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NOTE

From: Presidency
To: Council

Subject: Multiannual Financial Framework (MFF) 2021-2027
- Progress report

I. STATE OF PLAY IN THE COUNCIL

1. In May 2018, the Commission adopted a package of horizontal proposals on the Multiannual Financial Framework (MFF) for the years 2021 to 2027 which consisted of a Council Regulation, an Interinstitutional Agreement on budgetary discipline, a Council Decision, two Council Regulations, a Council amending Regulation on Own Resources of the EU, a Regulation of the European Parliament and the Council on the protection of the Union's budget.
2. Between May and June 2018, the Commission adopted 44 sectoral proposals complementing this package.
3. During the Bulgarian and Austrian Presidencies, delegations started the examination of the proposals, and prepared 18 partial general approaches or partial mandates. An agreement was also reached on the Council Regulation on State Aids.

4. During the first General Affairs Council under its Presidency on 8 January 2019, the Romanian Presidency expressed its intention to make as much progress as possible on sectoral files.
5. Since January, two more partial mandates and a partial general approach were granted, respectively, for the *European Regional Development Fund (ERDF)*, the *InvestEU* programme and the *European Globalisation Adjustment Fund (EGF)*.

II. RELATIONS WITH THE EUROPEAN PARLIAMENT

6. The European Parliament has already adopted first reading positions on three sectoral proposals without entering in negotiations with the Council: *Single Market Programme*, *EU Anti-Fraud Programme* and *European Globalisation Adjustment Fund*.
7. The Romanian Presidency has also started negotiations with the European Parliament on 13 MFF-related sectoral files, on the basis of the relevant partial general approaches or partial mandates.
8. On 27 February 2019, COREPER endorsed the proposed Presidency approach to consolidate the progress made with the European Parliament¹, and in particular the possibility to send a letter to the European Parliament to recognise the progress.
9. Without prejudice to the final outcome of the horizontal negotiations on the MFF, the European Parliament and the Council now share a common understanding on six sectoral files, namely *Digital Europe*, *European Defence Fund*, *Space Programme*, *Rights and Values Programme*, *Justice Programme*, and the *Connecting Europe Facility*.
10. The Presidency is firmly committed to continue the negotiations and find further common understandings with the European Parliament in the coming weeks.

¹ doc. ST 6428/1/19 REV1

11. COREPER is invited to recommend to the Council to:

- take note of progress achieved; and
 - endorse the letter in Annex I, to be sent with this report together with Annex II (list of files concerned) by the Presidency on behalf of the Council to the European Parliament.
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Draft letter from the Presidency to the European Parliament

[Address]

Like the European Parliament, the Council has spared no effort to advance work as much as possible on the MFF-related proposals for sectoral programmes which were presented by the Commission in the late Spring 2018.

As a result, for a significant number of proposals the co-legislators were able to start negotiations before the European elections. On many proposals, detailed technical work and ambitious political exchanges allowed for a common understanding to be found between the negotiators, while elements in brackets were left outside the scope of negotiations. The common understandings have been confirmed by the Council.

The progress report in Annex is a testimony to the efforts on both sides to work constructively, with the interests of the European citizens at heart.

We are convinced that a degree of certainty on the next generation of programmes will help stakeholders to start preparations so as to allow for a timely impact of the Union's investment tools already from the beginning of the new MFF. A slow start up of these programmes would have a negative effect on jobs and growth across the Union.

In this context, the Council expects the negotiations with the next European Parliament to start as soon as possible with a view to being finalised on the basis of the progress already made as reflected in the common understandings, without prejudice to and pending on the final outcome of the negotiations on the full texts for the MFF 2021-2027.

[Salutations and signature]

Annex:

- Progress report (doc. ST 6443/1/19 REV1) and its annex (list of achieved and expected common understandings, reference to ongoing negotiations) illustrating the state of play on MFF-related sectoral files.

COMMON UNDERSTANDINGS

1	Digital Europe Programme	ST 7058/19
2	Space Programme	ST 7481/19
3	European Defence Fund	ST 6733/1/19 REV1
4	Justice Programme	ST 7248/1/19 REV1
5	Rights and Values Programme	ST 7249/1/19 REV1
6	Connecting Europe Facility	ST 7207/1/19 REV1
7	LIFE ²	ST 7479/19

COMMON UNDERSTANDINGS EXPECTED BETWEEN 11 AND 21 MARCH 2019

8	Customs Programme
9	Customs Control Equipment
10	Fiscalis

OTHER ONGOING NEGOTIATIONS ON MFF SECTORAL FILES

11	Horizon Europe (Regulation)
12	InvestEU
13	Common Provisions Regulation (some elements)

² Not yet confirmed by COREPER