

EU budget post-2020: serious cuts in the CAP and the Cohesion Policy budgets but strong increase in research and youth

Once every seven years, the European Union decides on its future long-term budget – the Multiannual Financial Framework (MFF). The next such budget, starting on 1 January 2021, will be the first for the European Union of 27, following the Brexit. On 2 May 2018, the European Commission presented its proposed EU budget for the next MFF for the period of 2021-2027 ([see the whole Communication here](#)).

The future budget amounts to **€1.105 billion in payments** - expressed in 2018 prices (€1,135 billion in commitments), which represents 1.11% of the EU27 Gross National Income. For recall, the EU budget adopted for the 2014-2020 period amounted to € 1.082 billion (in commitments).

This article aims to summarise the key changes suggested by the Commission and procedure for the adoption of this MFF.

1. Key features of the Commission’s proposal

With a proposed budget with “only” 37 budgetary lines, against 58 in the current 2014-2020 programming period, the Commission aims to present a simplified and modernised budget.



Source: European Commission’s [Facebook page](#)

This graphic represents how the European Commission proposes to share the EU finances

A new set of priority areas:

The Commission suggests giving a higher priority and thus a higher budget to the following areas ([see more details here](#)):

- A [proposed budget](#) of € 100 billion for research and innovation and Euratom, including € 10 billion that will go towards research and innovation in food, agriculture, rural development and the bio-economy. This would mean **an increase of €30 billion** for Horizon Europe – as the next Framework Programme for Research and Innovation (FP9) will be called, compared to the 2014-2020 period with Horizon 2020.
- An increase of funds for digital transformation and networks to reach € 12 billion
- More than doubling programmes for young people especially with ERASMUS+ and the European Solidarity Corps
- Almost tripling expenditures for border surveillance, security, migration and asylum
- EU proposes 25% climate quota in new long-term budget, instead of 20%.

Even if the CAP and the Cohesion policy would still represent almost a third of the MFF, the Commission suggests a 5% reduction in funding for the CAP and a 7% reduction in funding for cohesion policy. Even if Euromontana regrets these proposals of decrease, they confirm the tendencies of the previous [White Paper on the future of EU Finances](#).

A new set of programmes:

The proposal includes notably:

- **InvestEU Fund** aims to gather all the financial instruments in a more coherent way and centralised way to reduce administrative burden
- A new **Digital Europe Programme** to support artificial intelligence, supercomputers, cybersecurity or industrial digitisation, and investing in digital skills
- A new **Single Market programme** to support SMEs to scale up and expand across borders, based on the COSME previous programme.

A new set of principles:

- The allocation of conditional structural funds to independent courts: this [new mechanism](#) would allow the Union 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”
- The creation of a new “Union Reserve” to tackle unforeseen events and to respond to emergencies in areas such as security and migration to have a more flexible budget.
- Following the Brexit, the progressive suppression of all the rebates to have a fairer budget.

A new set of resources:

The Commission has proposed to change the own resources system in order to find other sources than the national contributions of the Member States. This system has not changed since the Delors package in the 1980'. In particular, it suggested:

- To integrate 20% of the revenues from the Emissions Trading System;
- A national contribution calculated on the amount of non-recycled plastic packaging waste in each Member State (0.80 € per kilo).

2. The challenging implementation of CAP and Cohesion policy

Euromontana welcomes the proposed increases for research and innovation and for youth, which are two major subjects for mountain areas. But the planned decreased of the CAP and Cohesion represent more serious threats for the maintenance of living mountains.

Even if the [CAP Communication on the Future of Food and Farming](#) and the [draft legislative proposals](#) plan to give a stronger support to small and medium size farms, Euromontana fears that the reduction of the CAP would have a significant impact in many rural areas, especially in mountain areas. Farm Europe estimates that this budget proposal would have an impact on the direct payments, with a shortfall for farmers of 10% over the period, and about 15% in 2027. In any case, the proposed cut would make it difficult for farmers to reach the ambitious targets identified for a modernised and greener CAP.

In the same way, the proposed reduction of the Cohesion policy risks seriously undermining the cohesion of Europe. Migration will become one additional theme for the policy and thus it would make even difficult to address all the current priority themes. In particular Euromontana fears that the place-based approach and territorial cohesion would be forgotten in a reduced budget. The implementation of the special attention in rural, mountainous and islands areas as requested in the article 174 of the Treaty of the Functioning of the EU would be endangered even more than in this current programming period. Euromontana thus calls its members to defend an ambitious Cohesion policy and to directly influence their national governments in that direction.

3. Adoption: timing and procedure

The Council will adopt the MFF Regulation by unanimity, after receiving the consent of the European Parliament. Under this consent procedure, the Parliament, voting with absolute majority, can approve or reject the Council's position, but cannot amend it. Regarding the requested changes in the Own Resources part, it will require unanimity of Member States and ratification by national parliaments.

The Commission is pushing for a quick adoption of the budget before the next elections of the European Parliament at the end of May 2019 to be able to prepare the national programmes for the decentralised policies such as the CAP and the Cohesion policy to allow an entry into force of the next programmes on the 1st January 2021. The next 12 months will thus be the object of hard discussions at the Council and at the European Parliament. Nonetheless, this timing will be extremely difficult to respect (see [detailed timeline here](#)) and this is highly probable that the budget for the 2021-2027 programming period will be delayed in its adoption.

For more information, the legal texts and factsheets on the EU budget for the future are [available here](#). For more information and comparison with the current programming period, [see the MFF website](#)

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