Interim report on the proposal for a mid-term revision of the Multiannual Financial Framework 2021-2027

2023/0201R(APP) - 03/10/2023 - Text adopted by Parliament, single reading

The European Parliament adopted by 393 votes to 136, with 92 abstentions, a resolution on the proposal for a mid-term revision of the multiannual financial framework (MFF) 2021-2027.

Parliament underlined the fact that the revision must focus on addressing the manifold consequences of Russia's war of aggression against Ukraine, on strengthening the Union's open strategic autonomy and sovereignty and on endowing the Union with adequate flexibility to respond to crises. It considered that a **higher but realistic level of ambition** is necessary to ensure the MFF can better address the structural challenges in the budget and become more future-proof.

Members considered that the proposed revision targets only some of the most pressing areas of concern in the existing framework and does not fully address all needs and challenges identified by Parliament. They expect the Commission to continue to evaluate thoroughly all current and future needs, including social and economic convergence, the impact on the regions most affected by the war and the necessary response to the climate and biodiversity crisis. They insisted that the Parliament's call to urgently step up the EU's efforts to **eradicate child poverty** in the period 2024-2027 be taken on board and called for an upscaled European Child Guarantee in the post-2027 MFF.

Long-term support for Ukraine

Parliament recalled that the Union must be at the heart of continued efforts to support Ukraine financially and help it on its path to EU membership. It welcomed, therefore, the Commission's proposal for a **longer-term structural solution to Ukraine's funding needs** anchored in the EU budget, which covers support for macro-financial stability, an investment framework and funds for short- and medium-term recovery and reconstruction, for accession-related reforms and for building administrative capacity. It insisted that the Ukraine Facility should be agreed as soon as possible, following adoption of the revised MFF Regulation.

Migration and external challenges

Members welcomed the Commission's proposal to increase the ceiling for **Heading 6** (Neighbourhood and the World) in line with Parliament's call. They, however, regretted the fact that the extra resources do not fully cover real needs or account for unforeseen developments. They stressed that a further reinforcement of EUR 1 billion in current prices over and above the Commission proposal is vital to replenish the NDICI-Global Europe cushion and thereby create capacity to respond to crises and emerging needs.

In addition, the implementation of the New Pact on Migration and Asylum will require an additional EUR 2 billion between 2025 and 2027 under **Heading 4** (Migration and Border Management). Parliament considered that the additional demands on the Asylum, Migration and Integration Fund, the Border Management and Visa Instrument and the decentralised agencies in Heading 4 require a **further reinforcement over and above the Commission proposal of EUR 1 billion** in current prices and that the additional resources should be available from 2024.

The Strategic Technologies for Europe Platform (STEP)

Parliament reaffirmed the need to secure the open strategic autonomy of the Union, reduce dependence on non-EU countries and boost investments across the Union in key strategic sectors, including, among others, health, raw materials and space, while driving forward the green and digital transitions. It regretted that the Commission did not respect its commitment under the work programme for 2023 to 'push to create a new European Sovereignty Fund'.

Members underlined that, in order to deliver on the strategic objectives for STEP, to strengthen and shape the Union's industrial policy, to boost support for the defence sector, which is more crucial than ever to protect the sovereignty and integrity of the EU Member States in a dramatically changed and far more challenging defence policy landscape, and to build the open strategic autonomy of the Union while ensuring a level playing field in the single market, financing for STEP should be increased, with further **reinforcements of EUR 2 billion** in current prices over and above the Commission proposal in **Heading 1** (Single Market, Innovation and Digital) and of **EUR 1 billion** in current prices over and above the Commission proposal in Heading 5 (Security and Defence).

Borrowing costs under the European Union Instrument for Recovery (EURI)

As for the debt payments resulting from the Recovery plan, Members demanded that they be **positioned above the EU's budgetary caps**. This is to ensure that EU programmes directly benefiting citizens are not compromised, especially given the potential volatility of these costs with rising interest rates.

Enhancing the budget's capacity to respond to crises and emerging needs

Parliament underlined that the MFF contains very little flexibility, with the Flexibility Instrument and unallocated margins amounting to only 1.05 % of the commitments ceiling. It also pointed to the increased needs since the beginning of the MFF for humanitarian aid and emergency response inside and outside the Union and for support in relation to natural disasters, which are becoming more frequent and intense in particular owing to climate change.

Members considered that it is crucial to reinforce the SEAR to enable the Union to act in emergency situations caused by major natural disasters or public health crises in Member States and accession countries and also to support non-EU countries suffering from conflicts, refugee crises or natural disasters. They insisted, therefore, that the **SEAR be increased by EUR 2 billion** in current prices over and above the Commission proposal for the MFF period.

In conclusion, Members endorsed an extra **EUR 10 billion** for the years 2024-2027, on top of the EUR 65.8 billion proposed by the Commission.