SUMMARY

The European Union’s long-term budget, the multiannual financial framework (MFF), sets out the maximum annual amounts of spending for a seven-year period. It is structured around the EU’s spending priorities, reflected in broad categories of expenditure or ‘headings’.

Heading 1 – Single market, innovation and digital – is one of the seven headings in the MFF proposed by the European Commission for the new 2021-2027 financial period. The heading covers spending in four policy areas: research and innovation, European strategic investments, single market, and space. The Commission, with a view to matching the budget to the EU’s political ambitions, is proposing an overall amount of €166.3 billion (in 2018 prices) for this heading, representing 14.7% of the MFF proposal. However, the new Commission’s six priorities for 2019-2024 could have a budgetary impact on this heading, in particular the support for investment in green technologies and a cleaner private and public transport, which are among the actions included in the European Green Deal, and efforts to enable Europe to make the most of the potential of the digital age.

This briefing presents the structure and budget allocation of Heading 1 and compares it with the current MFF. It describes each policy cluster and compares the Commission’s budgetary proposal with the European Parliament’s negotiating position and the negotiating box presented by the Finnish Presidency in December 2019. It then explores some considerations that could contribute to the forthcoming budgetary negotiations on the 2021-2027 MFF.
Heading 1 – structure and budget allocation

For the 2021-2027 financial period, the European Commission is proposing a multiannual financial framework totalling €1 134 583 million in commitments (2018 prices). As presented in the table attached to the proposal for the MFF Regulation, this amount breaks down into seven categories, broadly representing EU priorities and referred to as headings (Table 1).

Within each priority, programmes are grouped in ‘policy clusters’ in order to make the EU budget more streamlined and promote synergies. Heading 1 – Single market, innovation and digital' totals €166 303 million and is a 42.9 % increase compared with 2014-2020. It represents 14.7 % of the total 2021-2027 MFF. Four policy clusters are proposed under Heading 1 (Figure 1): research and innovation (54.7 % of the allocation in Heading 1), European strategic investments (26.7 %), single market (3.4 %), and space (8.7 %). In this heading, 1.3 % is reserved for the financing of decentralised agencies (administrative EU bodies implementing EU policies), while 6.5 % (€10.8 billion) remains available as an unallocated margin.

The heading’s biggest components are Horizon Europe (currently Horizon 2020), with €83.5 billion (up by 29 %), the Connecting Europe Facility, with €21.7 billion, the European space programme, with €14.2 billion (up by 25.5 %) and the InvestEU fund, with €13 billion.

The programmes proposed under Heading 1 in the new, draft MFF are, in the current 2014-2020 period, part of sub-heading 1a – Competitiveness for growth and jobs. However, in the proposal for the 2021-2027 period, several programmes have been shifted and moved between headings. The Commission is proposing to include in Heading 1 the consumer and food and feed programmes (currently under Heading 3 – Security and citizenship'), and the European Chemicals Agency – Biocides legislation (ECHA-Biocides), under the single market programme, which is currently under Heading 2 – Sustainable growth: natural resources.

Meanwhile, several major programmes have been moved away to other headings. This concerns Erasmus+, the employment and social innovation (EaSI) programme, the European Solidarity Corps, part of the anti-fraud programme for the protection of the euro against counterfeiting, the structural reform support programme

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**Table 1 – Proposal for the 2021-2027 MFF**

<table>
<thead>
<tr>
<th>2021-2027 MFF (Headings)</th>
<th>% of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Single market, innovation and digital</td>
<td>14.7%</td>
</tr>
<tr>
<td>2. Cohesion and values</td>
<td>34.5%</td>
</tr>
<tr>
<td>Of which: Economic, social and territorial cohesion</td>
<td>29.1%</td>
</tr>
<tr>
<td>3. Natural resources and environment</td>
<td>29.7%</td>
</tr>
<tr>
<td>Of which: Market related expenditure and direct payments</td>
<td>22.4%</td>
</tr>
<tr>
<td>4. Migration and border management</td>
<td>2.7%</td>
</tr>
<tr>
<td>5. Security and defence</td>
<td>2.1%</td>
</tr>
<tr>
<td>6. Neighbourhood and the world</td>
<td>9.6%</td>
</tr>
<tr>
<td>7. European public administration</td>
<td>6.7%</td>
</tr>
<tr>
<td>Of which: Administrative expenditure of the Institutions</td>
<td>5.2%</td>
</tr>
</tbody>
</table>


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**Figure 1 – Heading 1 breakdown**

Source: EPRS (percentages rounded up).
Single market, innovation and digital: Heading 1 of the 2021-2027 MFF

(SRSP), some of the actions falling under the prerogatives of the Commission and four decentralised agencies are now moved to Heading 2 – Cohesion and values. The European Defence Fund, successor to the European defence and industrial development programme and the nuclear safety and decommissioning programmes, will now be part of the new Heading 5 – Security and defence’. Comparison between the current and the proposed financial framework is therefore possible only at programme level, not at heading level.

In conclusion, in the new MFF the proposed Heading 1 will cover a smaller number of programmes but represent a bigger share (14.7 %) of the overall MFF than the same programmes occupy in the current MFF (11.2 %). Parliament has agreed to the structure proposed by the Commission for seven MFF headings and to the creation of ‘programme clusters’. For Heading 1 however, it proposes in addition a new programme for sustainable tourism within the single market policy cluster.

Source: EPRS.

European Parliament's budgetary position

Parliament established its position for the negotiations on the 2021-2027 MFF in an interim report adopted on 14 November 2018. This resolution details Parliament’s mandate, providing concrete budgetary figures along with amendments to the draft MFF regulation and to the Interinstitutional agreement between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management (IIA). In the resolution Parliament stressed that the MFF must guarantee the Union’s ability to ‘meet emerging needs, additional challenges and new international commitments, and attain its political priorities and objectives’. The newly elected Parliament, confirmed this negotiating mandate and updated this position on 10 October 2019. In parallel, concerning sectoral legislation, decided under the ordinary legislative procedure, interinstitutional negotiations have taken place and Parliament has established its first reading position. Budgetary issues were left outside the scope of the negotiations, pending the completion of negotiations on the multiannual financial framework for 2021-2027. Following Council’s failure to progress on its position on the MFF, the leaders of the political groups in the European Parliament, decided to freeze large parts of the negotiations with the Council on the MFF, expressing the hope that progress in Council would allow real negotiations to start soon.

Parliament’s overall budgetary position is that the 2021-2027 MFF should be set at €1 324.1 billion in 2018 prices, representing 1.3 % of the EU27 gross national income (GNI). This would ensure the necessary level of funding for key EU policies so that they reach their objectives. For Heading 1, Parliament is proposing an allocation of €216 billion, this is 29.9 % more than the Commission’s proposal and 85.6 % more than the 2014-2020 MFF. The intention is to reinforce some existing flagship programmes, notably in the areas of research, innovation and digitalisation. Parliament suggests that the Horizon Europe budget be boosted to €120 billion and the InvestEU fund to €14.1 billion, to reflect the level of the current financial instruments. It is also proposing an increase in funding for the transport strand of the Connecting Europe Facility programme (CEF-Transport) to
€17.7 billion. Within the single market cluster, Parliament has recommended doubling the funding for SMEs and for the EU anti-fraud programme, reinforcing the Fiscalis programme to €322 million and setting up a new programme for sustainable tourism with an allocation of €300 million. Parliament is also in favour of increasing the budget for the European space programme to €15.2 billion. More generally, Parliament has called for additional responsibilities to be matched by additional financial means.

With regard to Council’s position, the most recent reference is the proposal for a negotiating box presented by the Finnish Presidency on 5 December 2019. The proposal, discussed at the European Council meeting on 12 December 2019, did not win the support of the Member States, and EU leaders called on European Council President Charles Michel to take the negotiations forward with the aim of reaching a final agreement.

The Finnish Presidency proposal does not represent Council’s position. For Heading 1 – Single market, innovation and digital – it proposes a maximum amount of €151.8 billion in commitments for 2021-2027, which is €14.5 billion (or 8.7%) less than the Commission proposal, bringing the gap between it and Parliament’s negotiating position to €64.2 billion, 29.7% below Parliament’s negotiating position. The Presidency’s negotiating box does not provide a detailed breakdown of expenditure for each programme.

Parliament has reacted to this proposal and expressed concerns that ‘it is well below Parliament’s expectations when it comes to meeting the Union’s commitments to investment, youth, climate and security’, also noting that it contains no additional funding for any of the initiatives announced by the new Commission President.

The policy clusters and Parliament's budget position

Research and innovation

This cluster includes Horizon Europe, the EU’s flagship programme to support research and innovation. As stated by the Commission, adding a European dimension to these activities makes it possible to fund projects with a larger scope and level of sophistication that would not have been developed with national funding alone.

Horizon Europe will be the ninth framework programme (FP9). It builds on Horizon 2020, which comes to an end on 31 December 2020. According to the Commission, each euro invested by the programme can potentially generate a return of up to €11 in gross domestic product (GDP) over
25 years. Union investments in research and innovation are expected to generate a gain of up to 100 000 jobs in research and innovation (R&I) activities in the 2021-2027 period.

For Horizon Europe the Commission is proposing a financial envelope of €83.5 billion. This is an increase of 29% compared with the current financial period adjusted to EU-27 and corresponds to 50.2% of Heading 1. From this amount, €3.1 billion will contribute to the InvestEU fund. When the 2014-2020 MFF was adopted, Horizon 2020’s overall budget was €70.2 billion (2011 prices) and represented 55.8% of sub-heading 1a. In the 2007-2013 financial framework, the seventh research framework programme was allocated an envelope of €50.5 billion and represented 68% of appropriations under sub-Heading 1a.

There are two further programmes under the research and innovation cluster. The Euratom research and training programme, which provides for nuclear research and training in the EU. It enables an EU-wide approach to nuclear safety and security, supporting emergency preparedness in the event of a nuclear accident and the development of fusion energy, while the Joint Research Centre provides independent scientific advice in the field of nuclear safety. The financial allocation proposed by the Commission for this programme is €2.1 billion. The third programme, the International Thermonuclear Experimental Reactor (ITER) project, supports the construction of the reactor with the long-term objective of exploiting fusion, a climate-friendly energy source. The financial allocation proposed for ITER is €5.4 billion. The Commission is therefore proposing a total budget for research and innovation of €91.0 billion, of which €83.5 billion for Horizon Europe, €2.1 billion for the Euratom research and training programme, €5.4 billion for ITER and €2 billion for other actions.

Parliament examined the Commission’s assessment of Horizon 2020 and, recognising its potential 1:11 leverage factor, it called for an increased overall budget of €120 billion for the Horizon Europe programme, i.e. €36.5 billion (+43.7%) above the level proposed by the Commission. For the other programmes, it agreed to the budgets proposed by the Commission. The total budget proposed by the Parliament for research and innovation is €127.5 billion.

The Finnish Presidency’s negotiating box proposes the amount of €84.0 billion for Horizon Europe. This represents a €0.5 billion (+0.6%) increase to Commission’s proposal but still remains well below Parliament’s negotiating position, by almost €36 billion or -30%. Within this envelope, the Finnish Presidency’s proposal envisages a reduced amount of €8.6 billion, instead of the Commission proposal of €8.8 billion, to be dedicated to research and innovation in food, agriculture, rural development and the bioeconomy. It also proposes to reduce ITER to €5 billion (€-0.4 billion compared to Commission’s proposal) but does not specify the budget for Euratom.

European strategic investments

In the current 2014-2020 period, the European Fund for Strategic Investments enabled the mobilisation of private funds for investments in the EU by providing a guarantee from the EU budget and the European Investments Bank’s own capital. For the 2021-2027 period, the Commission is proposing the InvestEU programme. It will bring all financial instruments inside the EU4 within a single structure, making EU funding for investment projects simpler, more efficient and flexible.

The proposed programme consists of the InvestEU fund, the InvestEU advisory hub, providing technical advice for investment projects and the InvestEU portal, which will constitute a database bringing together projects and investors.
For the InvestEU fund, the **Commission** is proposing €13.065 billion for the InvestEU fund and 40 % provisioning for the EU budget guarantee. The Commission estimates that €1 billion will be covered by revenues, repayments and recoveries generated by the current financial instruments. The Invest EU fund represents 7.85 % of Heading 1. It is expected to mobilise at least €650 billion.

**Parliament’s position** aims at ensuring that InvestEU is more effective in reaching all possible financial beneficiaries. It proposes an EU guarantee also provisioned at 40 % and €14.065 billion for the fund. It should mobilise more than €698.2 billion of additional investment across the Union. The Parliament also proposes that the general objectives of InvestEU should be broadened to include boosting employment and high quality jobs and promoting the sustainability of the Union’s economy. It earmarks at least 40 % of the overall financial envelope for climate objectives and excludes operations that are incompatible with this objective.

In the negotiating box, the **Finnish Presidency** does not specify the amount that should be allocated to the Invest EU fund.

The **Connecting Europe Facility** (CEF) is the second programme dedicated to supporting investment in cross-border infrastructures in the transport, energy and digital sectors. The Commission proposes an allocation of €21.7 billion in total as a contribution to this facility from heading 1. For the transport sector, it proposes €11.4 billion and further funds to be transferred from the Cohesion Fund (€10 billion) – exclusively for Member States eligible under the Cohesion Fund – and from the defence cluster (€5.8 billion earmarked for projects adapting parts of the transport network to enable dual civilian-military use). For CEF-Energy, the proposed amount is up to €7.7 billion and for CEF’s digital strand, up to €2.6 billion. The transport sector sees its financial envelope diminished by 8 % compared with 2014-2020, while the energy and digital sectors are considerably reinforced (+83 % and +166 % respectively). In absolute amounts the increase is €4.142 billion compared with 2014-2020. The Commission notes that 60 % of the total envelope will contribute to climate objectives.

Parliament is proposing that the financial envelope for the CEF for 2021-2027 be set at €28.1 billion (+29.3 % above the Commission proposal). The proposed increase of €6.4 billion is allocated to the CEF-Transport projects only, bringing the amount for transport projects to €17.7 billion. Concerning the other strands, energy and digital networks, the Parliament agrees to the financial envelopes proposed by the Commission. However, for the energy network projects it suggests that, subject to market uptake, 15 % be allocated to cross-border renewable energy projects, with the possibility to increase this threshold further to 20 % if the target of 15 % is reached.

For the CEF, the **Finnish Presidency’s** negotiating box proposes an overall financial envelope of €18.4 billion. It agrees with the Commission’s level of expenditure for CEF-Transport but reduces CEF-Energy to €5.2 billion and CEF-Digital to €1.8 billion. The overall decrease is of -15.3 % (-€3.3 billion) compared with the Commission’s proposal and of -34.5 % (€-9.7 billion) compared with Parliament’s negotiating position.

The **digital Europe programme** is dedicated to the digital transformation of public services and businesses through high-performance computing, artificial intelligence, digital skills and cybersecurity. Making **Europe fit for the digital age** is also one of the six priorities announced by the Commission for the 2019-2024 period. In the current financial framework funds for the digital sector
stand at €0.2 billion. For 2021-2027, the Commission is proposing €8.2 billion. Parliament is aligned to the amount proposed by the Commission while the negotiating box presented by the Finnish Presidency does not propose an explicit amount for this programme.

This cluster covers the financing of six decentralised agencies: the European Union Aviation Safety Agency (EASA), the European Maritime Safety Agency (EMSA), the European Union Agency for Railways (ERA), the Agency for the Cooperation of Energy Regulators (ACER), the Office of the Body of European Regulators for Electronic Communications (BEREC) and the European Union Agency for Network and Information Security (ENISA). The Commission is proposing €1.2 billion. Parliament, to ensure effectiveness of the agencies' tasks, estimates the financial needs at €1.3 billion. The Finnish Presidency does not propose a specific amount.

Single market

Support for effective functioning of the single market will come from the new single market programme. It will address single market fragmentation, empowering and protecting consumers, and enabling small and medium-sized enterprises (SMEs) to take full advantage of a well-functioning single market. It will also develop effective European standards and produce high-quality statistics. These activities are currently financed under several programmes or, for the food chain, several budget lines. Parliament has estimated that, overall, they total nearly €6 billion.

The Commission proposes €3.6 billion for the single market programme. This corresponds to an additional €83 million compared with the current 2014-2020 MFF (+2.3%). It represents 3.4% of Heading 1 – Single market, innovation and digital. In addition, a guarantee facility of €1.8 billion will be allocated under the SME window of the InvestEU fund. Parliament deems this budget to be insufficient. It is requesting the doubling of funding for SMEs and the financing of a new market surveillance objective. Parliament is proposing €5.8 billion, i.e. an additional €2.2 billion compared with the Commission proposal.

Three further programmes are incorporated within the same cluster. First is the EU anti-fraud programme, which aims to prevent and combat fraud, corruption and any other illegal activities affecting the financial interests of the Union, with €161 million; Parliament is proposing to double the funding for the programme providing €322 million. Second is the programme for cooperation in the field of taxation (Fiscalis), supporting cooperation between Member States' tax administration. The Commission has allocated €239 million. Third is the programme for the cooperation in the field of customs (Customs), allocated €843 million by the Commission. The Parliament agrees with the proposed budgets for the latter two programmes.

This cluster also provides €0.7 billion for the financing of the following five decentralised agencies: the three European supervisory authorities; and the two European chemicals agencies – ECHA-Chemicals and ECHA-Biocides.

Parliament's proposal builds in a new programme on sustainable tourism with an allocation of €300 million. This brings the overall financial envelope for the single market cluster to €8.4 billion, a
48% increase compared with Commission’s proposed budget. The proposal of the Finnish Presidency does not specify the amount intended for the single market cluster.

**Space**

The EU space programme will invest in space activities and reinforce Europe’s autonomous access to space. All current actions are gathered into one single programme and the new regulation will replace and repeal four legal texts. Some actions will be further developed: access to risk finance for space start-ups through the creation of a dedicated equity instrument in the InvestEU programme and the EU’s reliable and autonomous access to space. The Commission will remain responsible for managing the overall programme. It will be assisted by the European Space Agency for the technical and operational implementation of the programme while the EU Agency for the Space Programme (previously the European Global Navigation Satellite Systems Agency) will support the exploitation and market uptake of EU space activities.

For the European space programme the Commission is proposing an overall envelope of €14.2 billion for 2021 to 2027. This includes: €8.7 billion for Galileo and EGNOS, the EU’s satellite navigation systems; €5.2 billion for Copernicus, the EU’s earth observation programme, to continue environmental monitoring, including for CO₂ and emergency management response; and €0.4 billion to develop space situational awareness (SSA) to help prevent collisions in space. A new governmental satellite communication (GOVSATCOM) initiative will provide Member States with secure access to satellite communications. Financing for the European GNSS Agency (GSA) is built into this cluster with the sum of €0.2 billion, bringing the total budget for space to €14.4 billion.

In its mandate for the trilogue negotiations, Parliament called for an increase of €821 million for the budget for the space programme to bring it up to €15.2 billion. This reflects an increased budget for Galileo, EGNOS and Copernicus and, in particular, for the SSA/GOVSATCOM (€1.2 billion in current prices as opposed to the €0.5 billion proposed by the Commission).

The Finnish Presidency of the Council has proposed a reduction to the financial envelope for the space programme to €12.7 billion, which corresponds to a reduction of €1.5 billion (−10.8%) compared with the Commission’s proposals and of €2.3 billion (−15.4%) compared with Parliament’s negotiating position.
Considerations and lessons from the past

Availability of margins and flexibility

When the 2014-2020 MFF was adopted, the margin of sub-heading 1a on 'Competitiveness for growth and jobs', covering most of the programmes proposed under Heading 1, was €2.1 billion. The Commission, in 2016, in the staff working document accompanying the communication for the mid-term review/revision noted the high demand and effective absorption of several programmes under sub-heading 1a, such as Horizon 2020, the COSME financial instruments and for the Connecting Europe Facility, the transport strand.

In 2015, the European Fund for Strategic Investments (EFSI), was adopted to bridge the investment gap, and a new initiative to promote digital inclusion, Wifi4EU, was presented. These new programmes required budgetary reinforcements. Even though the 2014-2020 MFF contained flexibility instruments making it possible to shift available margins between headings and years, their extensive use justified a further increase in room for manoeuvre in the EU budget. In fact, already as early as in 2016, €781.5 million had been consumed from the margins available under the ceiling of sub-heading 1a. It was already obvious that unforeseen challenges had created additional pressing needs and that the margins for several headings were insufficient. In the years following, there was either no margin left under the ceiling of sub-heading 1a in four budgetary years (2016, 2018, 2019 and 2020) or it was very limited (2014: €74 million; 2015: €114.3 million, 2017: €51.9 million). Furthermore, for the whole period, for sub-heading 1a, the flexibility instrument was mobilised for the sum of €178.7 million and the global margin for commitments was used for more than €3 billion.

The availability of margins, their scope and the extent to which they can be used define the degree of flexibility of the financial framework. The Commission has proposed a margin of €10.8 billion under the ceiling of heading 1. Parliament considers that an additional sum of €2.2 billion should be left under the ceiling. Allocating the appropriate budgetary envelopes to the programmes and having an appropriate level of margins, are two important points for Parliament.
The benefits of the single market

An EPRS study, Mapping the Cost of Non-Europe, 2019-24, estimates the potential gains to the European economy of the EU-28 at over €2.2 billion, if the policies advocated by Parliament were to be adopted and implemented over a 10-year period (2019-2029). The study demonstrates that the ‘classic single market’ cluster accounts for the bulk of potential benefits, estimated at €713 billion, while the ‘digital economy’ cluster would contribute with a potential gain of €178 billion. It is also worth noting that the benefit of promoting research and innovation is estimated at €40 billion and the development of tourism policy at €6 billion. The Commission also underlines the benefits of the single market, naming it as one of the EU’s greatest achievements, with trade in goods accounting for 25 % of EU GDP, and services representing two thirds of the EU economy and accounting for 90 % of job creation in the 25 years of its existence. A recent presentation on the EU budget for the future highlighted the significant benefits of the single market. For the 2021-2027 period, these were estimated on average at €923.56 billion (2018 prices) per year and at 5.92 % of GNI. These studies underpin Parliament’s position on Horizon Europe, the single market programme, the digital Europe programme and the proposed new sustainable tourism programme.

Next steps

Under the Treaty (Article 312 TFEU), the MFF regulation is adopted by the Council acting unanimously after receiving Parliament’s consent. Parliament intends to make full use of its consent power in the MFF procedure, and to exert pro-active influence on the expenditure ceilings and horizontal provisions of the regulation, as well as on own resources. Parliament has already established its position on the budgetary provisions of the 2021-2027 MFF as well as on own resources. It is calling for substantive negotiations to start immediately with the Council.

However, the Council has not reached yet a common position. The latest negotiating box presented by the Finnish Presidency did not win sufficient support among the Member States. The European Council of 12-13 December 2019 called for continued discussion on the file. The limited progress in Council is delaying negotiations with Parliament and increasing the risk of delaying the programmes due to start in January 2021. The Parliament has repeatedly stated that it will only give its consent if its position is taken duly into account. It also considers it necessary to prepare a contingency plan in case of a delayed start to the new MFF. Moreover, while welcoming the political commitments taken by the President of the Commission in July 2019, Parliament expects their budgetary impact to be clarified without delay to enable them to be included in the agreement on the next MFF. It notes that any new initiative should be calculated on top of the original Commission proposal.

MAIN REFERENCES

Finnish Presidency proposal for a negotiating box on the 2021-2027 multiannual financial framework, 5 December 2019.
ENDNOTES

1 Unless otherwise indicated, all prices are constant (2018) and comparisons between 2014-2020 figures and 2021-2027 figures are based on the estimations presented by the Commission. They exclude expenditure allocated to the UK and include the European Development Fund. EU27 figures for 2014-2020 reflect the 2018 budget as of April 2018 (i.e. before amending budgets), the 2019 budget as in the statement of estimates for 2019, and the 2020 budget as in the financial programming for 2020 adopted by the Commission on 23 May 2018.

2 The 2014-2020 figures have been established on the basis of estimations provided by the Commission for the EU27. For further information see Annex 1.

3 The European Foundation for the Improvement of Living and Working Conditions (Eurofound), the European Agency for Safety and Health at Work (EU-OSHA), the European Centre for the Development of Vocational Training (CEDEFOP) and the European Labour Authority (ELA).

4 The Commission lists the 14 financial instruments and budget guarantees that exist under eight programmes in the current financial period: Horizon 2020, COSME (competitiveness of enterprises and small and medium-sized enterprises), EaSI (employment and social innovation), the Connecting Europe Facility, the LIFE programme, the creative Europe programme, Erasmus+ and the European Fund for Strategic Investments. In future these will be implemented via the Invest EU programme.

5 COSME (the programme for small and medium-sized enterprises); the protection of consumers programme; the European statistical programme; the Union programme to support specific activities in the field of financial reporting and auditing; the promotion of human, animal and plant welfare and health (2014-2020); the Union programme to support customers and end-users in financial services.

6 The European Banking Authority (EBA), the European Insurance and Occupational Pensions Authority (EIOPA) and the European Securities and Markets Authority (ESMA). The Commission is proposing to replace the contributions from Member States gradually with fees from the financial sector.


8 This cluster covers the completion of the single market for goods and services; guaranteeing consumer rights; promoting the collaborative or sharing economy; addressing corporate tax avoidance and combatting value added tax fraud.

9 This cluster covers the completion of the digital single market; the promotion of internet connectivity and cybersecurity.

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Annex 1 – Budgetary positions on Heading 1 of the 2021-2027 MFF (2018 prices, € million)

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<tbody>
<tr>
<td>1. Single market, innovation and digital</td>
<td>116 361</td>
<td>166 303</td>
<td>216 010</td>
<td>29.9%</td>
<td>151 790</td>
<td>-29.7%</td>
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<td>1. Research and Innovation</td>
<td>69 787</td>
<td>91 028</td>
<td>127 537</td>
<td>40.1%</td>
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<td>Horizon Europe</td>
<td>64 674</td>
<td>83 491</td>
<td>120 000</td>
<td>43.7%</td>
<td>84 013</td>
<td>-30.0%</td>
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<td>Euratom research and training programme</td>
<td>2 119</td>
<td>2 129</td>
<td>2 129</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>International Thermonuclear Experimental Reactor (ITER)</td>
<td>2 992</td>
<td>5 406</td>
<td>5 406</td>
<td>0</td>
<td>5 000</td>
<td>-7.5%</td>
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<tr>
<td>Other</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>0</td>
<td></td>
<td></td>
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<tr>
<td>2. European strategic investments</td>
<td>31 886</td>
<td>44 375</td>
<td>51 798</td>
<td>16.7%</td>
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<td></td>
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<td>InvestEU Fund</td>
<td>3 968</td>
<td>13 065</td>
<td>14 065</td>
<td>7.6%</td>
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<tr>
<td>Connecting Europe Facility – Transport</td>
<td>12 393</td>
<td>11 384</td>
<td>17 746</td>
<td>55.9%</td>
<td>11 384</td>
<td>-35.9%</td>
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<tr>
<td>Connecting Europe Facility – Energy</td>
<td>4 185</td>
<td>7 675</td>
<td>7 675</td>
<td>0</td>
<td>5 180</td>
<td>-32.5%</td>
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<tr>
<td>Connecting Europe Facility – Digital</td>
<td>1 001</td>
<td>2 662</td>
<td>2 662</td>
<td>0</td>
<td>1 832</td>
<td>-31.2%</td>
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<tr>
<td>Digital Europe Programme</td>
<td>172</td>
<td>8 192</td>
<td>8 192</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>9 097</td>
<td>177</td>
<td>177</td>
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<td></td>
</tr>
<tr>
<td>Decentralised agencies</td>
<td>1 069</td>
<td>1 220</td>
<td>1 281</td>
<td>5.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Single market</td>
<td>5 100</td>
<td>5 672</td>
<td>8 423</td>
<td>48.5%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single market programme (incl. COSME)</td>
<td>3 547</td>
<td>3 630</td>
<td>5 823</td>
<td>7.8%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EU anti-fraud programme</td>
<td>156</td>
<td>161</td>
<td>322</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FISCALIS</td>
<td>226</td>
<td>239</td>
<td>300</td>
<td>25.6%</td>
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</tr>
<tr>
<td>CUSTOMS</td>
<td>536</td>
<td>843</td>
<td>843</td>
<td>0</td>
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<td></td>
</tr>
<tr>
<td>Sustainable tourism (EP proposal)</td>
<td></td>
<td></td>
<td>300</td>
<td>NEW</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>61</td>
<td>87</td>
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<tr>
<td>Decentralised agencies</td>
<td>575</td>
<td>714</td>
<td>748</td>
<td>4.8%</td>
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<td></td>
</tr>
<tr>
<td>4. Space</td>
<td>11 502</td>
<td>14 404</td>
<td>15 225</td>
<td>5.7%</td>
<td>12 702</td>
<td>-15.4%</td>
</tr>
<tr>
<td>European space programme</td>
<td>11 308</td>
<td>14 196</td>
<td>15 017</td>
<td>5.8%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decentralised agencies</td>
<td>194</td>
<td>208</td>
<td>208</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Margin</td>
<td>-1 913</td>
<td>10 824</td>
<td>13 026</td>
<td>20.3%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


NOTES:

- Amounts presented under ‘virtual’ EU27 2014-2020 exclude the national envelope pre-allocated to the UK in shared management programmes (such as the funds of the common agricultural policy, fisheries policy and cohesion policy), as well as EU-wide programmes (under direct and indirect management) estimated on the basis of past expenditure (2014-2017) and the extrapolated share for years 2018-2020. The figure under ‘Margin’ in 2014-2020 reflects the arithmetic difference between the MFF ceilings and budgeted amounts.
- Amounts under Horizon Europe and the single market programme do not include the amounts under InvestEU.
- For 2014-2020, the European Strategic Investment Fund is included in ‘Other’ under policy cluster (2) European strategic investments.
- Current prices are calculated by applying annually a fixed deflator of 2% to the amounts in 2018 prices. Totals do not tally due to rounding.
- Blank spaces indicate that no figures were proposed.