The Federal Government's position on the Multiannual Financial Framework (MFF) post-2027

The MFF post-2027 must meet the historic challenges facing Europe, as well as reflect the geopolitically active role we envision the EU to play; this MFF must not be primarily geared towards maintaining the status quo.

For the foreseeable future, Member States' financial leeway will remain limited. There is no basis for increasing the MFF's volume relative to GNI. Member States' contributions must remain sustainable in the long term, predictable and appropriate. Germany will continue to contribute an appropriate share to the EU's budget. To ensure fair burden sharing, persistent disproportionate net burdens must continue to be corrected on the revenue side.

In the next MFF repayments for Next Generation EU (NGEU) must begin as of 2028. The Federal Government rejects a perpetuation of this extraordinary and temporary instrument; an extension is legally excluded.

Given the challenging starting point, a **modernised MFF** is needed that reinforces the EU's security and defence capabilities as well as its competitiveness, and that sets priorities accordingly. A modernised MFF must prioritise spending with European added value, including investing in future-, innovation- and transformation-oriented spending, as well as the financing of European public goods. At the same time, all existing expenditure needs to be checked for effectiveness, taking into account the principle of subsidiarity and the Member States' financing responsibilities. The high level of outstanding commitments (RAL) must in principle be taken into account when decisions are made on new allocations.

The **EU rule of law instruments** must be consistently applied, further developed and expanded.

The MFF must become **simpler and more flexible** to be able to effectively respond to unforeseen events and to take into account a reformed Union fit for enlargement. More flexibility is needed, including horizontal flexibility to redeploy funds between policy areas, as opposed to merely relying on margins and reserves. **Red tape** must be cut, by creating leaner structures, reducing the number of programmes and simplifying procedures for beneficiaries. At the same time, governance must be enhanced.

A potential competitiveness fund must be guided exclusively by the **principles of competitiveness and excellence** and will require a transparent governance, appropriate participation of Member States and mechanisms that guarantee support for key strategic technologies in a predictable manner. There is a need to consolidate different overlapping funding programmes under direct management, to enhance venture-capital funding opportunities for start-ups and scale-ups, and to have a strengthened and independent Framework Programme for Research and Innovation. Digitalisation and **affordable, secure and climate-friendly energy supplies** are key to strengthening the EU's competitiveness. Projects with a significant cross-border impact or European added value are central under the MFF when it comes to the development of infrastructure, including energy infrastructure with regard to electricity grids and hydrogen. A quota for climate and biodiversity funding could support horizontal objectives of the MFF.

In order to stimulate private investment, **banking and financial instruments** should be made more widely available. This requires a coherent Single Rulebook that integrates requirements related to state aid.

The EU and its Member States must assume **greater responsibility for security and defence**. To this end the MFF has potential with respect to closing EU capability gaps, primarily by strengthening the security and defence industry through demand aggregation and by incentivising collective development, production and procurement. Important dual-use technologies must not be excluded from EU programmes that serve civilian purposes. European corridors of military mobility, along with enhanced resilience of the European Union against hybrid threats and attacks on its critical infrastructure, must also be taken into account in the MFF. Moreover, crisis preparedness, including with a view to protecting the Union's internal security as well as in the healthcare sector, must be factored into the next MFF.

The next MFF must continue its **support for Ukraine**. The bundling of external-instrument programmes into one global instrument with a cushion for unforeseen needs has proven its worth. The EU must be able to act as a **reliable global partner** with a focus on sustainable development and addressing global challenges.

The next MFF must assist with the implementation of the Common European Asylum System, the reception, housing and return of migrants, and facilitate legal migration and integration as well as the protection and management of external borders.

Better effort should be made to enhance opportunities for mobility and cooperation in all areas of education, including in general education, vocational training and higher education, the domain of youth and sport and in the cultural and creative sectors. Access to programmes should also be improved.

The Common Agricultural and Fisheries Policy and the Cohesion Policy must be made fit for the future through **reforms** and **modernisation**, as it must be ensured that the MFF can continue to be financed in an **enlarged Union**.

The **Cohesion Policy** needs to be implemented with a more appropriate budget and a stand-alone fund structure. Along with the Rural Development Policy in the Common Agricultural Policy, it substantially contributes to strengthening internal and democratic cohesion, as well as to achieving the objectives of the European Pillar of Social Rights. Regions must continue to play a central role in the preparation and implementation of programmes, and in the selection of projects. At the same time, the policy should provide **stronger incentives for reforms by Member States**. A reformed governance structure must work in federal systems, such as in Germany. A performance-based approach with milestones and targets can help make European spending more effective. This needs to be specifically examined for the specific objectives. Germany supports that all regions are eligible, whereby cohesion successes must also be reflected in the further development and adjustment of allocations. Disincentives must be avoided when it comes to allocating funds. In view of the limited financial resources, adequate national co-financing is essential.

The **Common Agricultural Policy** has taken the first steps towards spending that is goal- and result-oriented and future-proof; this approach must be consistently maintained, also with a view to ensuring food security. Given the high demands the CAP must meet, an appropriate budget shall be provided. We want the CAP to remain an independent policy area, with rural development as an integral part. The role of income incentives must be significantly increased for the provision of climate, environmental and animal welfare services. Direct payments must take into account different cost levels.

Although the main need for reform is on the expenditure side, **the Federal Government will**, in line with the timetable for the **introduction of new own resources, constructively examine the Commission's proposals in this regard**, so that NGEU repayments will not have to be made at the expense of the regular EU budget and its programmes.