

The EU's long-term budget explained



The EU budget is used to help millions of students, thousands of researchers, cities, businesses, regions and NGOs.

How is the EU funded and what is the money invested in? Read on to understand what the EU long-term budget is and how it is decided.

The EU's long-term budget helps millions of students, thousands of researchers, cities, businesses, regions and NGOs. It contributes to healthier and safer food, new and better roads, railways and airports, [a cleaner environment](#) and [better security at the EU's external borders](#).

The idea behind it is that pooling resources makes Europe stronger and is key to boosting prosperity.

What is the EU's long-term budget?

The EU's long-term budget is also sometimes referred to as the multiannual financial framework (MFF). It sets the limit on how much money the EU can invest over a period of at least five years in different policy areas. Recent long-term budgets have been set for seven years.

One of the reasons the EU has a long-term budget as well as annual budgets is to make it easier to plan for the programmes that the EU wants to fund and increase their efficiency. This predictability is needed for example for researchers who work on scientific projects that take

several years to complete.

The long-term budget also needs to have a degree of flexibility to deal with unforeseen crises and emergencies, such as for example the Covid-19 outbreak. It therefore includes a number of instruments to ensure that money can be used where it is most needed in unplanned circumstances.

For example, the EU solidarity fund is designed to provide financial assistance in the event of a [major disaster](#) in a member state. It also has a [globalisation adjustment fund](#) intended to help workers find new employment if they have been made redundant as a result of structural changes in world trade patterns or an economic crisis.

Unlike national budgets, the EU's budget is more of an investment budget. For example, it doesn't fund primary education or national defence. Instead, the focus is mostly on areas where the EU can make a difference by boosting growth and competitiveness, or putting solidarity into practice.

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What is it?

The EU's long-term budget sets limits on how much funding can be used, not just in general, but also in specific policy areas, over a period of **seven years**.

The purpose is to ensure:



The EU has enough resources for its priorities



The EU can adopt an annual budget easily



The EU does not go over budget



It is easier to plan

Source: European Parliament

I count on Europe



Infographic explaining what the EU's long term budget is

What does the EU spend money on?

The budget supports research and innovation, investment in trans-European networks and the development of small and medium-sized enterprises (SMEs), which aim to boost growth and create jobs in the EU.

The EU's [common agricultural policy](#) (CAP) together with the common fisheries policy and environment receives the most funding under the current long-term budget. This is followed by "cohesion" programmes that aim to support poorer regions. The long-term budget also funds international humanitarian aid and development projects.

Read more about the [programmes that the long-term budget supports](#) and [the projects financed in your region](#).

How is the EU long-term budget funded?

The financing of the EU's long-term budget is complex as there are several sources of income. They include:

- contributions from EU countries
- import duties on products from outside the EU
- fines imposed on companies breaking EU competition rules
- from 2021, a new contribution from EU countries based on the quantity of non-recycled plastic packaging waste.

More sources of revenue to the EU budget may be added in the near future. In November 2023, [Parliament gave its support](#) to a proposal by the Commission to introduce three new sources: [revenue from emissions trading](#); revenue from a [carbon levy on imported goods](#), and a contribution based on corporate profits.

The proposal must be endorsed unanimously by the Council of the EU and then ratified by the 27 member states so that it can enter into force.



Recovery package

https://multimedia.europarl.europa.eu/en/video/v_B01-ESN-20200924-EN

How is the EU long-term budget decided?

The present long-term budget runs from 2021 to 2027. Before it expires, the European Commission will make a proposal for the next one. This is expected to happen during 2025.

The European Parliament is already working on its priorities for the new long-term budget. When the Commission comes up with its proposal, MEPs will examine it and prepare their

negotiating position. Then they will start talks with member states in the Council to reach an agreement before the end of 2027.

The EU long-term budget is adopted unanimously by member states in the Council. Before that, the European Parliament needs to give its consent.