

The EDP - European Democratic Party - welcomes the political agreement reached on 10 November between the negotiators of the European Parliament and those of the Council of the European Union on a set of budgetary dossiers that are essential to give the EU the means to deal with current emergencies and future challenges that concern all Member States.

The EDP endorses the four components of this agreement, which are closely interlinked and together constitute a coherent and accountable mechanism for the management of the Union's budget.

1. The multiannual financial framework (M.F.F.) which sets the total amount of budgetary resources to be made available to the Union for the period 2021-2027 at € 1 074 billion.
Even if the overall budget appears somewhat limited, the EDP considers the proposed distribution of resources between the Union's traditional policies (CAP, structural funds, internal market) and new policies (the fight against global warming, digital technology, artificial intelligence, security and defence) to be globally relevant.
2. The € 750 billion New Generation EU recovery plan to help Member States cope with the severe damage caused by the pandemic and to restart economic growth that has been severely affected by the successive confinements.

The EDP particularly welcomes the possibility granted to the EU to finance this plan through borrowing, which is a historic step in the development of the EU's autonomy.

3. The roadmap for the phased introduction of new own resources allocated to the EU budget to ensure the full repayment (principal and interest) of loans contracted on the markets.
4. The so-called cross-compliance agreement which aims, on the basis of a proposal from the European Commission, to authorise the Council of the European Union to reduce or stop the financing from the Union budget of programmes in a Member State, if that Member State has taken measures which do not comply with the rule of law.

The EDP criticises the attitude of the governments of Poland and Hungary who, in the name of an archaic conception of national sovereignty and an illiberal frenzy, have just vetoed this measure, which calls into question the whole agreement.

The EDP calls on the Governments and Parliaments of the other Member States not to give in to blackmail and to confirm that respect for the rule of law is an imperative that is not subject to exception.

The EDP recalls on this occasion that it was one of the first European parties to propose the implementation of a conditionality mechanism [linking the payment of European subsidies to respect for the rule of law].

The EDP manifesto¹, adopted in 2019, makes explicit provision for this:

“Given the risks of populist, or even authoritarian abuses with which Europe is confronted, our proposal is to set up a system in which failure to respect fundamental values (article 7 of the Treaty of Lisbon) would lead to:

- **The freezing of all European financial aid;**
- **The suspension of all voting rights on decisions taken unanimously.”**

The manifesto further provides that, in order to prevent citizens, organisations and businesses from becoming victims of the implementation of this measure:

“Eligible persons and organisations from the Member State may apply for European funding directly from the European Commission.”

¹ Available here <https://2019.democrats.eu/en/theme/democracy-the-required-institutional-reforms.html>