

Press release – Compromise on long-term EU budget: EP obtains €16 billion more for key programmes



On Tuesday, after ten weeks of intense negotiations, Parliament's budget negotiators agreed with the Council Presidency on the outline of an agreement on the next Multiannual Financial Framework (MFF 2021-2027) and new Own Resources. The compromise needs to be endorsed by both institutions.

In the compromise, Parliament obtained €16 billion on top of the package agreed by heads of state or government at their summit in July. €15 billion will reinforce flagship programmes to protect citizens from the COVID-19 pandemic, provide opportunities to the next generation, and preserve European values. €1 billion will increase flexibility to address future needs and crises.

Parliament's top priority was to secure an increase for flagship programmes that were at risk of being underfinanced under the European Council's July 2020 agreement, jeopardising the EU's commitments and priorities, notably the Green Deal and the Digital Agenda.

The additional funds will be drawn mainly from amounts corresponding to competition fines (which companies have to pay when they do not comply with EU rules), in line with Parliament's long-standing request that money generated by the European Union should stay in the EU budget.

Thanks to this compromise, in real terms, the European Parliament inter alia triples the envelope for EU4Health, ensures the equivalent of an additional year of financing for Erasmus+ and ensures that research funding keeps increasing.

New Own Resources

Negotiators agreed to the principle that the medium- to long-term costs of repaying the debt from the recovery fund should neither come at the expense of well-established investment programmes in the MFF, nor result in much higher GNI-based contributions from member states. Therefore, EP negotiators have devised a roadmap to introduce new Own Resources during the next seven years. This roadmap is incorporated into the 'Interinstitutional Agreement', a legally binding text. In addition to the plastics-based contribution as of 2021, the roadmap includes an ETS (Emissions Trading System)-based Own Resource (from 2023, possibly linked with a carbon border adjustment mechanism), a digital levy (from 2023), and an FTT-based Own Resource as well as a financial contribution linked to the corporate sector or a new common corporate tax base (from 2026).

Checking how Next Generation EU funds are spent: enhancing budgetary scrutiny

Concerning the expenditure of Next Generation EU funds, Parliament secured that the three institutions will meet regularly to assess the implementation of funds made available on the legal basis of Art. 122. The expenditure will be spent in a transparent manner and Parliament, together with Council, will check any deviation from previously agreed plans.

The recovery instrument (Next Generation EU) is based on an EU treaty article (Art. 122 TFEU) which does not provide for a role for the European Parliament. EP negotiators have also obtained a new procedure, setting up a "constructive dialogue" between Parliament and Council on the basis of an assessment by the Commission, in order to agree on the budgetary implications of any proposed new legal act on the basis of Article 122.

Horizontal issues: biodiversity targets, gender and equal opportunities

Improved climate and biodiversity tracking methodologies will be implemented in order to make sure that at least 30% of the total amount of the Union budget and Next Generation EU expenditures will support climate objectives, and to ensure 7.5% of annual spending is dedicated to biodiversity objectives from 2024 and 10% from 2026 onwards.

Another horizontal priority in the MFF will be to promote gender equality and mainstreaming, accompanied by a thorough gender impact assessment and monitoring of the programmes.

The EP's negotiating team for the next long-term EU budget and Own Resources reform

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Quotes

[Find the statements of the Parliament's negotiators here](#)

Background information

This outline of an agreement reached between the EP's negotiating team and the Council Presidency still has to be endorsed by the Council, Parliament's President and group leaders, and will be subject to votes in the Committee on Budgets and the plenary.

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