

A revamped long-term budget for the Union in a changing world

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The European Parliament adopted by 317 votes to 206, with 123 abstentions, a resolution on a revamped long-term budget for the Union in a changing world.

To meet the challenges of a rapidly changing world, Parliament insisted that the allocation for the next Multiannual Financial Framework (MFF) should be higher than that of the MFF for the period 2021 to 2027, **moving away from the restrictive historical limit of 1% of its GNI**. The next MFF should focus on financing European public goods that have clear added value compared to national spending.

Members considered that the ‘one national plan per Member State’ approach as envisaged by the Commission, with the Recovery and Resilience Facility model as a blueprint, cannot be the basis for shared management spending post-2027. Instead, they called for shared management to preserve Parliament's role as legislator and budgetary authority and to involve local and regional authorities. Members called for the next MFF to continue supporting economic, social, and territorial cohesion.

According to Parliament, the Commission's idea of an ‘umbrella Competitiveness Fund’ - which would merge several existing programmes - is not fit for purpose. Instead, the fund should be a new instrument that draws on existing financing tools based on lessons learned from the InvestEU programme and the Innovation Fund and complements existing successful programmes.

Parliament also calls for:

- a move towards a genuine **defence** union given the withdrawal of the United States from its role as global guarantor of peace and security, by supporting a comprehensive approach to security through increased investment without reducing spending on economic and social cohesion;
- a real **simplification** for the final beneficiaries which must not give more leeway to the Commission without the necessary checks and balances and which must respect the institutional balance provided for by the treaties;
- a guarantee that spending programmes retain a significant **in-built flexibility reserve**, with appropriations earmarked for specific policy objectives determined by the budgetary authority. Humanitarian aid flexibility should be ring-fenced and the post-2027 MFF should include two special instruments, one to ensure solidarity in the event of natural disasters and the other to respond to crises in general;
- the protection of the EU budget from abuse, fraud and violations of the principles of **the rule of law** by strengthening the link between the rule of law and the Union budget after 2027.

The repayment of **NextGenerationEU** loans must not jeopardise the financing of EU strategies and priorities. Members therefore insisted that all costs related to borrowing guaranteed by the EU budget be treated separately from appropriations for EU programmes within the architecture of the next MFF. The Council is called upon to urgently adopt **new own resources** to enable the sustainable repayment of NextGenerationEU loans.

A long-term budget with a renewed spending target

The next budget should enable the Union to achieve its strategic objectives, namely (i) competitiveness, strategic autonomy, social, economic and territorial cohesion, (ii) support for the ecological and digital transitions, (iii) security, defence and preparedness, (iv) external action and enlargement, (v) promotion of fundamental rights, Union values and the rule of law.

Members believe that the post-2027 MFF should, among other things:

- strengthen competitiveness, decarbonising the economy and improving the Union's capacity for innovation;
- encourage economic growth, but also social, economic and territorial cohesion and environmental sustainability;
- take advantage of synergies between public and private investment to fill the investment gap;
- reduce risks for private investments, to mobilize these investments and to benefit from them, thus facilitating access to financing for start-ups and SMEs;
- significantly increase funding for research and innovation and provide for investments in the space sector;
- provide significantly more directly managed funding for energy, digital and transport infrastructure;
- contribute to creating quality, well-paid jobs through programmes such as the European Social Fund Plus and Erasmus+;
- supporting major economic and job-creating sectors in which the Union is already a world leader, such as tourism and the cultural and creative sectors;
- continue to support the competitiveness and resilience of the Union's agriculture and fisheries sectors and provide an increased and specific budget for the CAP in response to the new global challenges facing Union farmers;
- enable the Union to play a central role in reducing inequalities, poverty and social exclusion, in particular by supporting children, families and vulnerable groups.

Parliament proposed to support and accelerate the **ecological and digital transitions**, in particular through increased direct support for environmental protection, biodiversity and climate action, building on the current LIFE programme, and support for the development and safe application of digital technologies.

With the current **defence spending** gap at EUR 500 billion over the next ten years, Members stressed that the EU budget has an important role to play, in conjunction with national budgets and with a focus on clear European added value. They called for enhanced joint investment at EU level in defence, supported by a clear and transparent governance structure, while stressing the importance of increasing budgetary support for military mobility.

The budget must also confirm the EU's role as the world's largest provider **of development aid** and climate finance and must support the EU's efforts to uphold the rules-based international order, democracy, multilateralism, human rights, and fundamental values. Given the scale of humanitarian crises, the intensification of global challenges, and the uncertainty of US aid under the current administration, humanitarian aid funding will need to be significantly increased.

The resolution finally underlined the importance of the EU budget and programmes such as Erasmus+ and Citizens, Equality, Rights and Values in **promoting and protecting democracy and EU values**, raising awareness of the EU's common cultural heritage and fostering European integration, strengthening civic engagement, civic education and youth participation. In this regard, it called for an increase in funding for Erasmus+ in the next MFF.

According to Members, the long-term budget must (i) integrate the Union's strategic objectives, (ii) be accompanied by an efficient administration at the service of Europeans, (iii) be simpler and more transparent, (iv) be more flexible and more responsive to crises and shocks, (v) be more results-oriented, (vi) manage liabilities in a sustainable manner, (vii) be adequately resourced and financed sustainably, and (viii) be based on close interinstitutional cooperation.