

SPANISH POSITION ON THE MULTIANNUAL FINANCIAL FRAMEWORK POST 2020

A financial framework for a stronger Europe

The next multiannual financial framework (MFF) should shape our vision of a stronger and more integrated Europe. We have to deliver on the commitment we made in Rome to “*make the European Union stronger and more resilient, through even greater unity and solidarity amongst us and the respect of common rules*”.

Across the years, the European budget has succeeded in fostering economic cohesion and improving the functioning of our common market. This has been the central role of the MFF and it needs to be preserved in the future. An integrated internal market is our most powerful asset for economic prosperity and employment in Europe, and thus for the wellbeing of our citizens.

At the same time, the new framework will have to face new circumstances and challenges. We have to adapt to the departure of an important partner. We also have to respond to needs in important policy areas, such as migration and border management, internal and external security and defense, climate change, desertification and demographic challenges. Such challenges merit a common European response in the MFF, commensurate to identified necessities and absorption capacity. All in all, the post 2020 MFF should be enough to fulfill the union objectives.

All this is a shared responsibility. All European Union Members States have to contribute to the common effort in accordance with their means. In this respect, it is only common sense that the new MFF provides for a fair burden-sharing, which adequately reflects differences in Member States relative economic positions.

An integrated and efficient internal market, promoting growth and employment:

Supporting a modern and sustainable agriculture and reinforcing the fight against climate change:

Common agricultural policy is deeply linked to the efficient functioning of the internal market, and has an undeniable European added value. Indeed, CAP is the central instrument in ensuring food security, and world-high quality and health protection standards and is a fundamental tool for territorial cohesion (in particular by preventing depopulation and promoting generational renewal of rural areas). To retain this role, efficiency is of the essence.

As one of the few genuinely common policies, agricultural policy should remain central in the EU budget and, thus, cannot move to a co-financing scheme. Indeed, introducing co-financing in the CAP will distort the level playing field for European farmers, thus causing important disruptions in the common market.

Nonetheless, efficiency measures could be envisaged, in particular those aiming at ensuring a fair and targeted support for farmers. In addition, the CAP should increasingly pay attention to new challenges, in particular those related to the fight against climate change, such a droughts and desertification.

Fostering economic cohesion for the good functioning of the internal market:

Economic divergences among Member States affect the efficient functioning of the internal market and are a source of tensions for the European Union, including social tensions.

The MFF has traditionally played an important role in tackling this issue and this role should be preserved. This means that enough resources need to be devoted to this end; and such resources have to be spent in an efficient manner. To achieve this, two elements are of paramount importance:

- First, to ensure an allocation of resources that maximizes the impact of the cohesion policy. Structural variables hampering long term and potential growth have to have an important weight, such as unemployment (in particular youth unemployment) or demographic trends. Variables linked to challenges of European dimension should also be reflected, as for example issues related to the impact of climate change and desertification.
- Second, increasing efficiency in the execution of funds is closely related to the absorption capacity.

To fulfill these objectives, when allocating the funds in the post 2020 MFF, Spain suggests a two- tranche mechanism. A first tranche would ensure that a sufficient amount of funds is guaranteed to respond to those objectives considered essential; this tranche would need to be in accordance with absorption capacity. A second tranche would be allocated to countries/regions that demonstrate an extra absorption capacity and put in place specific convergence policies.

Cohesion policy is, par excellence, the instrument to channel the European investment and to promote convergence among territories. To achieve its long term goals, it is deemed necessary a stable financial scenario along successive programming periods. The Berlin method, despite its frictions, succeeded in establishing a stable mechanism.

Other policies promoting growth and employment:

Policies that foster the vertebration of the European territory remain of utmost importance. The Connecting Europe facility has played an important role in the integration of European infrastructures and should be granted an adequate level of financing. In particular, completion of the internal energy market requires investments in energy interconnections to reach European targets. This is essential for the efficient attainment of our objectives in the fight against climate change.

Investing in the future of Europe is equally important. Spain advocates for an increase in resources devoted to research and development (Horizon 2020), as well as to education (in particular quality vocational training and other actions such as the Erasmus program and other programs fostering youth mobility).

A response to Bratislava priorities:

In Bratislava, we committed to give a European response to security and defense challenges and to adequately manage border control and migration, through internal and external European action. Insofar as these areas have a clear European value added, this commitment should be reflected in the European budget.

However, European resources in these fields have to be commensurate with the absorption capacity of Member States and should also preserve national efficiency. National co-financing should be as low as possible, thereby reflecting the European priority accorded to these areas.

In addition, European policy action should be complementary to action developed by Member States, assuming programs and expenses with a clear European value added and thus better managed at the central level. It cannot be a mere substitution of today's nationally financed actions.

On migration, European action is required to foster the integration of immigrants in European Member States. This is crucial for social and economic cohesion in the European Union and thus could be considered as one of the allocation keys in cohesion policy.

External policy action also deserves adequate financing, as it allows the EU to play a key role as a global actor and to tackle many of the root causes of the new challenges and priorities.

A streamlined resources system.

Across the years, the MFF resource system has become increasingly complex, hampering transparency. MFF post 2020 constitutes a good opportunity to simplify the resources side of the European budget, by eliminating all rebates and establishing a fair and transparent system, basically relying on the GNI resource. This is the most accurate indicator of Member States capacity to contribute to the financial effort.

The possibility of introducing new European own resources should be carefully assessed. In any case, such resources should respect the good functioning of the internal market and ensure the fulfillment of efficiency criteria.

A modern and efficient administration

The new MFF is also an opportunity to ensure that the administration procedures and resources are defined and conducted in the most efficient possible way and respond to citizen's demands and expectations.