

CONCLUSIONS ON THE MULTIANNUAL FINANCIAL FRAMEWORK

The European Affairs Committee,

Having regard to Article 88-4 of the Constitution,

Having regard to Articles 311 and 312 of the Treaty on the Functioning of the European Union,

Having regard to the Proposal for a Council Regulation laying down the multiannual financial framework for the years 2021–2027 as presented to the European Commission on 2 May 2018 [COM(2018) 322 final],

Having regard to the draft Interinstitutional Agreement between the European Parliament, the Council and the Commission on budgetary discipline, cooperation in budgetary matters and on sound financial management presented by the European Commission on 2 May 2018 [COM(2018) 323 final],

Having regard to the Proposal for a Regulation of the European Parliament and of the Council on the Protection of the Union's budget in case of generalised deficiencies as regards the rule of law in the Member States, presented by the Commission on 2 May 2018 [COM(2018) 324 final],

Having regard to the Proposal for a Council Regulation on the methods and procedure for making available the Own Resources based on the Common Consolidated Corporate Tax Base, on the European Union Emissions Trading Systems and on Plastic packaging waste that is not recycled, and on the measures to meet cash requirements presented by the Commission on 2 May 2018 [COM(2018) 326 final],

Having regard to the Proposal for a Council Regulation laying down implementing measures for the system of Own Resources of the European Union presented by the Commission on 2 May 2018 [COM(2018) 327 final],

Having regard to the European Parliament Resolution on the Multiannual Financial Framework and on the system of Own Resources of 14 March 2018,

Considering that the European Union must provide itself with the necessary means to achieve its objectives and carry through its policies;

Considering that the Union's budgetary support must focus on the areas where community action brings true added value;

Considering that the negotiations on the Multiannual Financial Framework must go beyond national 'fair return' accounting considerations and assert the European dimension – one of ambition and solidarity with the Union's budget;

Considering that the maintenance of the unanimity rule in the Council to adopt the Multiannual Financial Framework fosters the fair return logic and makes it more difficult to implement any conditionality;

Considering that the withdrawal of the United Kingdom from the Union, although regrettable, represents a historic opportunity to reconsider how the Union's budgetary resources are used to benefit new common objectives and to reaffirm the European project by founding it on new priorities;

On the architecture of the Multiannual Financial Framework:

1. Welcomes the European Commission's proposal and wishes that the final agreement allow for the funding of all the programs and actions considered for the period 2021–2027 to match the ambitions expressed;
2. Welcomes the Commission's effort to ensure the Multiannual Financial Framework is presented in a simplified and more user-friendly way, as this will make it possible to better monitor its implementation and facilitate the work of the managing authorities and beneficiaries of European funds in the future;
3. Supports greater flexibility within and between programs, which would help deal with events that the long-term dimension of multiannual financial frameworks does not always allow to anticipate during the initial negotiations;

On the timeline of the Multiannual Financial Framework:

4. Promotes the transition to a multiannual financial framework of five-plus-five-year period, which would enable a better correlation between the negotiations of the financial perspectives and the European electoral timetable, while guaranteeing long-term stability for investments;
5. Supports the mid-term review of the multiannual financial framework as carried out in the previous framework but suggests that this review also be based on the changes in the own resources available in order to strengthen the Union's fiscal autonomy and reduce its reliance on national contributions;

6. Considers that the British rebate is scheduled to disappear once the United Kingdom leaves the Union; calls, therefore, for an end to all the existing correction mechanisms (with a timeline to be defined in the final agreement);

On European Union resources:

7. Stresses the Commission's efforts to propose new own resources but regrets the lack of consensus among the Member States on this point;
8. Invites, accordingly, the Commission to continue discussions, especially with a view to making it possible to adopt new own resources by overcoming current blockages due to the decision-making mechanisms arising from unanimity in the Council;
9. Calls on the inclusion of the 2023/2024 mid-term review as the next step in implementing true own resources which would replace the resources based on countries' gross national income, in order to have access to dynamic sources of revenue likely to ensure the European Union's fiscal autonomy in the long-term. These own resources should be based on a consolidated tax base that would bring together an environmental tax, household taxation, and business taxation in order to provide the Union with lasting resources;

On expenditure in the next Multiannual Financial Framework:

10. Supports the new priorities set forth by the Commission (research and innovation, youth, digital economy, border management, security and defence) which represent security and prosperity challenges for the future Union but calls for the pooling of expenditure at the European level in some strategic areas;
11. Reiterates its attachment to the common agricultural policy, which, already scaled down in the European Commission's proposal, must not become the adjustment variable in the negotiations. It is essential for the funding of the common agricultural policy (CAP) to be maintained for the EU-27 at the level of the 2014-2020 budget in real terms, while also including the initial amount of the agricultural reserve. This policy is of paramount importance to support farmers, contribute to the Union's food safety, to balanced regional development and job creation in rural areas, while guaranteeing that the agricultural policy truly contributes to achieving the environmental objectives; calls for an analysis of the actual and detailed expenditure of the funds distributed every year;
12. Considers that the cohesion policy must concern all the regions of the European Union; as a result, welcomes the maintenance of the transition regions classification and calls for completion of the simplification process for the rules governing different funds, as well as an assessment of the

terms of convergence by means of the cohesion funds arising from previous financial frameworks;

13. Reiterates that the success of the European project rests first and foremost on shared economic prosperity through greater convergence of the Union's members: as such, the multiannual financial framework must assert itself as a key investment tool to support growth and employment, in other words, the intrinsic development of the Union, and in keeping with our environmental objectives;

Accordingly, supports the strengthening of Horizon Europe and the pooling in the *InvestEU* fund alone of all the financial instruments that support strategic investments in the entire Union, to be centrally managed, to give more weight and visibility to the actions undertaken by the Union in the economic area;

14. Calls, as part of the United Kingdom's departure from the European Union, for the creation of a specific fund to support those regions and economic sectors most impacted by the United Kingdom's withdrawal;
15. Welcomes the proposal to reinforce the link between access to the Union's funds and the rule of law by means of a new mechanism designed to guard the budget against financial risks linked to deficiencies as regards the rule of law in the Member States, but insists on the need for a truly operational scheme, and which does not penalize the peoples of the countries concerned;
16. Calls for broadening the conditionality of access to funds to tax and social law considerations, in order to avoid having the European Union fund uncooperative economic policies between Member States;
17. Welcomes the Commission's proposal to raise the climate target from 20% to 25 % but calls for increasing this level of ambition to 40 % by including biodiversity protection and the fight against diffuse pollution; invites the Commission to present a clearer picture of the different amounts committed in the funds and programs allotted to this end in order to set up specific tools to ensure their efficient monitoring;
18. Backs the new Reform Support and Investment stabilization budgetary instruments, which should contribute to maintaining the macroeconomic stability in the Eurozone, but encourages going a step further to foster economic and social convergence by formulating new proposals, especially on a Eurozone budget in line with the monetary union, and on setting up a European Unemployment Stabilization Fund;

On additional improvements to the multiannual financial framework:

19. Calls for a clearer legal definition of ‘European added value’, which remains far too imprecise in the Commission’s proposal while it is established as a cardinal principle to determine the relevance of European expenditure;
20. Advocates for increasing the substitutable national expenditure at the European level in order to deduct certain European investments from state spending and harmonize national and European expenditure. The aim is to clarify the translation into financial terms of the shared competence principle to better reflect the complementarity of the different levels of public expenditure;
21. Calls, in the framework of the interparliamentary conference set up in Article 13 of the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union, for national parliaments and the European Parliament to carry out, by 2020, a joint analysis and review of the expenditure that could be shared at the European level;
22. Proposes to enhance the next multiannual financial framework by attempting to effectively transfer all of the human and financial means so as to serve a targeted national competency at the European level. Border protection could be the subject of such a transfer at the community level by pooling existing resources at the national level and by adding the European funding earmarked in the multiannual financial framework;
23. Calls for the creation of genuine evaluation processes of the allotment and use of European funds, in order to have access to useful data for future negotiations. To this end, wishes that parliamentary work be carried out within a specific committee to conduct a country-by-country assessment of the financial framework and the monitoring of expenditure incurred in that country. This committee would be made up of national and European parliamentarians of the country concerned.