

French perspectives and expectations for the next multiannual financial framework of the European Union
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In the view of the forthcoming negotiations on the next Multiannual Financial Framework (MFF) of the European Union (EU), the French Authorities wish to draw the Commission's attention to their priorities and expectations.

As expressed by the President of the Republic in his Sorbonne speech on September 26, 2017, our ambition on the eve of this negotiation should be to make Europe a world power, which guarantees its fellow citizens' security and makes them confident on a prosperous future. The next MFF will have to meet these goals. Furthermore, both political priorities and functioning mechanisms need being more accessible, readable and understandable to European citizens.

This negotiation will occur in an unprecedented context of new common challenges (security and defence, economic and digital competitiveness, education, social development, energy transition, migrations) and of the withdrawal of a Member State from the EU.

The French Authorities particularly invite the Commission to take into account the withdrawal of the United Kingdom when defining the overall ambition of the next MFF. The EU-27 will not be able to continue to finance an EU budget conceived for 28. At the same time, our collective priorities should be adequately financed to fully address the EU challenges.

A proactive budget serving a sovereign European Union, which guarantees our security and paves the way for the young Europeans

The EU shall become a driving force for collective security. Therefore the next MFF should complement national defence expenditures to build a strong and competitive European defence industry, which reinforces the Union's strategic autonomy. Moreover, the EU should provide adequate funding to control its borders in the long run, to integrate refugees and to tackle the root causes of migration in close partnership with countries of origin.

The EU budget must also focus on areas where the Union policies can bring real European added value, first and foremost by improving the EU's competitiveness and by equipping people with the right skills in a fast-changing global economy. This means, in particular, increasing the resources allocated to education, research and innovation and those resources promoting the mobility of Europeans, especially the youngest ones. It could for example be achieved through giving students an access to a network of universities across Europe, as proposed by the President of the Republic.

A more flexible, more incentive and simpler budget

Experience has shown that the EU budget needs to be more responsive to address unforeseen circumstances or to reallocate expenditure according to new political priorities. The current flexibility tools have worked quite well but they should be improved, especially if the seven-year term for the next MFF is to be maintained. In this regard, one should explore increasing the share of non-pre-allocated appropriations at the very beginning of the programming. It would avoid creating new funds outside the EU budget in emergency, requiring additional Member States contributions. A significant effort to simplify the rules for presentation, management and functioning of the EU budget is also essential.

Reforming current policies to better address current challenges

Implementing these new priorities will need deeply reforming the current policies (Common Agricultural Policy - CAP - and cohesion policy). Building on the experience one gets out of the ongoing MFF, CAP and cohesion policy could better address the EU challenges, seeking efficiency and European added value.

Food security and sovereignty remain major challenges for the EU and require a renewed, clear and efficient CAP. CAP will have to reinforce the competitiveness of the agricultural and agri-food sectors, while facing up to the challenges that arise from climate change, environmental issues and international competition. 100 % EU funding must continue to be dedicated to the primary safety net of farmers' income, to the development of risk and crisis management tools (which need being a priority), to cross-cutting environmental tools, and to support the transformation of sectors, especially through the renewal of the multiannual crisis reserve. Schemes falling under the heading of national subsidiarity forming part of a territorial roll-out must continue to receive funding shared between the EU and the Member States.

Cohesion policy ensures a positive link between the EU and European citizens. However, it must be redesigned and simplified, to make the implementation phase starting faster and to scale up its impact on regions. Cohesion policy must be more tangible, particularly through refined thematic priorities (targeting, for example, difficulties for some areas even in quite prosperous regions). It should take into account territorial fragmentation and should be better articulated with other EU budget instruments, which also pursue an economic, social and environmental cohesion goal. Finally it must gain coherence through clear conditionalities (in the tax, social and the rule of law fields), as a counterpart to this European solidarity, which is essential to reflect efforts made by the EU to ensure the convergence of all Member States.

The French Authorities also consider that administrative expenditures of the EU institutions can be reduced and invite the Commission to submit proposals in that respect within the MFF Package.

More transparent, efficient, predictable and fairer funding

The French Authorities consider that the revenue side of the EU budget should be more transparent, more efficient, more predictable and fairer. The withdrawal of the United Kingdom from the EU is, from this point of view, a unique opportunity to put an end to all current correction mechanisms. Moreover, new own resources could be introduced to finance the EU budget, in particular to replace the VAT-based own resource which is complex and has no real added value. Several new resources should therefore be primarily considered, as for the digital and environmental fields. On this basis, further work needs to be carried out in 2018. The resources issue is truly part of the overall negotiation on the future MFF proposal.

A necessary link with the euro area fiscal capacity

The French Authorities are also firmly attached to gradually establish a common fiscal capacity dedicated to the Euro area in order to overcome future macroeconomic crises, to ensure its economic convergence and to contribute to the macroeconomic stabilisation of the Euro area Member States in case of economic shock. Consequently the next MFF should be coherent with the ongoing work on the fiscal capacity for the euro area, notably in terms of new resources. The French Authorities wish to ensure that the MFF negotiation will promote progress towards the implementation of such a fiscal capacity.