




Flanders
State of the Art



The Government of Flanders's key priorities regarding the Multiannual Financial Framework (MFF) post-2027

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1 CONTEXT

Since 1988, the European Union has operated on the basis of a Multiannual Financial Framework (MFF). The MFF 2021-2027 represents a budget of €1,074.3 billion (in 2018 prices), divided into seven expenditure categories (headings). Of this, more than two-thirds is spent on cohesion (35%) and agriculture (33%); the rest goes to the internal market (12%), external policy (9%), administration (7%), migration (2%) and defence (1%). The EU's expenditure is financed through its own resources, for which it relies on contributions mainly from member states. To mitigate the health crisis' economic impact, a temporary and exceptional recovery instrument was created on top of the normal budget: NextGenerationEU (NGEU). €750 billion was raised through debt instruments and distributed to member states in the form of both grants (€390bn) and loans (€360bn). Loan repayments are scheduled between 2028 and 2058 and are estimated at around €25-30 billion a year (about 20% of the current annual EU budget). A review of the MFF was carried out in June 2023, which, through a combination of new and existing resources, freed up €64.6 billion to contribute mainly to support for Ukraine, migration policy and the external dimension, as well as to the Strategic Technologies for Europe Platform (STEP).

The current EU Multiannual Financial Framework was adopted for a seven-year term from 2021 to 2027. For the period starting 1 January 2028, the EU needs to establish a new long-term financial framework to prepare and implement medium-term investments. In summer 2025, the European Commission will publish a proposal for a new MFF.

Ahead of this proposal's publication, Commission President Ursula von der Leyen outlined in her Political Guidelines (July 2024) a number of key elements that will guide the architecture and objectives of the new MFF. In addition, all Commissioners-designates received a mission letter (September 2024) from the President setting out their tasks and portfolios, and the challenges and priorities were outlined by the Commission in its February 2025 communication (roadmap) (COM (2025) 46 final).

The main lines of this position statement focus on the key elements of those documents.

2 FLANDERS'S EIGHT KEY PRIORITIES FOR THE FUTURE MFF

2.1 INCREASED FOCUS ON COMPETITIVENESS AND SECURITY

New priorities in a changing international context: The Government of Flanders wants the future MFF to allow the EU, in partnership with member states, to play a decisive role towards its citizens, businesses and member states, as well as in the world. The Letta and Draghi reports outline the challenges and needs to maintain and strengthen European prosperity. Against a backdrop of increased geopolitical tension and multidimensional challenges to European security and defence, this presents the EU with an unprecedented task to provide answers. Therefore, the Government of Flanders considers that the new MFF should focus on those challenges regarding competitiveness and security. Decarbonisation, digitalisation, innovation and open strategic autonomy are essential elements in strengthening competitiveness. The new MFF should help address these challenges, in order to help our citizens, farmers, businesses, and research and innovation actors face international competition and the green transition.

2.2 JOINING FORCES FOR HEALTHY PUBLIC FINANCES

The Government of Flanders believes that the EU should in principle work within its current resources. Joining forces for achieving healthy finances is essential if we want to finance priority policies.

- Investment needs in the EU are high. Mobilising private financing is crucial to meeting those needs. The EU budget must also play a leveraging role in this respect. This requires deepening and complementing the Capital Markets Union and the Banking Union.
- The Government of Flanders considers a balanced budget to be essential. A healthy budget is imperative to tackling challenges in times of crises. We impose this on ourselves, the EU demands this of member states under economic governance rules, but we also expect this of the EU and its institutions. The current crisis requires urgent action. The Government of Flanders expects the European Commission, before tabling any new proposals, to conduct a thorough and data-driven assessment of: (1) the remaining budgetary margins within the existing MFF and NGEU; (2) the scope for further efficiency gains; and (3) the extent to which the EU institutions themselves will align their expenditures with available resources.
- At the same time, every EU budget expenditure must demonstrate clear added value and be aligned with the implementation of the EU Treaties, with a particular focus on those areas where EU involvement delivers the greatest added value, in full respect of the principle of subsidiarity. Efficiency and a results-oriented approach must be central, with strong emphasis on avoiding waste and overregulation. In line with the subsidiarity and proportionality principles, the EU should make more effective use of its own budget and set clear priorities in its actions.
- Funding must also be sought through a debate on core missions linked to EU spending. The Government of Flanders believes that the next MFF should reflect a shift in budgetary priorities in line with key priority no. 5.
- Not every societal challenge can be considered a crisis. Flanders considers that NGEU was created as an exceptional crisis mechanism and should therefore not evolve into a permanent system of European debt accumulation. For Flanders, it is also essential that the NGEU implementation be carried out efficiently and effectively, and that the remaining budgetary capacity be channelled as much as possible towards new priorities — even within the current period.
- Safeguarding a level playing field within the EU remains a key concern for Flanders, given the significant disparities between member state allocations — both under NGEU and other programmes. The Government of Flanders therefore expects the Commission to take measures to ensure this.

2.3 A MORE TARGETED EU BUDGET FOR GREATER IMPACT

- Towards a more policy-driven budget: In pursuit of efficiency, effectiveness, administrative simplification and the promotion of synergies and coherence, Flanders does not rule out grouping certain programmes and funds — provided that specific conditions are met. Others, however, may better be kept separate. The Government of Flanders will assess the Commission's proposals in this regard based on their impact on, among other things, policy objectives, governance, the institutional balance, the role of member states and federated entities in programming and reporting, stakeholders and allocation criteria (such as excellence). We therefore call on the European Commission to ensure full transparency regarding the advantages and disadvantages of any new approach before making concrete proposals.

- Caution regarding increased flexibility: The Government of Flanders calls on the European Commission to include a degree of flexibility in its proposals to allow for timely responses to crises, without undermining the predictability required for investment and spending. Any such flexibility should be linked to preconditions in terms of institutional balance, the involvement of member states and federated entities, and the maintenance of a level playing field within the EU.
- A simplified governance of the EU budget for greater impact:
 - Flanders advocates administrative simplification to improve both the functioning and accessibility at all levels — European, national and federated entity, regional and local — for both beneficiaries and managing authorities;
 - The current EU funding system is overly complex and bureaucratic, discouraging many public or private actors from engaging. Rules should be clear, accessible and user-friendly. Flanders supports any initiative aimed at simplifying procedures, reducing administrative burdens, and avoiding unnecessary regulatory pressure, while preserving the necessary flexibility;
 - Flanders is open to exploring the creation of a one-stop shop at European level, providing a clear overview of available funding opportunities, provided it takes account of the specific needs of different sectors and fosters synergies across funds. Expanding, improving and streamlining the ‘EC Funding and Tenders Portal’ could provide a quick win in this respect.

2.4 FLANDERS DISAGREES WITH THE ONE-PLAN-PER-MEMBER-STATE APPROACH TO NATIONAL ENVELOPES

- Flanders is, in principle, a supporter of a more performance-based budget and spending approach, including the measurement of objective attainment and the linking of reforms to investments. However, it sees too many objections to support the implementation of this approach via national allocations tied to a single plan per member state.
- We therefore call on the Commission to develop an alternative approach that respects principles such as subsidiarity, indirect management, shared management, regional specificity and multi-level governance. Flanders will closely monitor that EU legislation governing funds and programmes under the next multiannual funding period remains compatible with Belgium’s constitutional, institutional and financial framework, so that the federated entities can continue to exercise their autonomous role in the implementation of EU funds and programmes (preparation, design, execution, management, reporting and audit).
 - For ERDF, ESF+, AMIF, and the agriculture and fisheries policy, Flanders must retain the ability to operate separate, regional and policy-specific programmes. This should be explicitly anchored in EU legislation or confirmed through a formal Commission statement;
 - In this pillar of the MFF as well, funds under direct management should be governed by the excellence principle instead of geographical balances;
 - The focus on cross-border cooperation in funds and programmes (such as Erasmus+, ESC and Creative Europe) and on inter-regional cooperation (through Interreg), should be preserved.

- Flanders recognises the importance of linking investments to reforms, but such linkage must not erode Flemish or national policy autonomy. To that end, the following preconditions must be met:
 - Effective consultation between the Commission and Flanders;
 - Reforms and investments must take place at the appropriate institutional and policy level, so that funds allocated to Flanders are linked to Flemish reforms — not to those of other federated entities or the federal government;
 - Coherence should be sought between the future MFF and international and EU targets on decarbonisation;
 - Consideration must be given to Flanders’s unique characteristics, such as its high population density and industrialisation level;
 - Reforms and investment must be proportionate;
 - The principles of subsidiarity and member state sovereignty must be respected;
 - Programmatic flexibility in implementation;
 - Milestones and targets must be formulated in a clear and well-considered manner;
 - The implementation of EU-financed reforms and investments must not result in excessive administrative burdens for public authorities, businesses or civil society actors. The approach taken under the Recovery and Resilience Facility must not be followed in this respect.
- Flanders continues to insist on the importance of upholding and supporting European values. Rule-of-law conditionality remains a key principle for the Government of Flanders when it comes to EU funds disbursement. Programmes that promote European democratic values — through support for education (including exchanges), culture and media, and youth — have a rightful place in the future MFF.

2.5 A BUDGET SHIFT TOWARDS INNOVATION AND CROSS-BORDER INFRASTRUCTURE

- In line with the priorities outlined above, Flanders calls for a budget shift towards innovation programmes that are of importance to Flanders and are based on excellence criteria, as well as for increased funding for cross-border, strategic infrastructure projects — including energy infrastructure. The current MFF budget allocation is inadequate to achieve sufficient impact on the new priorities. For Flanders, the following points are essential in this context:
 - High energy prices are putting our industry, especially the energy-intensive industry, under pressure and are creating a competitive disadvantage. To accelerate the industry’s green transition, in line with climate and energy targets, adequate support for industry is essential. It is necessary to ensure sufficient coherence between the future MFF and international and EU targets for the green transition. A significant portion of resources should be foreseen for this purpose, using the current percentage as a guideline;

- There must be increased funding for the construction and maintenance of cross-border and strategic energy and transport infrastructure, and for safeguarding the TEN-T network against external risks such as climate change and geopolitical tensions. This will require a scaled-up Connecting Europe Facility (CEF) budget;
- EU funding for research, development and innovation within the next MFF should be sufficient, with a clear focus on scaling up innovation and using excellence-based criteria.
- Flanders advocates for a thorough reform of cohesion policy funds to ensure they support policy priorities on a more forward-looking basis. However, this should not come at the expense of the European social pillar. Flanders's share from the structural funds remains unchanged, given that it only receives a limited share and spends it particularly efficiently.
- Flanders opposes a centralisation of cohesion policy at member state level. Basic principles such as shared management, multi-level governance, a place-based approach, a central role for the regions and the partnership principle should be upheld. Administrative simplification and efficiency, a substantive focus on a limited number of strategic objectives, and transparent, results-based commitments are essential.

2.6 AN AGRICULTURAL POLICY THAT HELPS FARMERS FACE INTERNATIONAL COMPETITION

- The Government of Flanders advocates for a simplified and forward-looking Common Agricultural Policy (CAP). Sufficient budget for the CAP is crucial in properly compensating our farmers and horticulturists and to achieve a sustainable agricultural model. CAP resources for Flanders should not be reduced. The CAP distribution key must mean an improvement for our farmers.
- Food security is of strategic importance to Flanders and Europe. Flanders boasts an innovative agricultural sector that plays a crucial role in this regard. At the same time, the agriculture and horticulture sector faces many challenges, including regulatory pressure, climate, environment, income and rejuvenation. To this end, it is important for the European Union to continue investing in agriculture, horticulture and food production to help ensure that farmers can compete internationally.
- Flanders opts for sustainable and profitable food production within the regulatory framework, with respect for the ecological limits and spatial impacts on Flanders. In this, livestock density, individual farmers' income and generational transition are key considerations.

2.7 A EUROPEAN COMPETITIVENESS FUND IN SUPPORT OF EXCELLENCE

The Government of Flanders is, in principle, supportive of the creation of a European Competitiveness Fund (ECF), as it signals a clear commitment to enhancing Europe's competitiveness. This fund should comply with the following principles:

- Focus on strategic priorities that support the achievement of decarbonisation, digitalisation, innovation and open strategic autonomy. These priorities should be developed through an interdisciplinary co-creation process that strengthens European competitiveness, while allowing member states to tailor implementation to their specific strengths and areas of expertise, and involving industry, research and innovation stakeholders.
- Focus on market failures and projects with high European added value (respecting the subsidiarity principle) and with attention to cross-border projects. In cases of market failure where no adequate alternatives exist, targeted government subsidies or other incentives can be deployed. This can be done e.g. through instruments such as Important Projects of Common European Interest (IPCEI), whose administrative burden and access should be simplified for SMEs.
- The Government of Flanders believes that state aid is not the most appropriate instrument and should not be the primary means. Market failure is a requirement in those cases, and the aid must always be proportional and proportionate, necessary and empirically substantiated. The level playing field within the EU should not be undermined; relaxations should be scaled back.
- European funding from the ECF should always be awarded based on project merits.
- Strict adherence to technology neutrality and cost-efficiency.
- We want to leverage EU funding instruments to accelerate the uptake of climate technologies. Projects that receive funding in support of accelerating decarbonisation should be assessed for cost-efficiency, scalability, maturity and greenhouse gas emission reduction. We (pro)actively weigh in on new European initiatives and monitor the balance between ecology and economy in existing legislation.
- Creating synergies between the various EU instruments.
- Maximum use of European funds for leveraging private financing.
- The ECF should prioritise valorisation and bridging the gap between research, innovation and business, as well as narrowing the innovation gap between the EU and the US.
- Governance should preserve the Council's role vis-à-vis the European Commission.

2.8 EUROPEAN EXTERNAL ACTION FOCUSED ON STRENGTHENED INTERNATIONAL PARTNERSHIPS AND WIN-WIN

In a volatile geopolitical context, international partnerships are essential. The EU external action budget can serve as a leverage mechanism for this purpose. Member states' involvement in determining the deployment of these tools should be increased. Here too, the EU budget can and must act as a catalyst for private investment. In doing so, it is important to promote European values, expertise, technology, products and services.

3 NEXT STEPS

Once the proposal for the new MFF is published, the process for further establishing Flanders's position will align with activities based on the European negotiating texts or 'negobox'. This implies that:

1. These key priorities form the basis and framework for Flanders's positions regarding the future MFF as a whole and its underlying components, at least until a new Flemish position is established following the publication of the Commission proposal;
2. The minister-president will convey these key priorities to the European Commission and other EU member states and regions where relevant;
3. Flanders's initial key priorities, as formulated in this communication, will be reviewed upon publication of the Commission proposal for the new MFF, in order to respond adequately to it;
4. Flanders's positions will subsequently be continuously refined and supplemented based on the content and evolution of the 'negobox' (draft conclusions of the European Council) within the Council.

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