The EU Multiannual Financial Framework agreed: Outcomes of the European summit

European Council met on 7- 8 February for the first time in 2013. Available documents and the briefing of European Policy Centre allow summarizing the outcomes of the Council in the following points:

1. The Council adopted the multiannual financial framework of the EU for 2014-20. The most valued outcome is the fact of the decision, which ends an extended period of tensed negotiations between Union's Member States. The content of the agreement and its surroundings, nevertheless, raise a number of questions.

2. Final figures of the budget have changed in comparison to the proposal tabled in November, although not in a significant way. Main spending chapters of the budget on agriculture and cohesion fund have been decreased, and chapters on education, science and support of infrastructure increased, however not to the extent as proposed by the European Commission at the beginning of the process. The financial transaction tax has been mentioned nevertheless the budget does not count with a real income from this source.

3. Budget responds visibly to the EU political priorities, in particular: addressing climate change, innovation and youth. On the other hand, the budget does not create any substantial provisions in responding to the economic crises, with exception of an allocated new fund for addressing youth unemployment. In its substance the structure of the budget mirrors previous multiannual frameworks and do not offer any substantial novelties in a redirection of funds.

4. Financial framework is now the subject of the adoption in the European Parliament. This is one of the new competences of the Parliament gained in the Lisbon Treaty. Although the Parliament does not have the competence to change the proposal in a significant way, in a co-decision procedure has the right to say yes or no to the proposal. This will be done in a secret vote. Although the budget proposal differs from the expectations of the Parliament and the first reactions of the Parliament President to the agreement last week were quite negative, it is not expected that Parliament will create a major obstacle on the way to the final adoption. Similarly, the adoption of the framework from the side of the Union's Member States will most likely not be hindered by a significant opposition.

5. The new financial framework is characterized by some innovations. To them is counted first of all the climate change mainstreaming, which means that at least 20% of the budget should be earmarked to contribute to this objective. Another innovation is a 'flexibility clause,' which means that unspent money of the EU budget will not be sent back to its original source in the Member States, but will be allocated to the most needed priority at the EU level.

6. Negotiations in the Council meeting were observed by the public by high attention. Especially were in a number of EU Member States reported 'successes' of their respective political representations, in terms how much money from the Union was able to secure this of that Prime Minister/head of the state for his/her country. These kind of political objectives have however very little to do with the main objective of the Union, i.e. the vision what can we as a community of nations to do better together. Watching from this perspective the negotiations in the last week did not offer anything new in comparing with the previous similar exercise and unless the system of the budget

preparation will not be substantially changed, similar wrangling of Europe top political leaders will be repeated in 7 years again. As underlined by some commentators, if EU wants its budget being capable of addressing European policy priorities, it is needed to change the way the budget is negotiated.

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