Council Regulation (EU, Euratom) 2020/2093 of 17 December 2020 laying down the multiannual financial framework for the years 2021 to 2027

COUNCIL REGULATION (EU, Euratom) 2020/2093

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laying down the multiannual financial framework for the years 2021 to 2027

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 312 thereof,

Having regard to the Treaty establishing the European Atomic Energy Community, and in particular Article 106a thereof,

Having regard to the proposal from the European Commission,

Having regard to the consent of the European Parliament[(1)],

After transmission of the draft legislative act to the national parliaments,

After consulting the European Economic and Social Committee,

After consulting the Committee of the Regions,

Acting in accordance with a special legislative procedure,

Whereas:

(1) Taking into account the need for an adequate level of predictability for preparing and implementing medium-term investments, the duration of the multiannual financial framework (MFF) should be set at seven years starting on 1 January 2021.

(2) The economic impact of the COVID-19 crisis requires the Union to provide a long-term financial framework paving the way to a fair and inclusive transition to a green and digital future, supporting the Union's longer-term strategic autonomy and making it resilient to shocks in the future.

(3) The annual ceilings for commitment appropriations by category of expenditure and the annual ceilings for payment appropriations established by this Regulation are to respect the applicable ceilings for commitments and own resources, which are set in accordance with the Council decision on the system of own resources of the European Union in force that has been adopted in accordance with the third paragraph of Article 311 of the Treaty on the Functioning of the European Union (TFEU) (the 'Own Resources Decision').

(4) Where it is necessary to mobilise the guarantees given under the general budget of the Union for financial assistance to Member States authorised in accordance with Article 220(1) of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the

Council[2] (the 'Financial Regulation'), the necessary amount should be mobilised over and above the ceilings for commitment and payment appropriations of the MFF, while respecting the own resources ceiling.

(5) The MFF should not take account of budget items financed by assigned revenue within the meaning of the Financial Regulation.

(6) The MFF should be laid down in 2018 prices. The rules for annual technical adjustments to the MFF to recalculate the ceilings and margins available should also be laid down.

(7) Rules should be laid down for other situations that might require the MFF to be adjusted. Such adjustments might be related to the delayed adoption of new rules or programmes under shared management, to measures linked to sound economic governance or to measures adopted under the Regulation of the European Parliament and of the Council on a general regime of conditionality for the protection of the Union budget. Rules should also be laid down for a mechanism for programme-specific adjustment.

(8) Specific and maximum possible flexibility should be implemented to allow the Union to fulfil its obligations in compliance with Article 323 TFEU.

(9) The following thematic special instruments are necessary to allow the Union to react to specified unforeseen circumstances or consequences and thereby allow the budgetary procedure to run smoothly: the European Globalisation Adjustment Fund, the Solidarity and Emergency Aid Reserve and the Brexit Adjustment Reserve. The Solidarity and Emergency Aid Reserve is not aimed at addressing the consequences of market related crises affecting the agricultural production or distribution.

(10) The following non-thematic special instruments are necessary to further enhance flexibility: the Single Margin Instrument and the Flexibility Instrument. The Single Margin Instrument should enable shifting margins available below the ceilings for commitment and payment appropriationsrespectively between financial years and, for commitment appropriations, between MFF headings, without exceeding the total amounts of the MFF ceilings for commitment and payment appropriations for the entire period of the MFF. The Flexibility Instrument should allow the financing of specific unforeseen expenditure for a given financial year.

(11) Specific provision should be made for the possibility to enter commitment and corresponding payment appropriations into the budget over and above the ceilings set out in the MFF where it is necessary to use special instruments.

(12) It is necessary to provide for a revision of the MFF in the event of revision of the Treaties with budgetary implications, of the reunification of Cyprus or of the enlargement of the Union, as well as in the light of the implementation of the budget.

(13) This Regulation might also need to be revised in relation to unforeseen circumstances that cannot be dealt with within the limits set out in the MFF. It is therefore necessary to provide for the revision of the MFF in such cases.

(14) Specific rules are also necessary for dealing with large-scale projects the lifetime of which extends well beyond the period set for the MFF. It is necessary to establish maximum amounts for the contributions from the general budget of the Union to those

***Changes to legislation:** There are currently no known outstanding effects for the Council Regulation (EU, Euratom) 2020/2093. (See end of Document for details)*

projects, thereby ensuring that they do not have any impact on other projects financed from that budget.

(15) It is necessary to lay down general rules on interinstitutional cooperation in the budgetary procedure, while respecting the budgetary powers of the European Parliament, the Council and the Commission (the 'Institutions') as laid down in the Treaties as well as transparency requirements.

(16) The Commission should present a proposal for a new multiannual financial framework before 1 July 2025, to enable the institutions to adopt it sufficiently in advance of the start of the subsequent multiannual financial framework. In accordance with Article 312(4) TFEU, the ceilings corresponding to the last year of the MFF set out in this Regulation are to continue to apply in the event that a new multiannual financial framework is not adopted before the end of the term of the MFF laid down in this Regulation,

HAS ADOPTED THIS REGULATION:

CHAPTER 1

GENERAL PROVISIONS

Article 1

Multiannual financial framework

This Regulation lays down the multiannual financial framework for the years 2021 to 2027 (MFF).

Article 2

Compliance with the ceilings of the MFF

1 The European Parliament, the Council and the Commission (the 'Institutions') shall, during each budgetary procedure and when implementing the budget for the year concerned, comply with the annual expenditure ceilings set out in Annex I (the 'MFF ceilings').

The sub-ceiling for heading 3 as set out in Annex I is established without prejudice to the flexibility between the two pillars of the Common Agricultural Policy (CAP). The adjusted ceiling to be applied to pillar I of the CAP following the transfers between the European Agricultural Fund for Rural Development and direct payments shall be laid down in the relevant legal act and the MFF shall be adjusted accordingly under the technical adjustment provided for in Article 4 of this Regulation.

2 Where it is necessary to use the resources from the special instruments provided for in Articles 8, 9, 10 and 12, commitment and corresponding payment appropriations shall be entered in the budget over and above the relevant MFF ceilings.

Where it is necessary to use the resources from the Single Margin Instrument as laid down in Article 11, commitment and corresponding payment appropriations shall be entered in the budget over and above the relevant MFF ceilings for a given year.

Changes to legislation: *There are currently no known outstanding effects for the Council Regulation (EU, Euratom) 2020/2093. (See end of Document for details)*

3 Where it is necessary to mobilise a guarantee for financial assistance to Member States authorised in accordance with Article 220(1) of the Financial Regulation, the necessary amount shall be mobilised over and above the MFF ceilings.

Article 3

Respect of own resources ceiling

1 For each of the years covered by the MFF, the total appropriations for payments required, after annual adjustment and taking account of any other adjustments and revisions as well as the application of Article 2(2) and (3), shall not be such as to produce a call-in rate for own resources that exceeds the own resources ceiling set out in the Council decision on the system of own resources of the European Union in force that has been adopted in accordance with the third paragraph of Article 311 TFEU (the 'Own Resources Decision').

2 Where necessary, the MFF ceilings shall be lowered in order to ensure compliance with the own resources ceiling set out in the Own Resources Decision.

CHAPTER 2

ADJUSTMENTS TO THE MFF

Article 4

Technical adjustments

1 Each year the Commission, acting ahead of the budgetary procedure for year n+1, shall make the following technical adjustments to the MFF:

a a revaluation, at year n+1 prices, of the ceilings and of the overall figures for appropriations for commitments and appropriations for payments;

b a calculation of the margin available under the own resources ceiling set out in the Own Resources Decision;

c a calculation of the amount of commitment appropriations available under the Single Margin Instrument as referred to in point (a) of the first subparagraph of Article 11(1), as well as of the total maximum amount referred to in point (a) of the first subparagraph of Article 11(2);

d a calculation of the adjustment of the ceiling for payment appropriations under the Single Margin Instrument as referred to in point (b) of the first subparagraph of Article 11(1), as well as of the maximum amount referred to in point (b) of the first subparagraph of Article 11(2);

e a calculation of the additional allocations for specific programmes referred to in Article 5(1) and the result of the annual adjustment referred to in Article 5(2).

2 The Commission shall make the technical adjustments referred to in paragraph 1 on the basis of a fixed deflator of 2 % per year.

3 The Commission shall communicate the results of the technical adjustments referred to in paragraph 1 and the underlying economic forecasts to the European Parliament and to the Council.

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4 Without prejudice to Articles 6 and 7, no further technical adjustments shall be made in respect of the year concerned, either during the year or as *ex post* corrections during subsequent years.

Article 5

Programme-specific adjustment

1 An amount equivalent to the revenue from fines imposed under Council Regulations (EC) No 1/2003[(3)] and (EC) No 139/2004[(4)] by Union institutions, which is entered in the budget of the year n-1 in accordance with Article 107 of the Financial Regulation, after deduction of the amount for the year n-1 referred to in Article 141(1) of the Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community[(5)], shall be available for an additional allocation of:

a commitment appropriations for year n+1, starting for the year 2022 and ending in 2027, to the programmes listed in Annex II, in accordance with percentages set out for those programmes in the column 'Distribution key' of the table in Annex II; and

b payment appropriations for year n+1, starting for the year 2022 and ending in 2027.

The total amount of additional allocations for the period 2022 to 2027 for commitment and payment appropriations respectively shall be EUR 11 000 million (in 2018 prices). For each of the years 2022 to 2026, the annual amount of additional allocations for commitment and payment appropriations respectively shall be at least EUR 1 500 million (in 2018 prices) and shall not exceed EUR 2 000 million (in 2018 prices).

The total amount of additional allocations for commitment appropriations for the programmes in the period 2022 to 2027 is set out in the column 'Total additional allocation of commitment appropriations under Article 5' of the table in Annex II.

2 The ceilings for commitment appropriations of the relevant headings for year n+1, starting for the year 2022 and ending in 2027, shall be adjusted upwards with the amounts corresponding to the additional allocations set out in paragraph 1, in accordance with the percentages set out for those headings in the column 'Distribution key' of the table in Annex II. The ceiling for payment appropriations for year n+1, starting for the year 2022 and ending in 2027, shall be automatically adjusted upwards with the amounts corresponding to the additional allocations set out in paragraph 1.

Article 6

Adjustments related to measures linked to sound economic governance or to a general regime of conditionality for the protection of the Union budget

1 In the case of the lifting of a suspension of budgetary commitments concerning Union funds in accordance with the relevant basic acts in the context of measures linked to sound economic governance or to measures adopted under the Regulation of the European Parliament and of the Council on a general regime of conditionality for the protection of the Union budget, the amounts corresponding to the suspended commitments shall be transferred to the following years and the corresponding MFF ceilings shall be adjusted accordingly.

2 The Commission shall communicate the result of any adjustments under paragraph 1 to the European Parliament and to the Council.