development and international cooperation instrument and considers the positions and concerns of a number of key stakeholders, including the EU institutions, member states and NGOs. (10 p.)

ISSUE 69 - JULY 2019

EUROPEAN POLICY CENTRE

Paris-proofing the next multiannual financial framework

by Marco Giuli @MarcoGiuli

This paper draws lessons from the current EU budget cycle and investigates how it has hampered, and even undermined climate efforts, including continued support for practices that contribute to global warming. It also takes a closer look at the EC's 2018 MFF proposal and concludes that, although several innovations concerning climate spending were introduced, there's still a considerable risk that the new MFF will turn into a missed opportunity. (18 p.)

STIFTUNG WISSENSCHAFT UND POLITIK (GERMAN INSTITUTE FOR INTERNATIONAL AND SECURITY AFFAIRS)

Ein neuer Haushalt für die EU: die Verhandlungen über den mehrjährigen Finanzrahmen 2021–2027

by Peter Becker

Since the Commission presented its proposal for a pragmatic reform of the EU budget in May 2018, member states are negotiating a comprehensive package. However, cohesion is now disappearing in the coalitions of net contributors and net recipients. The delicate conflict situation makes the course and results of the negotiation process more difficult to predict and the actors less predictable. Due to the growing uncertainty, the expectation that Germany will play a balancing role is growing among all those involved. Many countries hope that Germany, as the strongest economy and the largest net contributor, will devote additional resources to reaching consensus on the new MFF. (DE - 37 p.)

ISSUE 68 - JUNE 2019

JACQUES DELORS INSTITUTE - BERLIN

Mainstreaming innovation funding in the EU budget

by Eulalia Rubio @eulaliarubio, Fabian Zuleeg @FabianZuleeg, Emilie Magdalinski et al.

This study provides a comprehensive assessment of how the EU budget supports innovation in the current programming period and analyses the approach to innovation financing in the Commission´s MFF 2021-2027 proposals. The findings provide the basis on which to draw recommendations to maximize the use of EU innovation funding in the coming MFF. (158 p.)

ISSUE 65 - MARCH 2019

KÜLÜGYI ÉS KÜLGAZDASÁGI INTÉZET (INSTITUTE FOR FOREIGN AFFAIRS AND TRADE)

Can the V4's priorities shape "Europe's priorities"? The multiannual financial framework 2021–2027

by Sejla Almadi

The research objective was to decide whether the priorities of the Visegrád Group (V4) could shape Europe's priorities in the MFF 2021–2027 and to see how the priorities in the proposal were reflected by the members' communication or opinion in the EU institutions. The most important conclusions were that the individuals' opinion at the EU institutions could differ from the organisational manifestation, which had the potential for the V4 countries to enforce their interests in the debate. (13 p.)

FOUNDATION FOR EUROPEAN PROGRESSIVE STUDIES /ISTITUTO AFFARI INTERNAZIONALI/ EU GLOBAL STRATEGY WATCH

Toward the new multiannual financial framework: fuel for the EU global strategy and development cooperation?

by Bernardo Venturi @bervent

The EU has made some progress in implementing the EU global strategy since its unveiling in June 2016. Yet, when it comes to the MFF, improvements are not easily quantifiable since the new MFF (2021–2027) is still under negotiation among EU institutions and member states. However, some preliminary considerations can be drawn on the basis of the current negotiations, the proposed architecture for the next MFF and its possible innovations in the field of development cooperation. (5 p.)

BERTELSMANN STIFTUNG

A jumbo financial instrument for EU external action?

by Loes Debuysere @LoesDebuysere and Steven Blockmans @StevenBlockmans

In preparing for the next MFF, the Commission has proposed to integrate 11 existing financial instruments in the realm of external affairs into a unified neighbourhood, development, and international cooperation instrument. This commentary discusses if the new instrument can overcome the traditional budgetary fragmentation and overlap and can be also an instrument to facilitate the Union's 'integrated approach' as set forth by the EU global strategy to external conflict and crisis. (8 p.)

ISSUE 64 - FEBRUARY 2019

INSTITUT PRO EVROPSKOU POLITIKU EUROPEUM (EUROPEUM INSTITUTE FOR EUROPEAN POLICY)

Finding a Visegrad added value in the new cohesion policy, 2021 - 2027

by Daniel Šitera

The EU's budgetary negotiations have historically been a case of lowering capabilities and increasing expectations of the cohesion policy. This widening capability-expectations gap is unfavourable to the Visegrad states as net-recipients in the new MFF, yet can be equally claimed to have negative effect on the future economic performance of net-paying member states. This begs the question on what constitutes the Visegrad added value in the new cohesion policy, and how it can be reconciled with the EU added value in general. This paper tries to identify the capability-expectations gap as a framework for both understanding the current negotiations and the later evaluation of the final deal. (7 p.)

REAL INSTITUTO ELCANO (ELCANO ROYAL INSTITUTE)

El fondo Europeo de defensa y el futuro de la industria española

by Félix Arteaga and Luis Simón @LuisSimn (eds.)

The European defence is going through a moment of reactivation encouraged by the recent rebound in the defence budgets of most of the European countries and the relaunch of the Common Security and Defence Policy (CSDP). A proposal in the next MFF (2021-2027) amounts to €13 billion for the European Defence Fund (EDF). The Spanish participation is critical for the survival of a large part of the industrial and technological defence sector of the country as it will allow to gain competitiveness and consolidate the Spanish position in the European sector. (ES - 32 p.)

ISTITUTO AFFARI INTERNAZIONALI

Recenti sviluppi verso la difesa europea: opportunità e sfide per l'Italia

by Alessandro Marrone @Alessandro__Ma and Paola Sartori @SartoriPal

With the launch of the Permanent Structured Cooperation (PESCO) in 2017, a total amount of €13 billion for the European Defence Fund is foreseen in the next MFF (2021-2027). This is both an opportunity and a challenge for the Italian aerospace, security and defence industries. In order to protect and promote national interests, the government and the parliament need to focus their commitment on European defence. Indeed, Italy needs adequate, long-term investments in order to acquire technologies and equipment necessary to the Italian armed forces. (IT - 26 p.)

ISSUE 63 - JANUARY 2019

EUROPEAN THINK TANKS GROUP

[Financing EU external action: understanding member state priorities]

by Clare Castillejo, Niels Keijzer @keijzer_niels, Oscar Chmiel et al.

A key feature of the proposed MFF 2020–2027 is an ambitious budget for EU external action – heading 6 – and a new single 'neighbourhood, development and international cooperation instrument' (NDICI). This would merge a large number of stand-alone EU external financing instruments into one. This paper assesses the potential for a well-positioned and ambitious heading 6 and examines whether it – and the NDICI – will survive the negotiations. (15 p.)

ISSUE 62 - DECEMBER 2018

INSTITUT PRO EVROPSKOU POLITIKU EUROPEUM (EUROPEUM INSTITUTE FOR EUROPEAN POLICY)

Can the V4's priorities shape "Europe's priorities"?: the multiannual financial framework 2021-2027

by Almadi Sejla

The MFF 2021-2027 will be the first long-term budget for the EU of 27. Its proposal has been defined along "Europe's priorities" by the EC. In the political debate of the budget, the Visegrád 4 countries (Czechia, Hungary, Slovak Republic, Poland) represent a strong geographical, political, economic and cultural alliance. The research objective was to decide whether the Visegrád 4's priorities can shape Europe's priorities in the MFF 2021-2027. (30 p.)

ISSUE 61 - NOVEMBER 2018

INSTITUT DER DEUTSCHEN WIRTSCHAFT KÖLN (COLOGNE INSTITUTE FOR ECONOMIC RESEARCH)

Die Finanzierung der EU nach 2020: Zeit für Reformen

by Berthold Busch

The discussion on the MFF for the years 2021 to 2027 has begun. The EU Commission has proposed to increase the overall budget, to reduce the funds for agricultural and cohesion policy and to finance more spending promising European added value. (DE - 68 p.)

ISSUE 60 - OCTOBER 2018

FRIEDRICH-EBERT STIFTUNG

Resources for a prosperous Europe - redesigning the EU budget in a progressive way

by László Andor @LaszloAndorEU

This study provides a progressive perspective on the budget of the EU, including an exploration and critique of the new long-term EU budget proposal of the EC. (34 p.)

JACQUES DELORS INSTITUTE - BERLIN

More money, fewer problems? How the 'migration crisis' affected funding under the MFF

by Lucas Rasche @LuRasche

This paper explores how the 'migration crisis' affected funding for asylum and migration. The author analyses the structural deficiencies in the EU's most relevant funding instrument for migration, the asylum, migration & integration fund, and argues that a reform of the political framework underpinning funding in the field of asylum and migration is necessary. (17 p.)

ISSUE 59 - SEPTEMBER 2018

FONDATION ROBERT SCHUMAN

Budget de l'Union européenne: quel compromis possible entre la France et l'Allemagne?

by Nicolas-Jean Brehon

The negotiation of the next MFF 2021-2027 is somewhat special. It will take place without the UK. Germany will be losing its best budgetary ally. For the first time in 25 years it is highly likely and almost certain that the glass-ceiling of 1% of the GNI will be blown away. France and Germany will be leading this negotiation, which might be the most difficult in the EU's budgetary history. (EN/FR - 17 p.)

NOTRE EUROPE - JACQUES DELORS INSTITUTE

Making better use of public funding: the role of national promotional banks and institutions in the next EU budget

by Eulalia Rubio @eulaliarubio, Fleurilys Virel @FleurilysVirel and Benedetta Pavesi

Financial instruments (FIs) and budgetary guarantees have witnessed a marked expansion in the last two multi-annual financial frameworks and they are called to play an even more significant role in the forthcoming MFF. The set-up and implementation of these instruments is an issue for the national promotional banks and institutions (NPBIs).The role of NPBIs in this field has grown in importance over time and there is also a more explicit recognition of the benefits of involving NPBIs in the implementation of the EU budget. Despite that, there is little information on how exactly NPBIs intervene in the design, management and implementation of EU FIs and guarantees. (80 p.)

RAHVUSVAHELINE KAITSEUURINGUTE KESKUS (INTERNATIONAL CENTRE FOR DEFENCE AND SECURITY)

Winners or losers? The Baltic states in the EU's multiannual financial framework negotiations

by Piret Kuusik

The EC overarching proposal for the MFF for 2021–2027 proposes a decrease in cohesion funds and instead puts forward additional funding into new priorities and areas. The Baltic states are likely to receive less funding through their traditional channel, e.g. regional funds. Nevertheless, this paper argues that this offers a good opportunity for the three Baltic states to think about their role in the EU and what kind of Union they would like to see in the future. (6 p.)

NOTRE EUROPE - JACQUES DELORS INSTITUTE

For a renewed CAP in support of sustainable agriculture

by Jean-Christophe Bureau

Negotiations on the next MFF for the 2021-2027 period provide a key chance to recalibrate the CAP. In view of the bold choices put forward by the EC in other fields, such as conditioning structural funds on compliance with the rule of law, the resources allocated to research and ideas for new own resources, the proposal expected for the CAP runs the risk of being a missed opportunity. (EN - 18 p. / FR - 19 p.)

ISSUE 58 - JUNE 2018

EUROPEAN PARLIAMENTARY THINK TANK

Multiannual financial framework 2021-2027: Commission proposal - Initial comparison with the current MFF

by Alina Dobreva

On 2 May, the Commission presented its proposal for the MFF for the 2021-2027 period. The Commission proposes that the 2021-2027 MFF (commitment appropriations) amounts to 1.11% of EU GNI in 2018 prices. The previous MFF amounted to 1.03% of EU GNI. However, this comparison does not take account of the various changes in programmes proposed or the impact of Brexit. The number of headings grows from the 2014-2020 MFF to 2021-2027 MFF, from five to seven, and some programmes change place from one heading to another. Regarding the structure of the 2021- 2027 MFF, the Commission proposals have the ambition to align the budget closer to the political priorities, to simplify the structure of the EU budget and to increase the flexibility within and between programmes. (11 p.)

INSTITUT DER DEUTSCHEN WIRTSCHAFT KÖLN (COLOGNE INSTITUTE FOR ECONOMIC RESEARCH)

On the future of the European Union - Normative derivation and restructuring potential in the new multiannual financial framework

by Berthold Busch and Jürgen Matthes

New threats to internal and external security in Europe require a stronger EU. In addition, Brexit is tearing a gap in the EU finances. This reform pressure needs to be used in the discussion on the next MFF 2021-2027 to reorganize priorities in the EU budget. To this end, the

Commission has put forward various options that are normatively assessed with two evaluation standards in this paper. (28 p.)

JACQUES DELORS INSTITUTE - BERLIN / BERTELSMANN STIFTUNG

The MFF proposal: what's new, what's old, what's next?

by Eulalia Rubio @eulaliarubio, Jörg Haas @jorg_haas and Pola Schneemelcher @pola_schnee

In May 2018, the Commission published its proposal for the next MFF, covering the period 2021-2027. What the Commission labels a "modern budget that protects, empowers and defends" marks the start of a crucial political battle over the EU's policy priorities after Brexit. The authors take a closer look at the proposal. They analyse the Commission's efforts to rebalance the budget and outline possible dynamics in the negotiations ahead. (EN - 8 p. / FR - 9 p.)

ÖSTERREICHISCHE GESELLSCHAFT FÜR EUROPAPOLITIK (AUSTRIAN SOCIETY FOR EUROPEAN POLITICS)

Das EU-Budget 2021 bis 2027 – Optionen für eine Stärkung des europäischen Mehrwerts

by Margit Schratzenstaller

According to the Commission's proposal for the EU budget 2021-2027, the expenditure shares for agricultural and cohesion policy are to fall, those for research and innovation, development cooperation and a common asylum policy are to increase. (DE - 8 p.)

CENTRE FOR EUROPEAN POLICY STUDIES

The multiannual financial framework, where continuity is the radical response

by Jorge Núñez Ferrer @jnunez_ferrer and Daniel Gros @DanielGrosCEPS

According to the authors, the Commission's proposal for the EU budget period 2021-2027 offers an old-fashioned budget in an old-fashioned presentation. In a long-awaited speech, Commissioner Günther Öttinger presented the 2021-2027 MFF to the European Parliament on 2 May, reciting the challenges ahead and calling for a "modern budget for a Union that protects, empowers and defends". (4 p.)

KÜLÜGYI ÉS KÜLGAZDASÁGI INTÉZET (INSTITUTE FOR FOREIGN AFFAIRS AND TRADE)

Hungarian interests in the debate on the future of the cohesion policy

by Sándor Gyula Nagy and Gábor Ferenc Kiss

The paper aims to highlight the main points of the Commission's proposal on the MFF for 2021–2027 focusing especially on the cohesion policy and including the national interest of Hungary in the coming debate about the proposal. The paper starts with a short summary of the economic and social effects of the European Structural and Investment Funds in Hungary. Then it points out the novelties and changes for the cohesion policy proposed by the Commission's recent communication. Finally, in the conclusions it formulates recommendations for policy makers for the upcoming EU-level debate. (10 p.)
