
EU Budget: governments take the winds out of Europe's sails

Approximately EUR two hundred and thirty billion is the amount that divides the Council's Multiannual Financial Framework 2021-2027 proposal from the proposal of the European Parliament, the two EU budgetary bodies. The extraordinary meeting of the European Council, scheduled for Thursday 20 February in Brussels, is expected to finalise the budget proposal of the Heads of State or Government of the Union before returning to the negotiating table for discussion with representatives of the European Parliament. *At one end, national governments, led by Council President Charles Michel, are holding the purse strings; while the opposite front led by EP President David Sassoli demands for more money from MEPs; in the middle, as guardian of the Treaties and driving force behind EU policies, Ursula von der Leyen's Commission.* These are the key players of a summit bound to produce no significant results, not least because at the European Council national presidents and prime ministers are divided on the issue. Some Countries, especially among the richest (the so-called "frugal") in central and northern Europe, wish to contribute less to the EU budget because they already consider themselves "benefactors" of other countries (and amidst widespread nationalist winds there is fear of losing voters). Other leaders, mostly from Eastern and Mediterranean Europe, are demanding a richer budget that would provide them with more funds (and tough luck if others are paying). Once again there are a number of major differences between countries as to which "branch" of the budget to prioritise, i.e. where to invest: in agriculture or digital innovation, in defence or migration policy, in culture or territorial cohesion? These examples serve to emphasise the extent to which governments are positioned far apart from each other. *Other essential elements emerge from the figures, in particular that of "own resources":* until now, EU coffers have been subsidized by contributions from the States, based on the size of their economy (GDP), distributed according to the criterion of solidarity: more to those who are most in need. Parliament specifically calls for a progressive shift to own resources - for example, via the Web Tax and the Carbon Tax - so as to release the EU budget from the burden of fluctuating political sensitivities of Member States' Governments. Three proposals were put on Brussels' negotiating table, plus a fourth ineffective one put forward at the last minute by Charles Michel. The initial Multiannual Budget proposal, submitted by the Commission, as envisaged in the Treaties, amounted to EUR 1, 134 billion over seven years, or 1.11% of the Gross Domestic Product of 27 Member States. The European Parliament banged its fist on the table, setting out a proposal of its own, amounting to EUR 1, 324 billion, or 1.30 of GDP. The Finnish Presidency of the EU Council last December produced a draft proposal, fruit of a mediation between the States, totalling EUR 1, 087 billion, or 1.07% of overall Gross National Income. Michel's irrelevant proposal corresponds to approximately the same amount. *Is it a matter of decimals? Yes, but it adds up to over €230 billion less to finance areas of activity delegated to the European Union by the Member States.* Thus, just before the extraordinary summit of 20 February, the European Parliament's negotiating team reached a clear verdict: Charles Michel's proposal, on behalf of the Council, for the next MMF "falls well below the European Parliament's expectations and those of the citizens. President Michel is treating as a blueprint the harmful proposal prepared at technical level by the Finnish presidency of the Council back in December 2019. Where we would expect significant investment to deliver the Green Deal, the digital transition and a stronger Europe, President Michel confirms or deepens the cuts to funding for agriculture, cohesion, research, infrastructure investments, digitalisation, SMEs, Erasmus, youth employment, migration, defence and many other areas." *The President of the European Parliament David Sassoli, before addressing the European Council today, said: "We are still far from an acceptable proposal."* In his view "it is a proposal that contradicts the proclaimed ambitions on three priorities that the Member States - not Parliament - have placed at the centre of their vision: climate, digitalisation and the geopolitical dimension. "It is a proposal that risks leaving Europe lagging not only behind its own objectives, but also other actors on the international scene, such as China and the US. goes in the direction of those who think that Brexit means 'less Europe' - and therefore

‘less budget.’ But in the face of today's challenges we do not need less Europe; we need a stronger Europe with a strong budget in the interest of citizens.”

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