



The EU budget after Brexit: Reform not revolution

by Noah Gordon
23 April 2018

Brexit has left the European Union with a pressing financial problem: how to cover the UK's net €10 billion annual contribution to the bloc's budget after it has left. The EU's best bet is to spread the pain fairly with a balanced combination of spending cuts and increased contributions. That's the main recommendation from a new paper from the Centre for European Reform, which also calls for more spending on border security, student exchanges and research and less on structural funds and agriculture supports.

The EU will soon start negotiating its next Multiannual Financial Framework, running from 2020-26. As usual EU officials want more cash for their projects while many member-states are keen to spend less. But this time the Brexit shortfall has added a new complication to the debate. The 'frugal four' of Austria, Sweden, Denmark and the Netherlands do not want to increase their contributions. Germany and France are open to higher contributions, but with new conditions. While the Visegrad four and others don't want Brexit to reduce the EU funds they receive. For political reasons, member-states are unlikely to agree new EU-level taxes, so they will have to hand over more money to Brussels or be content with a Union that does less.

In a new policy brief '[The EU budget after Brexit: Reform not revolution](#)' the CER recommends the EU find a fair balance between a reduction in its overall budget and an increase in contributions. The bloc should put a greater emphasis on spending on border security, and education and research, and also introduce more flexibility to allow spending to change with circumstances. The savings should include scrapping budget rebates, further reducing agricultural subsidies, and stopping the European Parliament shuttling between Brussels and Strasbourg.

"The EU faces its trickiest budget process in years as result of Brexit. The loss of the UK's hefty annual EU payments means the tug of war between net contributors and recipients will be even fiercer than usual. The best way for the EU to mind the Brexit gap is to balance cuts in big programs, like agriculture subsidies, with higher contributions towards areas like research and border security," said Noah Gordon, Clara Marina O'Donnell fellow (2017-18) at the CER and author of the policy brief.

Note for editors:

For further information on the policy brief and to request an interview with Noah Gordon please contact Nick Winning in the CER press office on pressoffice@cer.eu or + 44 (0) 20 7233 1199. Follow us on: [@CER_EU](#) and the author on [@noahjgordon](#).