

European Council Agrees on Future EU Budget – EP’s Criticism

Thomas Wahl

News

On 21 July 2020, the Heads of State and Government found a compromise on the 2021-2027 Multi-annual Financial Framework (MFF) and the extraordinary recovery budget destined to tackle the effects of the unprecedented coronavirus crisis. The EU leaders decided to support a budget of €1,074 billion for the next seven years as well as to mobilise €750 billion to support economic recovery. The final [conclusions of the European Council](#) with regard to the intensive negotiations on the future EU budget also include some political guidance on how the EU budget and the specific recovery effort (dubbed as Next Generation EU – NGEU) should be protected:

- The European Council expresses its commitment to the Union’s financial interests, which shall be protected in accordance with the general principles embedded in the Union Treaties, in particular the values of Art. 2 TEU. It underlines the importance of the protection of the Union’s financial interests as well as of the respect for the rule of law;
- A regime of conditionality to protect the budget and the NGEU will be introduced. In this context, in case of breaches, the Commission will propose measures for adoption by the Council through a qualified majority;
- The Commission is invited to present further measures to protect the EU budget and NGEU against fraud and irregularities. This will include measures to ensure the collection and comparability of information on the final beneficiaries of EU funding for the purposes of control and audit to be included in the relevant basic acts. Combatting fraud requires a strong involvement of the European Court of Auditors, OLAF, Eurojust, Europol and, where relevant, the European Public Prosecutor’s Office (EPPO), as well as of the Member States’ competent authorities;
- Adequate resources will be ensured for the EPPO and the OLAF in order to ensure the protection of the Union’s financial interests.

In a [resolution of 23 July 2020](#), the European Parliament (EP) reacted with a critical stance to the European Council conclusions. The majority of MEPs welcomed EU leaders’ acceptance of the recovery fund as proposed by Parliament in May, calling it a “historic move for the EU”. However, they deplore the “massive cuts to the grant components”. As regards the long-term budget, MEPs disapprove the cuts made to future-oriented programmes, such as the Green Deal or the Digital Agenda, which jeopardise the EU’s commitments and priorities. A strong point of criticism is that the European Council significantly weakened the efforts of the Commission and the EP to uphold the rule of law, fundamental rights, and democracy in the framework of the MFF and the recovery plan, leaving open what will happen with the proposed Regulation. The Regulation would protect the Union’s budget if generalised deficiencies regarding the rule of law in a specific

AUTHOR

Thomas Wahl

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

ISSN: 1862-6947

<https://euclid.eu>



Member State cause the risk of financial loss (see [eucrim 1/2018](#), pp. 12-13 and the article by *L. Bachmaier*, [eucrim 2/2019](#), pp. 120-126).

The EP clarified that it will not rubber-stamp the compromise found by the EU leaders. MEPs reiterated that Parliament will not give its consent for the MFF without an agreement on the reform of the EU's own resources system. They warned that they will withhold their consent for the MFF until a satisfactory agreement is reached in the upcoming negotiations between the EP and the Council, preferably by the end of October 2020 at the latest so as to ensure a smooth start of the EU programmes from 2021.

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**