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REPORT

on general guidelines for the preparation of the 2019 budget, Section III –
Commission
(2017/2286(BUD))

Committee on Budgets

Rapporteur: Daniele Viotti

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on general guidelines for the preparation of the 2019 budget, Section III – Commission (2017/2286(BUD))

The European Parliament,

- having regard to Article 314 of the Treaty on the Functioning of the European Union,
 - having regard to Article 106a of the Treaty establishing the European Atomic Energy Community,
 - having regard to Council Regulation (EU, Euratom) No 1311/2013 of 2 December 2013 laying down the multiannual financial framework for the years 2014-2020¹,
 - having regard to the Interinstitutional Agreement of 2 December 2013 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management²,
 - having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002³,
 - having regard to Council Decision 2014/335/EU, Euratom of 26 May 2014 on the system of own resources of the European Union⁴,
 - having regard to the general budget of the European Union for the financial year 2018⁵ and the joint statements agreed between Parliament, the Council and the Commission annexed thereto,
 - having regard to the Council Conclusions of 20 February 2018 on the 2019 budget guidelines (06315/2018),
 - having regard to Rule 86a of its Rules of Procedure,
 - having regard to the report of the Committee on Budgets (A8-0062/2018),
- A. whereas negotiations on the 2019 Union budget, the last under the current parliamentary term, will run in parallel with the negotiations on the next multiannual financial framework (MFF) and the reform of the EU own resources system; whereas 2019 will mark the sixth year of the 2014-2020 MFF;
- B. whereas the two arms of the budgetary authority should endeavour to reach an ambitious and comprehensive agreement on the 2019 budget in the Conciliation Committee, in order to positively influence the parallel negotiations and enable an

¹ OJ L 347, 20.12.2013, p. 884.

² OJ C 373, 20.12.2013, p. 1.

³ OJ L 298, 26.10.2012, p. 1.

⁴ OJ L 168, 7.6.2014, p. 105.

⁵ OJ L 57, 28.2.2018, p. 1.

agreement on the post-2020 MFF and own resources by the end of this parliamentary term;

- C. whereas following the December 2017 agreement to launch the second phase of negotiations, the Brexit process should not have a direct impact on the 2019 budget, as in accordance with the joint report of the EU and the UK¹, the UK will contribute to, and participate in, the implementation of the Union annual budgets for the years 2019 and 2020 as if it had remained in the Union;
- D. whereas growing populist and extremist movements in all Member States have provided and fuelled misleading information about the EU and its budget, highlighting the need for better and more transparent information;
- E. whereas after years of negative perception by citizens of the management of the financial, social and economic crisis, today's improving economic outlook, which is the result of coordinated efforts to put Europe on the path of economic recovery, allows for more generous budgetary planning;
- F. whereas the Council has repeatedly contradicted itself over the last few years, by presenting new political priorities for the EU but showing itself unwilling to provide for fresh appropriations to finance them; whereas new political priorities and upcoming challenges for the EU should be financed by fresh appropriations and not by reducing existing successful programmes;
- G. whereas towards the end of the current financial programming period the implementation of the multiannual programmes will reach cruising speed, and the need for adequate financial resources is therefore increasing;

Responses to challenges for the EU and citizens' expectations

1. Acknowledges the recovery from the consequences of the financial, economic and social crisis, strengthened as a result of EU and Member State efforts to create growth and jobs which must be further consolidated so as to generate a positive influence on the day-to-day lives of EU citizens, many of whom have been hit hard by the crisis for several years; calls for a particular focus on young people and people at risk of poverty or unemployment to ensure that they feel the beneficial effects, thus preventing social and regional inequalities from continuing to grow; stresses, in this context, that a special focus should nevertheless be placed on the different regions' capacity to take advantage of the increasing growth;
2. Emphasises that, according to Eurostat data and contrary to populist narrative, EU citizens are optimistic about the future of the EU; stresses that the Union should fulfil its tasks and responsibilities and do more to improve the lives of its citizens, both now and in the future, but also to protect them against unfair trade and economic practices in the global market, while helping them to reap its benefits; stresses that the challenges of climate change and international security threats must be tackled; believes that in order

¹ Joint report from the negotiators of the European Union and the United Kingdom Government of 8 December 2017 on progress during phase 1 of negotiations under Article 50 TEU on the United Kingdom's orderly withdrawal from the European Union (TF50 (2017) 19 – Commission to EU 27).

to fulfil these expectations and commitments, the EU must, within the remit of its competences, perform better, so as to support the creation of sustainable growth and jobs and narrow the gap in living standards between EU citizens in all its regions, while fully adhering to the EU 2020 strategy, the UN Sustainable Development Goals and the Paris Agreement; stresses the need to prepare the European economy and EU citizens for the opportunities of digitalisation; considers that tackling the root causes of migration and putting an end to various kinds of discrimination, such as discrimination against women and LGBTI people, also represent important challenges for 2019;

Preparing a sustainable future and reinforced solidarities within and outside the Union

Main priorities of the 2019 EU budget

3. Believes that the 2019 EU budget should reinforce all the relevant instruments for tackling youth unemployment, especially in EU regions that are lagging economically, paying particular attention to the improvement of entrepreneurial and professional skills and mobility, recognition of qualifications at all levels of education and vocational training, and support to growth, competitiveness, job creation, investments in infrastructure, innovation, research and SMEs; stresses that youth unemployment, which has a high social impact, is one of the greatest challenges at European level;
4. Believes that the priorities for the 2019 EU budget should be growth, innovation, competitiveness, the fight against climate change, the transition to renewable energy, migration and security;
5. Supports the widening of opportunities for young people to participate in solidarity activities; calls for the swift roll-out and thorough implementation of the European Solidarity Corps following its adoption envisaged for 2018;
6. Welcomes the fact that, at the strong request of Parliament, the result of the conciliation on the 2018 EU budget was to increase the originally proposed specific allocation for the Youth Employment Initiative (YEI) by EUR 116.7 million of fresh appropriations, bringing its total amount to EUR 350 million in 2018, but points to the need to improve the implementation of funding that is lagging behind; opposes the Commission's interpretation, in its technical update of financial programming 2019-2020 following adoption of the 2018 budget, of the financial programming for the year 2018, which views this reinforcement as frontloading of appropriations in years to come, and expects the Commission to fulfil the promises it made to Parliament at the end of the 2017 conciliation period; expects the 2019 draft budget to demonstrate greater ambition to fight youth unemployment, finding the right balance between the real evolution of absorption capacity in that area and political will to demonstrate support for this issue; recalls the Commission commitment to proposing a further increase in YEI funding through an amending budget should the absorption capacity of the YEI in 2018 allow for such an increase; insists that the Member States and the Commission match offers of employment, education or training with participant profiles and labour market demand in order to place participants in sustainable employment;
7. Calls on the Commission to make available, for the 2019 procedure, the financial data on implementation of the YEI broken down by national share, to complement the data reporting expressed in the form of total costs that is already publicly available; urges the

Commission to improve synergies between the YEI, the European Social Fund and the national budgets of the Member States to ensure that the YEI does not become a substitute for national funding for young people not in education, employment or training (NEETs);

8. Stresses that, in the light of the celebration of its 30th anniversary, Erasmus+ remains the leading programme to foster youth mobility, teach key European values and inculcate them in young people, together with the EU's culture programmes, as demonstrated by the volume of applications received which exceed the funding available; believes that the 2019 Erasmus+ budget needs to be increased further (at least doubled) to meet the eligible demand for this programme, notably that linked to lifelong learning;
9. Believes that research, competitiveness and SMEs are key to enabling economic growth and job creation; underlines the importance, therefore, of providing EU companies, especially SMEs, with a favourable environment for innovation, research and investments in order to create an EU economy that is genuinely competitive on a global level; stresses the importance of an increased budget under Heading 1a and the extension of funding for successful programmes, such as Horizon 2020 and programmes that support SMEs, including the EU programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises (COSME), which have far more applicants than recipients of funding; stresses the importance of considering the specific requirements and low administrative resources of SMEs when designing SME programmes; considers this to be necessary in view of the rapidly changing and highly competitive world and the profound changes in all sectors brought on by digitalisation; acknowledges that the European Structural and Investment Funds (ESI Funds) also contribute to all these priorities;
10. Stresses that investments in research and innovation represent a precondition for achieving genuine competitiveness in the EU; regrets that, as a result of an alarmingly low application success rate, fewer high-quality projects in the field of research and innovation are receiving EU funding; stresses, in this context, that an adequate level of appropriations must be ensured for Horizon 2020;
11. Stresses the potential for economic growth stemming from the technological transformation and calls for the EU budget to have an appropriate role in supporting the digitalisation of European industry and the promotion of digital skills and entrepreneurship;
12. Recognises that SMEs remain the backbone of the European economy and will continue to play a decisive role in creating jobs and growth across the EU; calls, in this respect, for COSME appropriations to be increased in 2019, given the success of this programme;
13. Welcomes the extension and enhancement of the European Fund for Strategic Investments (EFSI), whose increased guarantee fund plays a key role in reducing the investment gap in the EU; recalls that the EFSI guarantee fund has been financed partly at the expense of Horizon 2020 and the Connecting Europe Facility (CEF), even though both are long-term, future-oriented programmes; underlines Parliament's long-standing position that any new initiatives must be financed by new appropriations and not by

redeployments, and that the damage done to existing programmes must be corrected through the annual budgetary procedure; reiterates that the cuts in those programmes should be reversed as far as possible;

14. Stresses that the extended EFSI should make significant progress in 2019 towards delivering on better geographical coverage, so that all regions can benefit equally from the leverage provided by the EU budget guarantee; calls on the Member States to implement structural reforms that improve the investment environment and local capacities for successful implementation of EFSI support in all regions;
15. Welcomes the Member States' recent commitment to a renewed EU defence agenda, which seeks to enhance both hard and soft power, and considers it to be in line with the security concerns of citizens, in the light of rising global instability exacerbated by new types of threats; supports the recent Commission initiative to launch the European Defence Industrial Development Programme (EDIDP), as a first stage of the European Defence Fund; requires the EDIDP to be financed exclusively by unallocated margins and/or special instruments and not, therefore, by redeployments from existing programmes;
16. Underlines that tackling internal security must remain one of the Union's main priorities and calls for reinforced funding for this evolving policy; is convinced that the EU needs to invest more in the strengthening and management of its borders, enhancing cooperation between law enforcement agencies and national authorities and fighting terrorism, radicalisation and organised crime, by implementing an adequate and modern digital information system; underlines, in this respect, the role played by the Internal Security Fund (ISF) and the need to adequately fund agencies in the areas of borders, security and justice; recalls that the financial envelope of this instrument was reduced significantly for 2018;
17. Calls for increased funding to combat the phenomenon of radicalisation which breeds violent extremism within the Union; considers that this objective can be achieved by promoting integration and combating discrimination, racism, xenophobia, fundamentalism, hate speech and hate scripts;
18. Welcomes the role played by the Asylum, Migration and Integration Fund (AMIF); calls for adequate budgeting for this fund in 2019 in order to support the dignified reception of asylum seekers in the Member States, fair return strategies, resettlement programmes, legal migration policies and promotion of effective integration of third country nationals, and to tackle irregular migration; reaffirms the importance of possessing targeted financial means to tackle the root causes of the migrant and refugee crisis; stresses, to this end, that the EU budget must fund measures in the countries of origin of migrants and in the host countries of refugees, including, but not limited to, measures to tackle poverty, unemployment, educational and economic challenges, and instability;
19. Calls on the Commission to present a proposal which would provide for the expression of financial solidarity at EU level to victims of acts of terrorism and their families;
20. Recalls the importance of EU agencies in ensuring the implementation of EU legislative priorities and thereby accomplishing EU policy objectives, such as those related to

competitiveness (employment, sustainable growth, the Energy Union), migration (asylum, cross-border management), support for fundamental rights (data protection), and security (cybercrime, drugs, fraud, money laundering, terrorism, judicial cooperation, police cooperation, support for information systems on a large scale); expects the negotiations on the 2019 budget to lead to realistic and adequate operational and administrative funding of the EU agencies and other EU bodies, enabling them to accomplish their duties, including their growing tasks and increased workload; calls for the allocation of adequate resources to ensure the proper implementation and functioning of the European Public Prosecutor's Office; calls, more generally, for a thorough assessment of the strategic interest and tasks of all agencies and the possibility of grouping agencies according to the strategic nature of their mission and results; reiterates that 2018 marks the last year of the implementation of the 5 % reduction in staff numbers and the 'redeployment pool'; expects the Commission and Council to refrain from cutting agencies' resources further in the 2019 budget;

21. Considers that the 2019 budget, at a time when key actors, such as the US, are unwilling to implement their commitments to fight climate change under the Paris Agreement, must place the EU squarely at the forefront of this challenge, one of the greatest of our generation, by providing additional financial support to initiatives such as the LIFE Climate Action programme, ECO-POTENTIAL and Clean Sky; underlines that expenditures in this respect should be considered long-term investments rather than costs and that both the European Court of Auditors and the Economic and Financial Affairs Council have ascertained that the EU is falling short of its climate financing target; calls on the Commission to fulfil the objectives of the Paris Agreement and the EU's own long-term climate goals by meeting the 20 % climate spending target in the current MFF (2014-2020); stresses, in this regard, that the contribution for 2019 should significantly overshoot the overall target in order to offset the lower allocations made during the first years of the MFF, and that the climate change mainstreaming mechanism should be fully optimised;

Reinforced solidarities to address social, territorial and global challenges

22. Believes that the EU budget should contribute to the efforts made by Member States in areas such as unemployment and healthcare, by setting aside adequate funding for programmes that set out to fight inequalities, alleviate the worst forms of poverty, specifically for the most isolated and fragile populations, notably children, and enable citizens to acquire the necessary skills to adapt to digitalisation;
23. Insists on the need to reinforce support to the Union programmes which foster growth and creation of long-term quality jobs, in particular for young people, complementing Member States' efforts to guarantee diversified professional qualifications instead of precocious specialisation, as a means to increase resilience and enable societal adaptation while addressing demographic regression, skilled labour shortages in certain sectors and the sustainability of welfare systems; notes that consideration of specific, tailor-made measures might prove useful in the sectors and/or regions that are most affected or that have become much more vulnerable;
24. Recalls the significant ageing of the population and the increase in those in need of special and dedicated care, in particular the elderly; calls on the Commission to

introduce further support measures to address demographic challenges and reiterates its support to initiatives such as villages for people with dementia, where appropriate care is provided from an early stage;

25. Believes that gender-related discrimination, notably on the labour market, is not only incompatible with the values of the EU, but also constitutes a serious impediment to economic growth as it disempowers women from engaging in meaningful employment; underlines the key contribution of women's empowerment in achieving more inclusive, equitable and peaceful societies whose growth is more sustainable; expects the 2019 budget to support women's entrepreneurship and encourage access for women to EU funding, such as under the COSME and Horizon 2020 programmes, and to broaden cohesion policy to support further investments in education, childcare and healthcare infrastructure, helping women to reconcile private and professional life;
26. Reiterates its concern about delays to the implementation of cohesion policy, which is the expression of the EU's territorial solidarity and its main investment policy, but acknowledges that 2017 was the first year in which the implementation of ESI Fund programmes was accelerated and expects that this trend will continue in 2018 and 2019; believes that sufficient levels of payment appropriations should be provided in order for implementation to proceed smoothly;
27. Recalls the important contribution the Union has made to encouraging peace and reconciliation in Ireland, in particular through the PEACE and INTERREG programmes, which are targeted to Northern Ireland and border counties in the South; calls for the full observance of the framework of the commitments previously assumed, as in the case of the Good Friday Agreement, in respect of the rule of law and democracy; calls on the Commission and the Member States to continue its support for the peace process through the continued funding of the PEACE and associated programmes;
28. Points out that the common agricultural policy (CAP) is one of the cornerstones of European integration, which has ensured safe, high-quality food supply for European citizens, the proper functioning of the agricultural single market and the sustainability of rural regions for many years; recalls that CAP funds contribute in particular to the agricultural profitability and stability of the EU;
29. Calls on the Commission to continue to support farmers across Europe in coping with unexpected market volatility and in securing safe, high-quality food supplies; requests that appropriate attention be paid to small-scale farms and fisheries;
30. Considers that regionalisation and socio-economic objectives need to play a greater role under the common fisheries policy and that the scope of the European Maritime & Fisheries Fund must be broadened; calls on the Commission to facilitate access to and simplify the procedures for funding; expresses particular concern about the potential adverse impact the UK's withdrawal from the EU will have on fisheries, particularly for neighbouring coastal Member States;
31. Welcomes the proposal to extend the scope of and reinforce the Union's Civil Protection Mechanism; is of the opinion that strengthening the Civil Protection Mechanism is of the utmost importance in order to provide a more rapid and coherent response in the

field of civil protection at Union level, in the areas of prevention, preparedness and response to natural and man-made disasters within and outside the Union;

32. Expects ongoing procedures and measures to be enhanced in the implementation of the budget, in the light of the resource constraints that have arisen and the calls for the EU to assume greater responsibilities, so as to ensure that financial commitments are met in a timely and cost-effective manner;
33. Believes that EU agencies, programmes and policies involved in or relating to the management of migration and refugee flows and border control should be provided with adequate financial and human resources to deal with the current refugee crisis, for which Member States are also expected to take responsibility in accordance with the principle of burden-sharing and the Geneva Conventions; is convinced that the EU, in order to find a long-term solution, should also demonstrate its external solidarity in fostering conditions for peace and prosperity in the countries of origin, by placing greater emphasis on investments and development policies, notably through the implementation of the European Fund for Sustainable Development (EFSD), the Development Cooperation Instrument (DCI) and the Humanitarian Aid Instrument; recognises the importance and distinct value of development policy, with priorities such as poverty eradication, education, health and economic development; underlines the need to support UN Relief and Works Agency actions and programmes; underlines that one of the conditions for preserving stability and prosperity in the EU is a stable EU Neighbourhood; calls on the Commission, therefore, to ensure that priority is given to investments in the EU Neighbourhood in order to support efforts to tackle the main issues faced by this area – migration, refugee challenges and development in the Southern Neighbourhood and instability in the Eastern Neighbourhood – which is partly due to a Russian foreign policy not in line with international law and democratic and human rights standards; emphasises that new political priorities and upcoming challenges for the EU, such as security and defence, should be financed by fresh appropriations and not by cutting existing policies and programmes which are both successful and important, such as development and humanitarian aid and neighbourhood policy; stresses, furthermore, that security and development policy have a mutual influence on one another and that security is an important condition for the construction of a functioning state;
34. Reiterates its position that the satellite budgetary mechanisms, such as trust funds and other similar instruments, circumvent the budgetary procedure, undermine the transparency of budgetary management and infringe upon the right of Parliament to exercise effective scrutiny of expenditures; considers, therefore, that these external instruments, created in the past few years, must be incorporated into the Union budget, and that alternative solutions must be found to enable the Union to react promptly to emergency and post-emergency situations at international level;
35. Stresses that the Instrument for Pre-Accession Assistance (IPA) should primarily facilitate political and economic reforms in enlargement countries, among other objectives; invites the Commission, in this context, to further evaluate IPA funds in its 2019 budget proposal, taking into account the deteriorating political situation in Turkey and the urgent need to tackle growing radicalisation in the Balkan states;

Expectations for the 2019 procedure

36. Invites the Commission to continue to act as an honest mediator at every single stage of the procedure, and to implement faithfully and accurately the budgetary authority decisions;
37. Welcomes the fact that, following the mid-term revision of the MFF, and contrary to the Council conclusions of 20 February 2018 on the budget guidelines for 2019, the 2018 procedure showed that the budgetary authority can fully exercise its prerogatives to determine the level and content of the EU budget through the annual budgetary procedure;
38. Believes that as the arm of the budgetary authority directly elected by citizens, Parliament should fulfil its political role and put forward proposals for Pilot Projects and Preparatory Actions expressing its political vision for the future; commits itself, in this context, to proposing a package of Pilot Projects and Preparatory Actions developed in close cooperation with each of its committees so as to find the right balance between political will and technical feasibility, as assessed by the Commission;
39. Expects the negotiations on the 2019 budget to be based on shared political ambition and solidarity, and to take into account the added value of EU programmes and policies; believes that this objective can only be realised if the negotiating parties are promptly informed of one another's positions, start the negotiations at the earliest possible stage and are willing to compromise;

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40. Instructs its President to forward this resolution to the Council, the Commission and the Court of Auditors.

INFORMATION ON ADOPTION IN COMMITTEE RESPONSIBLE

Date adopted	8.3.2018
Result of final vote	+: 26 -: 4 0: 3
Members present for the final vote	Nedzhmi Ali, Jean Arthuis, Richard Ashworth, Reimer Böge, Lefteris Christoforou, Gérard Deprez, Manuel dos Santos, André Elissen, José Manuel Fernandes, Eider Gardiazabal Rubial, Iris Hoffmann, Monika Hohlmeier, John Howarth, Bernd Kölmel, Vladimír Maňka, Jan Olbrycht, Urmas Paet, Paul Rübig, Petri Sarvamaa, Patricija Šulin, Indrek Tarand, Isabelle Thomas, Daniele Viotti, Marco Zanni
Substitutes present for the final vote	Xabier Benito Ziluaga, Heidi Hautala, Andrey Novakov, Stanisław Ożóg, Eleftherios Synadinos, Marie-Pierre Vieu, Rainer Wieland
Substitutes under Rule 200(2) present for the final vote	Michael Detjen, Norbert Lins

FINAL VOTE BY ROLL CALL IN COMMITTEE RESPONSIBLE

26	+
ALDE	Nedzhmi Ali, Jean Arthuis, Gérard Deprez, Urmas Paet
ECR	Stanisław Ozóg
PPE	Richard Ashworth, Reimer Böge, Lefteris Christoforou, José Manuel Fernandes, Monika Hohlmeier, Norbert Lins, Andrey Novakov, Jan Olbrycht, Paul Rübig, Petri Sarvamaa, Rainer Wieland, Patricija Šulin
S&D	Michael Detjen, Eider Gardiazabal Rubial, Iris Hoffmann, John Howarth, Vladimír Maňka, Isabelle Thomas, Daniele Viotti, Manuel dos Santos
VERTS/ALE	Indrek Tarand

4	-
ECR	Bernd Kölmel
ENF	André Elissen, Marco Zanni
NI	Eleftherios Synadinos

3	0
GUE/NGL	Xabier Benito Ziluaga, Marie-Pierre Vieu
VERTS/ALE	Heidi Hautala

Key to symbols:

+ : in favour

- : against

0 : abstention