



**Brussels**  
**8th of June 2018**

**NOTE**

From:	The Presidency of the European Council
To:	The Delegations of the Member States, the European Commission and the Republic of Turkey
Subject:	The post-2020 EU Budget Negotiations and Democratic Norm Violations 7-8 June 2018 Conclusions

Attached delegations will find the conclusions adopted by the European Council at the above-mentioned meeting.

## **I. The Multiannual Financial Framework 2021-2027**

### **A. The size of the budget and current resources**

The delegations discussed the upcoming Multiannual Financial Framework 2021-2027, including how money should be collected and allocated.

The delegations agreed that expenditure should be increased in the areas of security and defence, research and innovation and education (including the Erasmus programme).

### **B. How to fill the Brexit gap**

The United Kingdom's decision to withdraw from the European Union will leave a gap in the EU budget of around €15 billion. The delegations discussed how this budget gap could be filled.

The delegations agreed to further investigate the possibility to introduce a revenue tax on digital firms acting within the Member States. This could be a possible means to increase budget revenues.

Lengthy discussions were held regarding the level of expenditure in other areas, including migration and border control, the common agricultural policy and cohesion policy. Finally, consensus was reached on the following proposal:

1. An increase in the annual GNI-contribution rate from 1.01 to 1.15%
  - a. An extra €0.8bn will be allocated to border control per year
  - b. An extra €1.2bn will be allocated to cohesion policy per year
2. Cuts in the overall spending on CAP (8%)
3. Implementation of a digital tax (worth ca. €5bn annually)

Points 1 and 2 cover the Brexit gap.

## **II. Democratic Norm Violations**

### **A. Democratic norm violations in the Member States and candidate countries**

The delegations discussed the situation of alleged norm violations in Hungary, Poland and Turkey. The topics discussed included respect for the rule of law, human rights and EU fundamental values.

All delegations expressed a willingness to reaffirm their commitment to comply with the European Treaties.

The European Council and the Republic of Turkey discussed their relationship and agreed on the attendance of a joined conference on human rights.

The European Council decided to invite the Commission to make a proposal for a regulation extending the mandate of the Fundamental Rights Agency to include the ability to conduct country-specific monitoring. This regulation should also seek to remove the Commission's representatives on the Board of the FRA. Furthermore, the reports of the FRA should be required to be presented before national parliaments.

### **B. Link between norm violations and the budget: budgetary sanctions and alternative methods**

The delegations did not reach consensus on the issue of having a legally binding link between norm violations and the budget. Therefore, no such link will be established.

The delegations discussed the possibility to allocate additional funds to Member States performing well in assessments of the compliance with the rule of law. This could serve as an incentive for Member States to comply with the rule of law, instead of issuing sanctions. The delegations did not reach consensus on this proposal.

The Commission proposed that in order to make the principle of the rule of law more precise and decide whether a Member State complies especially well to this principle the Commission could identify indicators based on the latest interpretation of the Copenhagen criteria. The delegations did not reach consensus on this proposal.

The European Council welcomed the proposal of the Italian Republic, the Kingdom of Sweden, the Federal Republic of Germany and the French Republic to move forward by method of enhanced cooperation under Article 20 TEU with a mechanism for linking norm violations with budget disbursements.

The European Council also reaffirmed its commitment to the vital importance of European borders and firm border patrol in order to ensure the future security within the Union.

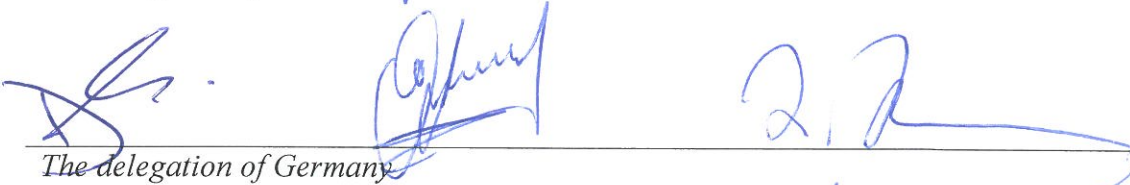
**Signatures**



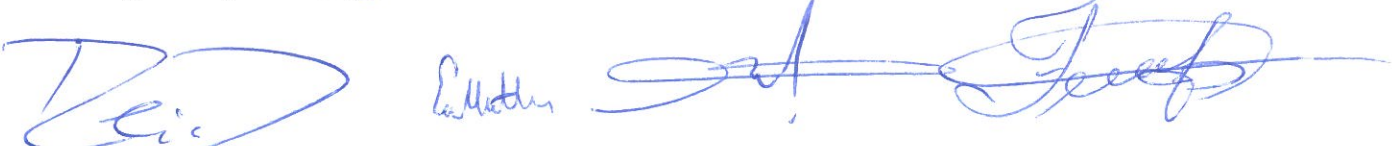
*The delegation of the European Commission*



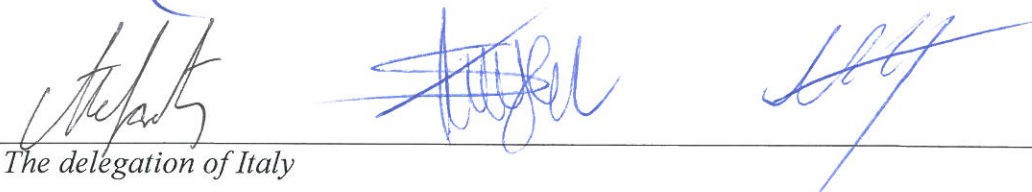
*The delegation of France*



*The delegation of Germany*



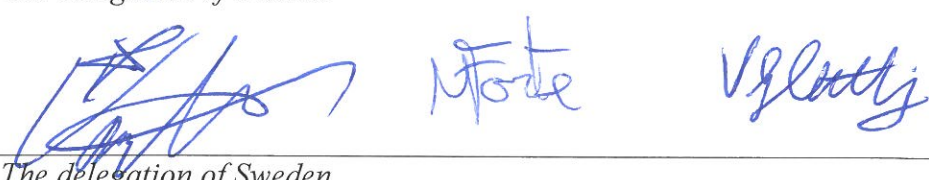
*The delegation of Hungary*



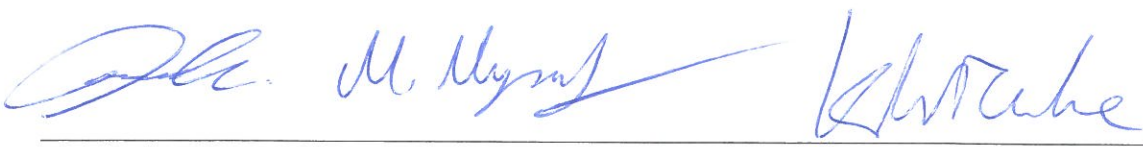
*The delegation of Italy*



*The delegation of Poland*



*The delegation of Sweden*



*The delegation of Turkey*



*The delegation of the Presidency of the European Council*