Parliament’s case for an ambitious EU long-term budget (infographics)

MEPs are arguing for a strong EU budget for 2021-2027 that will respond to the challenges Europe faces and deliver on Europeans’ expectations.

To address the unprecedented crisis caused by the Covid-19 outbreak, the European Commission proposed an economic stimulus plan worth €750 billion on 27 May 2020, along with a €1.1 trillion EU budget for the period 2021-2027.

The recovery plan aims to address the damage caused by the pandemic and invest in a green, digital and resilient Europe. The proposals came following a call by Parliament for bold and decisive action from the EU. Parliament and EU governments in the Council will discuss the plans and decide on their final shape in upcoming negotiations.

The below article reflects Parliament’s position and the state of play prior to the outbreak of Covid-19. You’ll find the latest information about the EU long-term budget and the coronavirus recovery here.

The budget ensures the EU has the financial means to run the programmes and projects that benefit Europeans. EU funding supports farmers, cities, regions, students, researchers, businesses and NGOs across Europe.

The current EU long-term budget ends on 31 December 2020. The European Commission presented a proposal in May 2018 for the next financing period from 2021 to 2027. The European Parliament adopted its position in November 2018 and re-confirmed it in October 2019.

Member states in the Council have not been able to agree on a position yet, so negotiations between the institutions cannot start.

After the EU summit on 20-21 February, which was dedicated to the EU long-term budget, Parliament President David Sassoli said Parliament was disappointed by the failure of the European Council to find an agreement and expressed hope that the future negotiations will show the EU is ready to back up its ambitions with sufficient funds.
“Europe is facing unprecedented challenges such as climate change, digitalisation and a new geopolitical order," said Sassoli. "Lowering our ambitions could only have a negative impact on years of progress and integration."

While the final decision on the next long-term budget is taken by the Council, based on the result of negotiations, Parliament has to give its consent for it to come into force.

EU budget looking to the future
Parliament has consistently argued that in order for the EU to meet people’s expectations and make good on its commitments and ambitions, it must have the necessary means to invest in the future of the EU.

One of the key questions is where EU funding will best serve Europeans. MEPs want to maintain funding for farmers and poorer regions at the current level. The Common Agricultural
Policy is funded exclusively at EU level and aims to provide safe and quality food as well as decent incomes for farmers, while support for less developed regions promotes solidarity and ensures that everyone benefits from the single market.

But the EU faces other challenges that require adequate investment, such as migration and security and new ones such as the development of digital technologies. Parliament wants climate action in the EU budget to be stepped up and adequately financed, also to facilitate a just transition to a carbon-neutral economy, to ensure that nobody is left behind. In addition MEPs call for more investment in areas such as young people, research and innovation as well as small and medium-sized enterprises.

**EU benefits outweigh contributions**

The EU budget is an investment tool that brings added value and creates opportunities for people and companies across borders.

The EU Single Market, for example, removes barriers to trade and makes it possible for companies from any EU country to enter the market of other member states. Estimates quoted by the European Commission show that the benefits are much larger than the contribution each country makes to the EU budget.

Studies show that the existence of the Single Market has created 3.6 million jobs since 1990 and if it had not been there, the EU's gross domestic product would have been 8.7% lower. The average EU citizen gains €840 more per year thanks to the Single Market.
Meeting Europeans’ expectations

People expect the EU to focus on their priorities, but the 2019 Eurobarometer survey shows that there is a difference between what people want the EU to do and what they perceive as the EU’s main areas of spending.

While 48% of respondents said that most of the EU budget should be spent on employment and social affairs and 41% of respondents believed it should be spent on climate and environment
policy (respondents were asked to identify up to four key policies), only 16% said that most of the EU budget is currently spent on employment and social policy and 17% said that most of the budget is spent on climate and environment policy.

The EU budget is a small fraction of national spending by EU countries. After assessing the resources needed to meet the objectives in each policy area, Parliament is proposing a budget of 1.3% of EU gross national income. The average national spending of EU governments is over 47% of gross national income.

**How big should a strong EU budget be?**

The size of the EU budget is a small fraction of national spending by EU countries. After assessing the resources needed to meet the objectives in each policy area, Parliament is proposing a budget of 1.3% of EU gross national income. The average national spending of EU governments is over 47% of gross national income.
MEPs have repeatedly insisted that the budget should not depend primarily on direct contributions from member states and have called for new own resources to the budget. They could be, for example, a tax on plastic waste, revenue from the EU emissions trading scheme or a new tax on major digital companies. MEPs said in a resolution from October 2019 that without an agreement on the reform of the EU own resources system, Parliament will not give its consent to the next long-term budget.