

Agreement on Record Budget



euclid

European Law Forum: Prevention • Investigation • Prosecution

Thomas Wahl

News

Following intensive consultations, the German Council Presidency and the European Parliament [reached agreement on the EU's next long-term budget on 10 November 2020](#). At the initiative of Commission President *Ursula von der Leyen*, the EU has around €1.824 trillion available for the period from 2021 to 2027. This is an unprecedented sum in the history of the EU. Of this amount, around €1.074 trillion concerns the next multiannual financial framework (MFF); additional €750 billion are available for the Next Generation EU – the recovery fund to overcome the consequences of the corona pandemic.

In negotiations between the Council and the Parliament, [MEPs pushed through](#) additional spending of around €16 billion, which will be available for key programmes such as the research programme Horizon Europe (up €4 billion), the health programme EU4Health (up €3.4 billion) and the education programme Erasmus+ (up €2.2 billion). Seven other programmes [received top-ups](#) as well. In return, it was agreed that fines from anti-trust proceedings will flow into the EU budget in the future. This is in line with the Parliament's longstanding request that money generated by the European Union should stay in the EU budget.

The agreement also provides for an indicative [roadmap on further own resources](#) for the EU. From next year onwards, part of the budget will be financed by levies on non-recycled plastics. Also in 2021, an Emission Trading System is to be proposed as a new basis for own resources. From 2023 on, a digital levy and a carbon dioxide cap will follow. From 2026, the EU will receive revenue from a financial transaction tax on stock exchange transactions. This will provide the EU with additional resources. Earlier, leaders had agreed that the EU would issue debt securities for the first time in its history.

The financial package includes the following:

- More than 50% of the funds will go to modernisation projects. For example, research and innovation will be supported via Horizon Europe. A fair climate change and fair digitalisation will be promoted via the Just Transition Fund and the "Digital Europe" programme. The health system will be supported by the rescEU and EU4Health programmes;
- Traditional areas such as cohesion policy and agricultural policy will continue to receive strong support. This is considered necessary both for stability in times of crisis and for the modernisation of these policy areas, which contributes to reconstruction and to the green and digital transition.
- Around 30% is earmarked for the European Green Deal, which is to make Europe climate-neutral by 2050. In view of the record budget this is a higher contribution to climate protection than ever before;
- 7.5% of annual spending is dedicated to biodiversity objectives from 2024 and 10% from 2026 onwards.

AUTHOR

Thomas Wahl

Senior Researcher
Max Planck Institute for the
Study of Crime, Security and
Law

Published in
2020, Vol. 15(3) [euclid](#) p 174
ISSN: 1862-6947
<https://euclid.eu>



In addition, the budget will have greater flexibility to be better prepared for unforeseen crises, such as the corona pandemic. Budget scrutiny has also been strengthened: Concerning the expenditure of Next Generation EU funds, it was agreed that the EP, Council and Commission will meet regularly to assess the implementation of funds made available on the basis of Art. 122 TFEU. The funds will be spent in a transparent manner and the EP, together with the Council, will check any deviation from previously agreed plans. For the recovery instruments, in which the EP has normally no say, the MEPs were able to negotiate a new mechanism – a “constructive dialogue” by means of which budgetary implications are discussed. Another element of better budget scrutiny is the general regime of conditionality for protection of the Union budget, on which the Council presidency and the EP’s negotiators reached a provisional agreement on 5 November 2020 ([separate news item](#)).

UPDATE: Following the European Parliament's consent, on 17 December 2020 the [Council adopted](#) the regulation laying down the EU's multiannual financial framework (MFF) for 2021-2027. Most of the sectoral EU funding programmes are expected to be adopted in early 2021 and will apply retroactively from the beginning of 2021. The next long-term budget will cover seven spending areas. It will provide the framework for the funding of almost 40 EU spending programmes in the next seven-year period.

About eucrim

eucrim is the leading journal which regularly informs about current developments in European criminal and “criministrative” law.

All news items are freely accessible at: <https://eucrim.eu/news/>

Stay informed by emailing to eucrim-subscribe@csl.mpg.de to receive alerts for new releases of issues.

The project is co-financed by the [Union Anti-Fraud Programme \(UAFP\)](#), managed by the [European Anti-Fraud Office \(OLAF\)](#).



**Co-funded by
the European Union**