

European Commission - Speech



Speech by President von der Leyen at the Annual EU Budget Conference 2025

Brussels, 20 May 2025

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"Check against delivery"

Minister Cuerpo,

Commissioner Serafin,

Ladies and Gentlemen,

It is a pleasure to be here with you today, in the company of so many distinguished thinkers and experts. Jacques Delors famously said that no one falls in love with a Single Market. And at the start of my first mandate, I thought that must also be true of our budget. But in these years, I have learnt that our budget is much more than a set of funds and rules. Because I have seen it transform lives and livelihoods. It brought flooded farmlands back to life. It helped save 40 million jobs at the height of the pandemic. And it enabled a small start-up to develop the revolutionary vaccine that saved millions of people from COVID. This is the life-changing power of our budget. It is the engine that turns our priorities into action, and it is the backbone of our Union.

In the last five years, we have constantly tested the limits of what our budget could achieve. I remember the long meetings with our services every time an emergency hit. And every time, we managed to find creative ways to mobilise our financial firepower for the people and businesses of Europe. During the sharp economic downturn with shutdowns, we raised money for our Member States with NextGenerationEU. We turned a safety buffer in the budget – the headroom – into a powerful emergency tool to finance our recovery and our energy security. We used all the built-in flexibilities to respond to emergencies – from floods in Italy and the earthquake in Croatia, to Putin's full-scale invasion and the energy blackmail. Over the last five years, time and again, our budget has punched above its weight. But we must also admit that we have reached the limits of what is possible. Our current budget was designed for a world which no longer exists. The world of 2020. Today, geopolitical tensions rise. Trade rules are being re-written. Extreme weather events are more and more frequent due to climate change. And the change in technologies is faster than ever. The 'new normal' is anything but normal.

I would like to set out some of the lessons we have learnt from the current budget, and the principles that should drive our new budget. First, flexibility. Let me start with the need for a more flexible, agile and responsive MFF. Today, 90% of the Budget is pre-allocated from the start. In other words, today we are working with a budget designed in the years 2019 and 2020. A different world. Under this budget, we have worked with flexibilities worth less than 4% of the MFF. This is far too small and too fragmented. Because we simply do not know what we will be facing next. Think about new technologies like AI. When the current budget was negotiated, we thought AI would only approach human reasoning around 2050. Now we expect this to happen already next year. It is simply impossible to determine today where innovation will lead us by the end of the next budgetary cycle. Our budget of tomorrow will need to respond fast. Think about natural disasters like storms, flooding and heatwaves. No one can predict where or when the next one will hit. The only thing we know is that they will be more frequent due to climate change. It is our responsibility to prepare better and help those who are affected by them. In one word, the next Budget must be less rigid. It must balance long-term investments, with the capacity to adapt to new realities in a smooth way. And it

must also be able to act like an emergency strike force. So, the next Budget must deliver where it matters: fast, efficiently, and with impact.

Second, we need greater coherence in funding our priorities. Today, we dilute our spending power across too many instruments. And we do not coordinate enough between the European, the national and regional level, the private sector and the other institutions. We need much greater focus on what matters most. This is a key recommendation of the Draghi report. And it is also a key lesson we learnt during the last mandate. Our Union is most effective when we all push in the same direction. With a strong steer at European level, simplified access to European funds and coordinated action on the ground. This is the unique added value of a continental budget.

We have also learnt that local authorities must be deeply involved in designing reforms and investments. Because every territory has its own specific needs. Some need to invest more in education and skills, others in energy grids. Some need to do more to manage their water. Others need to manage their external borders. Every territory has a unique set of circumstances and knows best how to address them. So, we need to listen to our regions – instead of having a single recipe for all. For this reason, the new budget will be built on a new structure. It will be centred on 'national and regional partnerships for investments and reforms'. These partnerships will be shaped by European priorities. And let me be clear. In our next Budget, there will be a central place for Cohesion Policy and the Common Agricultural Policy. Modernised and better adapted to todays' challenges. Our regions and our farmers will always be at the heart of our Union.

This new approach will also help deliver a more effective and efficient budget. Today it takes years for our investments to reach the ground. This means we are not funding the priorities of today, but those of several years ago. The new budget will be faster, focusing not just on how much is spent but what is delivered for our citizens and businesses. We will draw on our recent experience with milestones and targets. Each tranche of funding will be disbursed when agreed objectives have been achieved. Because this is the strongest incentive to get things done.

In everything we do, we will keep to a very clear principle. Respecting the rule of law is a must for European funds. This is non-negotiable. And it is the core of our European way of life.

This leads me to my third point. The new Budget must be simple. Simple to understand, and simple to use for people, businesses and public authorities alike. Today, many of our companies simply do not bother to apply for European funds. Because it is too complex, too slow and too costly. They complain about the bewildering number of programmes. They struggle with too much bureaucracy, too little support, too many interlocutors. I know of IT start-ups which decided not to apply for our financing, because 20% of the final grant would have been spent on the application process. This cannot be.

We urgently need standardised products and a single gateway. This is why the next Budget will have one single European Competitiveness Fund, with simpler rules and transparent procedures. It will pull together investment power at EU level in strategic sectors, from artificial intelligence to space, from clean and biotechnologies to defence and space, to the benefit of the entire Single Market. Operating under one rulebook. Offering a single gateway to project promoters, from small, medium or bigger companies to researchers and universities. Offering the whole box of financial tools, to catalyse private and public investment. In a nutshell, the Competitiveness Fund will offer support for the investment journey of a project. From an idea to the market. From research to start-up, scale up and global manufacturing. But let me be clear: Our framework programme Horizon Europe will stay as a self-standing programme. It is an outstanding brand – the most renowned research programme worldwide. But it will be tightly connected to our Competitiveness Fund. We need a seamless flow from fundamental research to applied research to start-ups to scale-up.

Finally, we need new sources of financing. We must finance new priorities, and we must start repaying the loans raised for NextGenerationEU. It is clear that national budgets alone cannot bear the brunt of it. So we need new own resources. We already have a package of proposals on the table today. We are also working on additional proposals. It will be a difficult discussion as there is no silver bullet. But the budget equation is daunting. It is high time we find a solution.

Ladies and Gentlemen,

Throughout our history, our budget has been a true force for good. It has helped unleash an economic miracle in our youngest Member States. It has created a new generation of Europeans through the

Erasmus project. Horizon Europe has financed groundbreaking research that has won 33 Nobel Prizes over the last 40 years. We want this success story to continue. And for this, our budget must keep pace with a changing world. This is the mission ahead of us.

Thank you all for being here. And long live Europe.

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