

## Poland's non-paper on the Multiannual Financial Framework post-2027

The scale of the challenges that the EU faces in recent years is bigger than ever before. Therefore, the EU needs a budget that is adequate to the challenges and investment needs. **This means that the level of our financial ambitions should be significantly higher than before.**

The main existing and new challenges to be addressed in the future Multiannual Financial Framework (MFF) include: enhancing competitiveness of the EU and overcoming the ongoing cohesion gaps across European regions, improving EU defence capabilities in the face of Russia's aggressive policies, supporting Ukraine, pre-accession assistance, supporting a just climate and digital transition, as well as demographic issues, especially depopulation and aging societies. Additionally, we have the obligation to repay the Next Generation EU.

**Poland believes that the share of cohesion policy and the Common Agricultural Policy in the MFF should not be less than it is currently.** One of the priorities of the next MFF should be increasing the importance of economic, social, and territorial cohesion within the EU and striving for convergence. **Competitiveness and cohesion are the two sides of the same coin.** The primary goal of agricultural policy should be ensuring food security.

**Cohesion policy and the Common Agricultural Policy are the EU policies that are closest to our citizens. They serve as a catalyst for integration,** reducing disparities in socio-economic development (between states and between regions), and enabling the realisation of the potential of all Member States and their regions. They support economic growth, competitiveness, security, and resilience across the European Union. At the same time, these policies, through mainstreaming mechanisms are the most important instruments in climate transformation. Specificity of the **Common Agricultural Policy requires keeping separate budget** of this policy based on well-established and proven two pillar approach.

Future reforms should not contribute to excessive centralization and merging of instruments. **Regions should remain at the core of cohesion policy.**<sup>1</sup>

Poland supports the current classification of regions and GDP per capita as the main allocation criteria for cohesion policy because it ensures a fair distribution of funds that reflects the actual level of economic development and regional disparities.

Some experiences from implementing the Recovery and Resilience Instrument can be utilized in cohesion policy, for instance financing not linked to costs. However, thematically closer link between the reforms and investments must be secured.

Since 2014 Poland has been systematically increasing its expenditure on defence thus contributing to security of the EU eastern border. In 2025 total Poland's defence expenditures would reach 4,7% GDP. **Development of the EU defence capabilities constitutes a European public good. Therefore, it should be financed in line with the solidarity principle.** Defence capabilities should encompass more than just the development of the industrial base. The EU should invest in military mobility, the development of dual-use infrastructure and rapid deployment capacity. Poland believes that ReArm Europe is a good starting point to increase expenditure on Europe's security

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<sup>1</sup> This along with upholding of the key principles of shared management, multilevel governance as well as partnership will help maintain the involvement of regional and local authorities, ensuring that policies are tailored to the diverse needs and potentials of different territories while enhancing efficiency, ownership, and accountability in the implementation of EU initiatives.

and defence. **We are also open to discuss potential rearmament initiatives outside the MFF to enable participation of like-minded third countries.**

It is extremely important to increase funding for actions related to the protection of the EU's external borders and internal security. Due to economic and social challenges and growing migration pressure, regions on the eastern borders of the EU require special attention. Programs of territorial cooperation with Ukraine and mechanisms focused on the development of transport infrastructure and border crossings should be strengthened.

**Poland will support the debate on new own resources**, but they cannot be regressive, i.e. they cannot overly burden less affluent countries. **New own resources must constitute entirely new streams of funds** (fresh money) rather than depleting existing revenues of national budgets or reallocating between categories within the already paid contribution. The European Commission should analyse areas related to the benefits of the functioning of the Single Market – such as the taxation of the financial sector, CBAM, taxation of cryptocurrencies, taxation of large international corporations, including digital services, handling fees.<sup>2</sup>

**Repayment of the Next Generation EU should not occur at the expense of existing EU budget expenditures.** Funds should come from additional contributions from Member States and new own resources, provided these are acceptable to all Member States.

**Poland is open to discuss the issuance of new joint debt within the "borrowing for spending" approach.**

Due to high inflation, the real value of direct payments has significantly decreased. The process of **full convergence of direct payments should be completed at the beginning of the future MFF**. Contribution of agriculture and farmers to meeting climate and environment goals should be ensured through financial incentives rather than regulations. In 2023 new delivery model for the CAP was introduced based on performance and results – prolonging this approach, with simplifications based on experience gained, will bring predictability expected by farmers. An important aspect of CAP reform should be the EU enlargement, including adaptation of Member States to its effects.

There is a significant challenge with the **geographic distribution of centrally managed instruments, especially in the area of competitiveness instruments**. Polish entities receive little over 1% of the funds from the Horizon Europe program, while in its previous edition, **over half of the funding went to only four Member States**. The structural transformation (climate and digital) of the EU and its Member States' economies must consider the need to ensure the competitiveness of the European industry and innovative capabilities based on geographical balance.

The key aspects of the enlargement should be addressed in future MFF and include pre-accession assistance, which should encompass all countries covered by the enlargement policy. Due to uncertainty regarding the final date and model of the enlargement, its effects should be considered in a special or mid-term review of the MFF.

Additionally, we signal that budgetary flexibility is also a very important issue. Expectations for the flexibility of the MFF will be raised by Poland during the discussions on the MFF post-2027.

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<sup>2</sup> Handling fee for goods imported into the EU directly to consumers.