

## **Multiannual Financial Framework (MFF) post-2020 Austrian position paper**

From an Austrian point of view, the EU should cooperate more closely on the big issues in line with the principle of subsidiarity. At the same time, the EU should restrain itself on issues where Member States or regions can act more efficiently on their respective levels. Consequently, Austria is committed to the European Commission's Scenario 4 "*Doing less more efficiently*" as proposed in the European Commission White Paper on the Future of Europe. In domains with only limited EU added value the EU 27 should stop or reduce its activities. Furthermore the EU has to become more economical and **focus on priority areas**; EU resources should only finance measures at EU level if it is more effective and more efficient than at national, regional or local level. Special emphasis should be placed on priorities with very high EU added value.

As the EU will become smaller following the withdrawal of the United Kingdom (BREXIT), its budget must be adapted accordingly. BREXIT creates new basic conditions which make a modernization of the EU budget even more urgent in order to ensure sufficient room for maneuver to finance new priorities. Common objectives must be re-considered and clearly set out promoting smart, sustainable and inclusive growth as well as creating jobs, supporting enterprises, especially SMEs. Following the European idea they should also respond to new challenges, such as the persistent migration pressure.

The following **key points** are of importance:

- Doing less more efficiently: more economical and focused on key areas;
- Adaptation of the budget to a smaller EU without disproportionate cuts of individual policy areas;
- Stabilization of the contribution to the EU at the current level; the allocation of funds for political priorities should relate to this general framework;
- Improving the transparency of the EU budget; the MFF table should be expressed in current prices;
- Targeted reform of all policy areas and programmes in accordance with the principles of efficiency, European added value, competitiveness and subsidiarity;
- New or reinforced priorities are to be financed by savings and increased efficiency in other policy areas;
- Stronger result and impact orientation and focus on achieving clearly defined EU objectives after 2020;
- Reducing the administrative burden for recipients of funds and national administrations by simplification of the management and control of EU subsidies;
- Simplification of the own resources system.

The principle of **budgetary discipline** has proven itself to be effective in the past and must not be put at risk, especially after Brexit. Therefore, the resulting financing gap needs to be

closed by **savings in all policy areas including administration**. Accordingly adequate spending reviews by the European Commission are required.

A more consistent adherence to the **principle** of **subsidiarity** is essential. The EU engagement should focus on measures with a transnational quality and where joint action provides clear benefits compared to purely national or regional actions.

Experience has shown that the **seven-year term** of the MFF provides stability and predictability, while taking into account the time-consuming efforts of programming. Hence, the seven-year term should be maintained.

In the context of existing **flexibility instruments**, a simplification is desirable.

### **Priorities**

The management of **migration**, in particular the protection of the EU's **external borders and the fight against the root causes of migration, integration**, strengthening of **competitiveness of the EU, digitalization and** adapting to **climate change** will be key priorities in the coming years.

### **Cohesion policy**

With its long-term orientation the EU cohesion policy is the most important investment policy of the EU. Cohesion spending should focus on less developed Member States and regions, but at the same time more developed regions should continue to be taken into account. Notwithstanding, cohesion policy needs to contribute to the adjustment of the EU budget in light of the new budgetary and policy challenges without putting into question the basic continuity of this policy area and materiality thresholds for smaller recipient countries.

In the future resources for cohesion policy should be spent in a more focused and efficient manner in line with the **principle of additionality and proportionality** and with a view to the achievement of a clear added benefit. Austria supports the continuation of the **European territorial cooperation** in light of its European added value.

**Thematic concentration** was a key element of the last reform of the cohesion policy. It should be developed further taking into account new challenges (for example migration and integration, demographic change, climate change).

A stronger link to structural reforms and to the implementation of the relevant country-specific recommendations should be envisaged. Macroeconomic **conditionalities and the performance-based approach** should be developed further without impairing programme efficiency.

**Requirements for the expiration of unused funds** should be more stringent and national co-financing rates should be increased in order to strengthen national ownership.

A **substantial and comprehensive simplification** of implementation modalities for management and control is indispensable. This is especially relevant for those Member States and regions where European Structural and Investment Funds (ESI-funds) contribute only to a

relatively limited extent to public investment. A differentiated approach depending on funding volumes and other objectively measurable criteria should be implemented.

ESI-funds rules should be harmonized and the alignment with other relevant policy areas, such as Horizon 2020 or CEF, should be improved (e.g. in the form of a uniform set of rules).

### **Agricultural policy**

The Common Agricultural Policy (CAP) is a strategic common policy. It ensures the security of supply with affordable and safe food for the European population, and makes a significant contribution also from a global perspective. Like other policy areas, the CAP will be based on the objectives defined in the Treaty, on the European agricultural model as well as on its European added value. The aim is to preserve and further develop the diversity of European agriculture and food. The success of these measures will have to be evaluated on an ongoing basis.

The first pillar is an important instrument guaranteeing income support and ensuring a competitive European agriculture. It requires solid and appropriate financial resources. Direct payments should be better targeted by caps and degressive payments in favor of small farms while ensuring environmental minimum standards.

The allocation of rural development funds should not be reduced. A rebate for Member States with GMO-free farming should be taken into account. Rural development generates a high European added value and contributes significantly to environmental and climate objectives. Furthermore, it strengthens the rural economy, the protection and creation of employment opportunities, the support for local basic services and the socio-economic vitality of rural areas.

### **Innovation and Transport**

In view of the growing global competition it is vital to build up and strengthen European technological leadership in order to remain a key player in global markets. Furthermore, capacity building in strategic future policy areas is necessary in order to increase Europe's autonomy. In the field of research and innovation, the principles of excellence and effectiveness should stand at the forefront. In view of the high importance of mobility in the educational sector, Austria supports the Erasmus+ programme. We also support the successor instrument of the Connecting Europe Facility and the reinforcement of funds for continued measures in support of cross-border railway infrastructure projects (Brenner Base Tunnel) with high European added value. Funds allocated to the successor instrument of the Connecting Europe Facility for Transport should not be reduced.

### **Migration and Integration**

More flexibility is needed in the design of programs, such as AMIF, in order to enable Member States to cope with challenges after 2020 more appropriately. Such an instrument should focus on coping with illegal migration and on integration measures. It should provide

sufficient and flexible funding to support Member States under pressure and to strengthen co-operation with strategic transit countries and countries of origin.

### **Western Balkans**

Our objective to speed up the process of bringing the Western Balkan countries closer to the European Union not only reflects a political vision and priority of the EU (accession promise of the 2003 European Council in Thessaloniki), but also takes into account the importance of these countries when tackling the EU's priority challenges (security, migration, integration, external border protection). Therefore we suggest that the pre-accession instrument (IPA) be aligned more closely with the structures of European Structural and Investment Funds (ESI-funds), in order to gradually familiarize Western Balkan countries with ESI-funds modalities. At the same time, the allocation of funds needs to be more closely linked to conditionality and progress with reforms.

### **Conditionalities**

In the field of cohesion policy, **macro-economic** conditionalities should be further developed as described above and the appropriation of funds **should be more closely linked to structural reforms** to ensure an efficient use of resources.

In the context of migration, efforts undertaken with regard to asylum applications and integration of refugees in Member States and regions should be taken into account.

**EU external aid programmes** should include a system of incentives and sanctions to increase the willingness of recipient countries to cooperate in the field of readmission of illegal migrants.

### **Administration**

BREXIT creates a new framework which requires corresponding savings also within the administration. Moreover, we support a binding ceiling for all administrative costs (in particular operating and personnel expenses). At the same time the institutions should be granted more flexibility in terms of reallocation of funds. A timely reform of the Staff Regulations is important, with the objective to safeguard the sustainability of the EU staff pension system and a more cost-effective financing of the public service of the Union.

### **System of own resources**

We endorse the reshaping of the EU's system of own resources in order to simplify it by **abolishing the VAT component without replacement**. In the future, the EU budget should be funded by Traditional Own Resources and GNI-based own resources. Conditional upon the reform of the expenditure side, rebates could still be necessary to ensure a fair burden-sharing.