

Glass half-full: the proposed next MFF

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Based on a joint work with Grégory Claeys

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Squaring the circle

- Some priorities gained importance, such as border control, migration, security, defence, research, digital transformation, youth mobility
 - Some countries reject cuts in CAP
 - Some countries reject cuts in cohesion policy
 - Some net contributor countries reject larger payments
 - Brexit leaves a hole in the EU budget
- Tough compromises to be made

Negatives of the Commission proposal

- Overall complex structure hardly changed. Continued distinction between "commitments" and "payments" – a budgeting method not used elsewhere
- Lack of transparent comparison of the current MFF and the proposed next MFF
- Direct transfers to farmers dominate CAP even more
- Only a timid increase in external action
- Euro-area stabilisation instrument will be ineffective
- Reform delivery tool will be ineffective
- Euro-adoption tool too small to matter

Positives of the Commission proposal

- Invest in real European public goods: huge increase in border control and defence; significant increase in research/innovation/digital; some increase in migration spending
- Considering political constraints, brave cut in agriculture (5% nominal terms, 15% real terms)
- CAP: proposed (though still unclear) shift in focus from compliance to results
- Increase national co-financing of cohesion and CAP pillar II spending
- Proposed rule of law procedure
- Revenues: elimination of "rebates on rebates"; higher share of customs duties; corporate tax; plastic waste tax; 20% of ETS revenues

Thank you for your attention

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See our calculations comparing agricultural and cohesion spending of the current and the proposed next MFF:

<http://bruegel.org/2018/05/how-large-is-the-proposed-decline-in-eu-agricultural-and-cohesion-spending/>