

BELGIAN INITIAL POSITION PAPER ON THE 2021-2027 EU MULTIANNUAL FINANCIAL FRAMEWORK.

General principles

Over the coming years, the European Union will face important opportunities and challenges, preparing for the near and longer term future, such as Brexit, digitalization of our societies, terrorism, migration, a forthcoming external policy, the sustainable development goals, climate change, investment in youth. Belgium reiterates its support for a European Union, which is much more than a mere economic project, and its commitment to shared European values.

This paper will provide some insights on both substantive preferences and benchmarks regarding the overall volume, for a seven year period.

The EU budget should reflect the current and future political priorities of the Union. In this regard, Brexit and new challenges require a review of the MFF. We must also consider existing realities, in particular fiscal constraints. As a net-contributing member state, Belgium opts for a realistic and future-oriented budget. The Brexit and new priorities will have to be financed by savings and fresh money.

Different European policies can support related objectives; that is why we favor enhanced synergy and complementarity between the different programmes in order to be able to respond more efficiently to existing and future challenges. Efficiency should be used as a parameter to critically review current policies. In order to even better focus on tangible progress, structural reform and verifiable results, a clear connection where relevant, with the European Semester and the relevant country specific recommendations is strongly advisable.

Solidarity and respect for the rule of law should be reflected throughout all Community policies.

A strengthened emphasis on 'European added value' will be part of a successful next MFF. An operational application of the concept of 'European added value' is to be clearly defined and in conjunction with the subsidiarity principle.

Expenditure

On the expenditure side, new priorities will have to be developed under the next MFF : migration and border control, defence and security, the stabilization of certain partner countries. Belgium also emphasizes the need to strengthen the competitiveness and resilience of our economies, with a strong focus on digitization, innovation and human capital, including the integration of immigrants. On these priorities, Belgium would like to

see more details, including on their scope, cost calculations, funding levels and relative weight. It will allow us to further indicate priorities, both in terms of substance and relative importance.

The constant renewal and deepening of our common economic fabric and innovation policies are key challenges and warrant an ambitious budget for research, development and innovation on the continued basis of *sound, solid and 'excellent' competition*. Increasing the mobility of our students, youth and teachers through Erasmus + is to be broadened further: it is a success formula with a great future, enhancing personal mobility and contributing to a cohesive and inclusive European society. Specific attention should also be given to the fields of energy and transport through the CEF, with its grant component. The specific targeting of SME's –in particular through COSME- is also a priority.

EU cohesion policy must encompass all regions across the Union and the current classification of regions must continue to include the category of regions in transition. It also calls for an enhanced focus on the urban dimension of cohesion policy. Belgium reiterates its strong belief in territorial cooperation. The specific objectives of cohesion policy will be upheld, as well as the integrated approach of this policy. Additionally, due consideration is to be given to the social dimension since significant steps have also been made in the direction of a stronger social Europe. Belgium awaits with interest a Commission proposal on 'Human Capital investment'.

The Common Agriculture Policy will also need to be further modernized in order to be able to address contemporary challenges, (e.g. on the socio-economical, environmental and climatic level, innovation and entrepreneurship, support to young farmers, safe access to high quality and affordable food while guaranteeing decent standards of living to our farmers). A sustainable CAP should reflect those requirements. In parallel, the CAP also needs to further develop user friendly 'greening' policies. Moreover, regarding external convergence our structurally higher costs of production should be taken into account. Belgium feels a capping of direct payments to the largest recipients will have to be considered. The two pillar structure is a proven concept. Belgium would support an enhanced flexibility in operating the two pillars but is not favorable to co-financing of direct payments

A dedicated program focused on environmental issues, sustainable development and climate change (LIFE) and the mainstreaming of climate change at 20% is to be maintained.

To confront growing external challenges Belgium favors a forthcoming foreign and development policy. In line with the EU's long term development objectives the EDF needs to preserve specific development objectives and a geographical focus, in particular on least developed countries. These specificities should be maintained whether the EDF is integrated or not into the EU budget.

With regard to the issue of administrative expenses, we urge the institutions to deepen their efforts, and await new proposals in this direction that cover all institutions and agencies.

EU financing

We need to synchronize domestic budget realities with EU policy ambitions. Next to that, excessive budgetary burdens for Member states should be avoided, taking into account the 'mailbox effect' and based on operating expenditure. In this regard, we reiterate our commitment to the disciplines of the Stability and Growth Pact.

In addition, some Member States will be deeply impacted by the Brexit, among those Belgium. Also for this reason, collection costs for customs duties should therefore be adequately adapted to this new reality and in no case reduced.

Belgium awaits with interest the proposals the Commission will make concerning the financing of the budget. The VAT-based own resources may be abolished for the upcoming MFF.

An increased use of additionality- and transparency-based financial instruments should be considered. In any case, these instruments should become more accessible and user friendly to SME's and small operators. Regarding enhanced flexibility, crisis reserves may be constituted within the ceilings of the agreed budget and the respective headings. Moreover, a rationalization of existing flexibility instruments, within the framework, is much needed.

The sets of rules governing programs need an overhaul, making them simpler to use and more SME-friendly. Belgium advocates an efficient 'track record'-based approach.
