Multiannual financial framework for the years 2014-2020

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At a breakfast discussion on 16 October, ahead of the General Affairs Council meeting, ministers for European Affairs and representatives of the European Parliament took stock of the **ongoing negotiations** on the Multiannual Financial Framework for 2014-2020.

The discussion covered only **qualitative aspects** of the next EU financial framework.

The talks provided the Cyprus Presidency with a basis for revising the "negotiating box" on the following four issues:

Macro-economic conditionality: this is about ensuring that the effectiveness of EU expenditure is underpinned by sound economic policies. The principle is broadly agreed upon, but how to put it into practice needs to be looked at in more detail.

Better spending: the need to improve the quality of spending is also widely recognised. What remains to be agreed upon is **what measures are most effective in achieving this objective**.

Flexibility: this is about enabling the EU to respond to unexpected financial needs. The task here is to strike the right balance between budgetary discipline and the possibility of mobilising additional resources if need be.

Outstanding commitments (remainder to be liquidated or "RAL" (reste à liquider): the task here is to ensure that the level of payments remains manageable when a high level of outstanding commitments builds up. "Commitments" are legal promises in the EU budget to make payments which need not necessarily be paid out in the same year, but may be paid out over several financial years.

The Cypriot presidency will publish a revised negotiating box before the end of October this year.

The President of the European Council Herman Van Rompuy will hold bilateral consultations with the member states, starting on 5 November. The objective is to reach agreement on the MFF package at the special European Council on 22 and 23 November.