

## **Non-Paper of Greece on the post 2020 Multiannual Financial Framework (MFF) of the European Union**

### ***Towards a deeper, more coherent and more effective Union, closer to the needs and aspirations of European citizens***

The Multiannual Financial Framework (MFF) should reflect our common ambition for a Union which will stand closer to its citizens, a Union which will be more receptive to their needs, a Union which will be capable to flexibly and effectively respond to new and old, present and future challenges. A Union which will be more social and coherent internally and more competitive and influential internationally.

In such a framework, the debate on the new MFF should follow, take into account and be combined with the general debate on the future of Europe. In this respect, enhancing democracy and transparency in the EU, reinforcing its social dimension and establishing a clear link between decision-making, accountability and liability are necessary prerequisites in formulating a truly European budget.

By the same token, this debate can also be the starting point for relaunching the convergence process, with the aim to further promote the European democratic and social values. Solidarity and respect for the rule of law should be reflected through all Community policies.

The objectives to prioritize growth, remedy social and economic inequalities between the member States and within the member States themselves, combat poverty and eradicate social exclusion should be considered absolute priorities as the EU gradually finds its pace past the consequences of the 2008 international financial crisis.

Moreover, we should envisage new, positive incentives for growth, as proposed by the Commission, or a type of positive conditionality related to binding social indicators of the European Semester.

Therefore, the new MFF should:

- be equal in volume to the current one, if not higher;
- be geared to prioritize policies that act as catalysts for achieving social and economic cohesion;
- continue to adequately support well-established and successful policies, such as the Cohesion Policy and the Common Agricultural Policy;
- reinforce the central role of European Structural and Investment Funds, putting to profit the multiplier effect of investment to meet the objectives of the Treaties and promote growth and employment. These resources should be ring-fenced in the new MFF, avoiding their use for other policies;

- phase in new policies or reinforce existing ones to promote the new economy and respond to fresh and existing challenges, such as R&D, digital Europe, combating climate change and protecting the environment, supporting defense, security and the fight against terrorism, increasing control on the common European borders, facing the challenges of irregular migration, etc.
- be based on a set of simplified rules and procedures, so as to avoid overburdening the budget administration with excessive bureaucratic rigidities.

In the debate on the MFF post 2020, the “new” priorities of the EU should not come at the detriment of the “old” priorities, which remain as pertinent today. Instead, the prioritization should be based on a wider, more inclusive definition of “Public Goods” with European Added Value and on taking into account the specific needs and aspirations of all the member States, in particular those of the periphery, which are presented with additional challenges linked with their geographical position. Inequalities should be tackled both within our States and among them.

#### ***Providing an appropriate timeframe for consultations and debate***

The new MFF will shape the European Union for years to come. Therefore, an appropriate and realistic timeframe for discussions and debate should be agreed upon, one which will allow to fully explore and take into consideration the contributions of all member States.

In particular, the debate on the new MFF should be combined with Social Europe reform proposals, so that policy funding be associated with the content of the new European Pillar of Social Rights and linked to binding social criteria in the European Semester.

In this framework, Greece is ready to pro-actively contribute to the on-going consultations.

#### ***The new MFF: a powerful and effective policy instrument of promotion of the European policies and citizens’ welfare***

Within the new MFF, the EU Budget should remain a powerful and effective policy instrument, able to support the needs and aspirations of the European citizens, while also capable – if necessary – to flexibly respond to crises, emergencies and the changing circumstances, without undermining the implementation of its core provisions, such as Cohesion funds.

In this context, the overall volume of the new MFF should remain constant, if not increase.

At the same time, we need to move away, progressively, from the logic of “juste retour”, which is perpetuated by the excessive reliance on the GNI-based contribution.

Therefore, taking also into account the withdrawal of the United Kingdom from the EU and in order to ensure the necessary funding while not increasing tax burdens to the European citizens, new “real” Own Resources may be introduced, adding to the traditional Own Resources such as:

- a tax on international financial transactions;
- a common consolidated corporate tax;
- a tax on the activity of global digital corporations.

At the same time, given the proximate abolition of the British rebate, “rebates on the rebate” should also be abolished. By the same token, national contributions to the MFF should be excluded from the deficit calculations under the Stability and Growth Pact.

### ***Promoting economic, social and territorial cohesion***

In order to continue promoting EU’s economic, social and territorial cohesion the resources allocated to Cohesion Policy should remain constant, if not increased.

All EU regions should be proportionally supported in the new Cohesion Policy architecture, while the policy itself should be modeled to promote the implementation of the basic principles of the European Pillar of Social Rights, taking into consideration in the allocation of resources, besides the GDP per capita, indicators related to unemployment, as well as, to the less favoured areas, including mountainous and insular regions etc. In this respect, Greece believes that the EU needs a specific insular policy, supported by the appropriate reallocation of existing funds, in order to address the various challenges faced by the islanders due to their isolation from the mainland.

As regards the link between Cohesion Policy, the European Structural and Investment Funds (ESIF) with the economic indicators of the European Semester and the Country-Specific Recommendations, any negative and sanctioning conditionality should be avoided.

In any case, there is a need to prioritize pro-active employment policies, in particular tackling youth unemployment, based on the successful model of the Youth Employment Initiative (YEI).

It should be taken into consideration that the combination of the resources of Structural Funds with specific funding tools (such as the EFSI) maximizes funding opportunities. In this context, the mobilization of resources for financial instruments in the Cohesion Fund countries should receive a specific quantified allocation.

### ***Ensuring sustainability in the agricultural sector***

It is considered necessary to ensure at least the existing levels of funding for CAP, in order to successfully respond to the objectives and the increased ambitions of CAP

and to build a sustainable agricultural sector that is able to respond to the environmental challenges and the new value-adding chains in rural areas.

The current architecture of the two CAP pillars, Pillar I (direct payments) and Pillar II (rural development) must be preserved, as they complement each other by their strategic objectives and priorities.

It is necessary to maintain direct payments at the current level since they provide a basic income for EU farmers and function as a safety net, as agricultural income is affected by various - often exogenous – factors. Greece is against any idea of co-financing direct payments. Such a move will signal a trend of CAP re-nationalization.

The external convergence of direct payments among MS requires further evaluation. Agricultural area cannot be the only parameter in a debate on the external convergence of direct payments. Among others parameters which should be taken into account are the different degrees of development of agricultural production, the diversification in the composition and cost of inputs, the structural differentiation of farm holdings, the evolution of agricultural income among MS and the level of support per holding.

The Commission correctly sets out to explore possibilities such as compulsory capping, digressive aid for large holdings, and redistributive support for small and medium-sized holdings for fairer and better targeted allocation of payments.

### ***Providing the means for dealing with immigration and the refugee crisis in a principled framework***

In recent years, the need to adequately respond to the challenges of immigration and the refugee crisis has come to the forefront of the European agenda. It is envisaged that migration flows will continue to require a shared and principled response by all member States and will continue to pose a major challenge for island and border regions, in particular in Southern Europe.

In such a context, we should also agree that the objective of a common immigration policy cannot be achieved without securing the necessary additional financial resources within the new MFF.