



23.7.2019

WORKING DOCUMENT

on the 2020 Budget - Recommendations for the Trilogue

Committee on Budgets

Rapporteur: Monika Hohlmeier

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WORKING DOCUMENT

on the 2020 Budget - Recommendations for the Trilogue (2019/2010(BUD))

The Committee on Budgets,

- having regard to the draft general budget of the European Union for the financial year 2020, which the Commission adopted on 5 June 2019 (COM(2019)XXXX),
- having regard to its resolution of 14 March 2019 on general guidelines for the preparation of the 2018 budget, Section III – Commission¹,
- having regard to the letters of the Committee on Foreign Affairs, the Committee on International Trade, the Committee on Budgetary Control, the Committee on Economic and Monetary Affairs, the Committee on Employment and Social Affairs, the Committee on the Environment, Public Health and Food Safety, Committee on Industry, Research and Energy, the Committee on the Internal Market and Consumer Protection, the Committee on Agriculture and Rural Development, the Committee on Culture and Education, the Committee on Civil Liberties, Justice and Home Affairs and the Committee on Constitutional Affairs,

Budget 2020: bridge to the future Europe – Investing in innovation, sustainable development, citizens' protection and security

1. Stresses that, in its resolution of 14 March 2019 on general guidelines for the preparation of the 2020 budget, Parliament defined clear political priorities for the budget 2020 to be a bridge to the future Europe and provide European added value; reconfirms its firm commitment to those priorities and its intention to ensure an appropriate level of financing to deliver on them;
2. Welcomes the Commission proposal as a good basis to deliver on Parliament's priorities in 2020; notes that, compared to 2019, commitment appropriations increase overall by 1,3 % and payment appropriations by 3,5 %; notes that commitment appropriations expressed as a percentage of EU GNI decrease from 1,01 % to 0,99 %;
3. Reiterates Parliament's view that the 2020 Union budget should pave the way to the 2021-2027 Multiannual Financial Framework (MFF) and provide a solid starting point for the launch of the new generation of EU programmes and policies; recalls, moreover, that 2020 will be the last year of the current MFF and, therefore, the last chance for the Union to come closer to meeting the political commitments set for this period, including towards reaching the EU climate target and implementing the UN Sustainable Development Goals;
4. Stresses, for this purpose, the need to secure significant increases to the proposed level of commitment appropriations in the 2020 budget, taking due account of the performance-based budgeting approach; confirms its intention to make full use of the existing flexibility and other provisions set out in the Financial Regulation, as well as in the MFF Regulation, considering also that those will lapse at the end of this period;

¹ Texts adopted, P8_TA(2019)0210.

notes, in this context, that, on top of the available margins under most headings, EUR 215,3 million remain available under the Flexibility Instrument and EUR 1 211,7 million remain available under the Global Margin for Commitments;

5. Notes that the proposed level of payment appropriations (EUR 153 620,7 million) points to the fact that 2014-2020 cohesion programmes have finally reached cruising speed and that payment needs are back to a normal profile; points to the major implementation delays experienced in the area of cohesion until 2017, which explain the very significant cumulative margin under the payment ceiling (EUR 20,1 billion) as adjusted through the global margin for payments; underlines that, largely because of those delays, an additional EUR 40 billion of commitments will remain outstanding at the end of 2020 (for a total RAL of EUR 300 billion) and will have to be settled under the next MFF;
6. Reiterates its call for the 2020 budget to make a significant contribution to tackling environmental challenges and climate change, in order to partly offset the existing backlog towards reaching the target of 20 % of climate-related Union expenditure for the period 2014-2020; notes the Commission proposal to set the climate target at the level of 21 % in the Draft Budget 2020; considers, however, that a significant increase in climate-related spending in next year's budget is essential in order to progress towards meeting the objectives of the Union, by reinforcing those programmes across all Headings that contribute towards climate change objectives, including activities and research linked to climate mitigation and green technologies; underlines that the Union should prepare for an even more ambitious climate target in the 2021-2027 MFF of at least 25 % over the whole period and 30 % as soon as possible and at the latest by 2027, according to Parliament's MFF Interim report;

Subheading 1a – Competitiveness for growth and jobs

7. Notes that the Commission proposes to increase commitments for Subheading 1a to EUR 24 716,4 million in commitment appropriations (+ 5,5 % compared to 2019) and EUR 22 108,5 million in payment appropriations (+ 7,7 %); underlines, however, that those increases were anyway anticipated as a mere reflection of the financial programming of the programmes concerned;
8. Recalls that Subheading 1a lies at the heart of Union efforts to ensure a competitive and innovative economy and that the funding level should reflect its importance; stresses that, due to Parliament's consistent and strenuous efforts, key EU programmes in this area were significantly reinforced during the current MFF, and points to their excellent implementation, reaching a budgetary execution of 99,95 % in 2018; deeply regrets, however, that the Union will miss its target of investing 3 % of GDP on research and innovation;
9. Underlines the key budgetary priorities under this Subheading enumerated in its resolution on the guidelines for the 2020 budget, namely research and innovation, digital policy, support for SMEs, education and youth, and expresses its intention to ensure that they are properly funded in the final year of the current MFF; underlines the need to facilitate the transition to the new generation of programmes in this area, which are expected to secure significantly higher allocations in the next MFF;
10. Stresses, in this context, the substantial underfunding of Horizon 2020 that has led to a

very low success rate for excellent applications during the entire period, as well as the need for a smooth transition to Horizon Europe that will ensure stability for businesses, research facilities and academia; underlines the urgent need to further invest in the digitalisation of European industry, and the promotion of digital skills and entrepreneurship; points to the fact that the proposed allocation for COSME in the Draft Budget is even below what was foreseen in the financial programming; emphasises the success of Erasmus+, and the preparatory action DiscoverEU, and underlines the capacity of the programme to immediately absorb any additional resources allocated, including for vocational education and training; intends, therefore, to secure a substantial increase for these programmes in next year's budget;

11. Takes note of the fact that the Commission proposes, as requested by Parliament, to activate Article 15(3) of the Financial Regulation in order to reinforce Horizon 2020, and regrets that the Council rejects again the application of this legislative provision; expresses nonetheless concern that the Commission has suggested to re-use only EUR 72 million, when EUR 280,72 million of appropriations were de-committed in 2018 under the scope of Article 15(3); intends to make full use of this provision, in particular to reinforce climate-related research activities;
12. Welcomes the Member States' commitment to a renewed EU defence agenda and their willingness for further European defence cooperation; highlights the importance of launching the European Defence Industrial Development Programme (EDIDP) as a first stage of the European Defence Fund; requests a further increase in the Union's defence budget, to be exclusively financed by fresh appropriations, in order to improve the competitiveness and innovation of the European defence industry;

Subheading 1b – Economic, social and territorial cohesion

13. Notes that total commitment appropriations for Subheading 1b amount to EUR 58 611,9 million, representing an increase of 2,5 % compared to the 2019 budget; further notes that the proposed amount of EUR 50 042,4 million in payment appropriations is 6,4 % higher than in 2019;
14. Welcomes the fact that there are no payment needs for the 2007-2013 programmes as the closure is planned to be finalised by the end of 2019 and reiterates that any 'abnormal' build-up of unpaid bills must be avoided in the future;
15. Underlines that, following the agreement in the 2019 budgetary procedure, the yearly allocation of the Youth Employment Initiative (YEI) was increased to the level of EUR 350 million; stresses that the Commission proposal on the Budget 2020 reconfirms the clear position that this increase does not constitute a frontloading of the 2020 allocation foreseen for this programme; underlines, moreover, the new provision put in place to facilitate and simplify the programming of this additional YEI allocation, as regards the matching requirement from the European Social Fund;
16. Insists, therefore, that the 2020 budget demonstrate high ambition for the YEI, in order to ensure a smooth transition towards the European Social Fund Plus (ESF+) in the next MFF; intends, therefore, to secure a higher allocation for this programme in the 2020 budget, in order to further tackle the high rate of youth unemployment; underlines the need to accelerate the implementation of the YEI and to further improve its efficiency, so as to ensure that it brings more European added value to national employment

policies;

17. Emphasises the need for adequate financial resources to strengthen social cohesion in Europe, in particular for programmes searching for sustainable solutions in the area of social exclusion and discrimination, fight against poverty and long term demographic change;

Heading 2 – Sustainable growth: natural resources

18. Takes note of the proposed EUR 59 994,9 million in commitments (+ 0,6 % compared to 2019) and EUR 58 014,3 million in payments (+ 1,1 %) for Heading 2; notes that EAGF expenditure for 2019 is estimated at EUR 44 176,8 million, which is slightly lower than in the 2019 budget (by EUR - 93,1 million);
19. Notes that the Commission has left a EUR 426,1 million margin under the ceiling of Heading 2; underlines that recourse to the margin may also be justified in view of the volatility of agricultural markets as experienced in recent years; remains conscious of the fact that the amount of assigned revenue will be adjusted based on information available later in the budget year; expects the Amending Letter to be submitted in due course;
20. Expects that the implementation of the European Maritime and Fisheries Fund continues to accelerate and that it should approach cruising speed in 2019, following a slow start at the beginning of the programming period; welcomes the increase in commitments for the LIFE+ programme (+ 6 %), in line with financial programming; recognises the vital role of the LIFE + programme contributing to the shift towards a climate resilient economy and the protection of the environment;
21. Regrets the delayed start and slower than expected execution of the fisheries programmes and requests further information about the absorption capacity and possible bottlenecks in the implementation of the operational programmes;
22. Notes a minor increase in appropriations for interventions in agricultural markets (EUR 5,4 million) compared to the 2019 budget, showing a return to standard market conditions;

Heading 3 – Security and Citizenship

23. Notes that a total of EUR 3 729,1 million in commitments is proposed for Heading 3 (i.e. a 1,5 % decrease over 2019) and that payment appropriations are set at EUR 3 723,9 million (+ 5,6 %); considers that this takes into account the implementation of major legislative files agreed between the co-legislators, such as the roll-out of the Entry/Exit System, the reinforcement of the European Border and Coast Guard with a standing corps of 10 000 border guards by 2027, and the strengthened Union Civil Protection Mechanism;
24. Notes that, for the fifth consecutive year, all appropriations under the Heading 3 ceiling are exhausted; is convinced that this absence of any budgetary margin illustrates that, until today, the EU struggles to formulate adequate budgetary solutions to the continuing migration and security challenges facing its societies; in this regard, welcomes the proposed mobilisation of the Flexibility Instrument for an amount of EUR 778,1 million;

25. Expects the migratory pressures at the EU external borders to remain high; notes that measures in the field of migration, asylum and security will continue to include emergency assistance and ad-hoc support to those Member States under the highest migration and security pressures; in view of these challenges, questions whether the considerable reduction in the envelope proposed for the Asylum, Migration and Integration Fund (- 15,4 % compared to 2019), given the need to focus continuously on the support of reception activities of asylum seekers in the Member States, effective return strategies, resettlement programmes, legal migration policies and increasingly the promotion of effective integration of third country nationals, is adequate; notes with concern the proposed level of appropriations of the Internal Security Fund (- 6,1 %);
26. Emphasises that adequate financial and human resources must be provided to all agencies operating in the field of migration, asylum, human rights, justice and security; considers essential to provide Frontex, EASO, FRA, Europol, Eurojust and the EPPO with adequate financial and human resources for properly performing their role, given the considerable increase in their responsibilities and the rising importance of inter-agency as well as transnational cooperation and information exchange; reiterates that cybersecurity is key to the Union`s security and competitiveness of European companies and questions in this regard the proposed levels of funding for eu-Lisa (- 18,7 %) and Europol; points out that adequate funding for all agencies responsible for securing network and information systems, building cyber resilience and combatting cybercrime is essential for a strong European level of cybersecurity;
27. Recalls that, at a time when the European project is called into question, it is vital to renew a strong commitment to Europe through culture, knowledge, creation and innovation; believes therefore that the Creative Europe and MEDIA programme should be supported with a continuously growing level of commitments;
28. Recognises that gender-related discrimination is intolerable and incompatible with the value of the EU, points out that the success rate of applications to the Daphne programme and other funds aimed at fighting violence against women and girls is alarmingly low and intends to secure increased funding for this undertaking;

Heading 4 – Global Europe

29. Notes that the decrease in commitment appropriations in Heading 4 compared to 2019 (- EUR 1 billion or -8,9 %) is mainly due to financing of the second tranche of the Facility for Refugees in Turkey (FRT) in 2019; notes that without this financing, the commitment appropriations in Heading 4 would actually increase compared to 2019 (+ 4,4 %);
30. Acknowledges that the Commission proposes a combined increase of EUR 4,5 million of support to Turkey and that this represents a reduction of EUR 145,7 million compared to the financial programming; considers possible further reduction of support to Turkey given the continuing deterioration of the rule of law, democracy and human rights in Turkey; requests information on to which extent the funding was re-directed to reinforce the civil society, as repeatedly requested by the Parliament;
31. Welcomes the increased support to Western Balkans under IPA II; however, believes that regional integration and territorial cooperation should be further prioritised;
32. Emphasises the need to strengthen climate related conditionalities in line with the Paris

agreement as well as environmental mainstreaming and environment protection, including tackling the impact of waste and plastic pollution and encouraging the development of renewable energy capacities, as part of the European development, neighbourhood and international trade policy;

33. Notes a decrease in support for Mediterranean countries under ENI, compared to the financial programming; is concerned that the ENI contribution to the new Syria pledges and EU Trust Fund for Africa is not entirely funded from its dedicated top-up; invites the Member States and other donors to step up their direct contributions to the EU Trust Funds to alleviate the enormous disproportion in the funding of the EU Trust Fund for Africa (+3,4 billion EUR), where 88% of pledges derive from EU funds and only 12% from Member States and other donors;
34. Calls for reinforcement of financial appropriations under the European Neighbourhood Instrument and the Development Cooperation Instrument to support investment, tackle instability and conflict, and promote development and sustainable partnerships particularly in the countries from which migration flows originate;
35. Urges the EU to continue to provide increased levels of support through the ENI instrument to the countries in the Eastern neighbourhood, in order to strengthen their ability to continue the necessary legal, political, social and economic reforms, with a focus on the most committed partners;
36. Remains convinced that the challenges that the EU's external action is faced with call for sustained funding exceeding the current size of Heading 4; intends therefore to use the margin of EUR 202,4 million under Heading 4 and all flexibility options to strengthen priority programmes and regions;

Heading 5 – Administration

37. Notes that Heading 5 expenditure is to increase by 3,5 % compared to the 2019 budget, up to EUR 10 324,1 million (+ EUR 381,1 million) in commitment appropriations; notes that, as for the previous budgetary exercise, the increase is mostly driven by the evolution of pensions (+ EUR 142,3 million), representing 20,8 % of Heading 5 expenditure; observes that the share of expenditure on administration in the draft budget remains little changed at a level of 6,1 % in commitment appropriations;
38. Notes that the evolution of the Commission's expenditure (+ 3,5 %) is predominantly due to the automatic adaptation of salary expenditure and contractual commitments; further notes the Commission's internal redeployment of staff to fulfil its new priorities;
39. Notes that the available margin stands at EUR 677,9 million under the ceiling of Heading 5 for 2020 as an amount of EUR 252 million is offset for the use of the contingency margin mobilised in 2017;

Agencies

40. Notes the overall increase in the draft budget 2020 of the allocations for the decentralised agencies by + 11,8 % (without taking into account assigned revenues) and + 400 posts; notes the fact that, for the majority of the agencies, their own budget increases while the EU contribution decreases; notes that agencies with 'new tasks' are generally granted increases in appropriations and staff;

41. Recalls the importance of decentralised agencies and Joint Undertakings active in various policy fields, such as competitiveness, sustainable growth, employment and migration; expects the 2020 budget negotiations to lead to adequate operational and administrative funding that will enable them to perform their role;
42. Reiterates its position that 2018 was the last year of the implementation of the 5 % staff reduction and the so-called “redeployment pool”, and stresses the Court of Auditors’ rapid case review that there is no need to continue this policy; believes that the decentralised agencies need to be assessed using a case-by-case approach; welcomes the endorsement by all institutions of the recommendations of the Interinstitutional Working Group.

ANNEX: LETTER FROM THE COMMITTEE ON FOREIGN AFFAIRS

Committee on Foreign Affairs
The Chair

Ref.: D (2019) 11376

Mr Jean Arthuis
Chair
Committee on Budgets

Subject: AFET priorities for the 2020 budget

Dear Mr Arthuis,

As the timetable imposed on us by the European elections in May does not allow for a formal opinion, I write to you on behalf of the Committee on Foreign Affairs (AFET) to emphasise some of our priorities for the 2020 budget, which we believe should be part of the discussions in the budgetary trilogue. Please note that, in the absence of a draft budget, these suggestions are only indicative and cannot prejudge the position this committee will take in September.

On a general note, AFET considers it vital to ensure that sufficient funds are allocated for the EU's external action in next year's budget. In view of the numerous challenges in the EU's neighbourhood and further afield, the EU must be able to back up its political engagement with the necessary financial means.

Enlargement will continue to be among the main priorities of our committee. A steady increase of funding through the Instrument for Pre-Accession Assistance (IPA II) is needed to support political and economic reforms in the Western Balkan countries and to implement the priorities of the Western Balkans Strategy. The historic name deal between Greece and North Macedonia is a hopeful sign of reconciliation in a region that still relies heavily on EU support and faces major transformational challenges. At a time when other regional and global players are stepping up their financial and political engagement in the Western Balkans, the EU must provide a credible and attractive alternative.

At the same time, we have witnessed persistent backsliding in the areas of democracy, the rule of law and fundamental rights in Turkey. In line with the position expressed in previous years, funding for Turkey under IPA II should therefore be maintained at reduced levels and focus on supporting civil society, as well as priority sectors such as the rule of law and democratic governance.

Beyond enlargement, AFET attaches particular importance to the neighbourhood area. The countries in our Eastern and Southern neighbourhood continue to be confronted with

enormous challenges, in particular with regard to democratic consolidation, economic and social development, security, and migratory pressures. The EU should therefore continue to provide increased levels of support to its neighbouring countries through the European Neighbourhood Instrument, with a focus on the most committed partners.

In addition, I should like to emphasise the important roles of the Instrument contributing to Stability and Peace and the Partnership Instrument in continuous support of implementing the EU Global Strategy, in particular in the areas of preventing conflict and peace-building, promoting multilateral solutions to global challenges and building stronger partnerships in the interest of achieving common objectives. The latter point has become even more crucial as regards the better promotion of EU goals and values with strategic partners that have recently taken a more adversarial stance, such as the US, China or - to a certain extent - India.

AFET would also like to maintain strong support to the European Instrument for Democracy and Human Rights. We reiterate our particular interest in the protection of human rights defenders at risk, including through the Human Rights Defenders Mechanism (ProtectDefenders.eu), which should be able to operate in a predictable way, and in an environment of increased financial assistance to parliaments in third countries with a view to actively support the development of an inside expertise on human rights. Moreover, sufficient funding for EU electoral observation missions must be ensured.

In the area of defence, the EU should ensure that it continues to provide an appropriate level of support in 2020 to the two-year European Defence Industrial Development Programme. Moreover, Parliament in its resolution of 16 March 2017 took the view that the funding of the administrative and operating expenditures of the European Defence Agency and of Permanent Structured Cooperation from the Union budget is the only option under the Treaties, notwithstanding that both institutions may administer funds directly provided by Member States. However, as this is not the case yet, it would be important to correct this anomaly still before the start of the new Multiannual Financial Framework. AFET also advocates that all other EU agencies in the fields of space, security and defence be brought under the administrative budget of the EU as early as possible.

I would be very grateful if you could take these suggestions into account in the preparation of your working document.

Yours sincerely,

David McAllister

ANNEX: LETTER FROM THE COMMITTEE ON INTERNATIONAL TRADE

Committee on International Trade
The Chair

EXPO-COM-INTA D (2019) 14966

Mr Jean Arthuis
Chair
Committee on Budgets

Subject: Mandate for the trilogue on the 2020 Budget

Dear Chair,

I would like to inform you about INTA's priorities for the 2020 Budget, as agreed by the INTA Coordinators on 1 April 2019.

First and foremost, INTA is convinced that the EU's budget should support the Commission's claim of trade as one of the top priorities in its work programme. Trade creates growth and jobs in the EU and, also being an important foreign policy tool, promotes European values abroad. It is moreover vital for advancing the socio-economic development in our neighbourhood and beyond.

Funding an ambitious trade agenda - The EU has recently concluded negotiations with Japan, Singapore, Vietnam, Mexico and has current negotiations ongoing with, among others, Mercosur countries, Indonesia, Chile, Australia, New Zealand and Tunisia. The EU's increasingly ambitious trade agenda requires substantial administrative support to be fully implemented. DG Trade should receive sufficient funding and human resources to enable it to carry out its increasing number of activities, to speed up the negotiating process, to reduce the time gap between the conclusion of trade negotiations and the entry into force of these agreements, and to appropriately ensure implementation, including of human and labour rights and environmental standards, analysis and dialogue with stakeholders.

Trade Related Assistance - the EU's trade related assistance, such as the Aid for Trade scheme, is a key tool to support the development of our partner countries. Long-term economic growth is dependent on the participation in global and regional markets as trade increases the efficiency of production via specialisation by developing their comparative advantage and participation in regional and global value chains. Trade related assistance can be a vital tool to build capacity and foster intra-regional trade in our partner regions and help

establish regulatory frameworks that facilitate trade.

Small and Medium Enterprises (SMEs) - SMEs remain the backbone of Europe's economy by providing 85% of all new jobs and are key to bolstering social cohesion within the EU. Much work still has to be done to enable SMEs to compete internationally and utilise the market access granted by bilateral and multilateral trade agreements. Supporting SMEs by making full use of available EU's funds to aid their internationalization and include them in policy decision-making is therefore vital. SMEs are primary sources of growth and innovation and this should be adequately reflected in the EU budget.

A value based trade policy - While international trade policy primarily serves to promote mutually beneficial economic growth, it can serve an important role in promoting the values of the EU on the international stage, notably respect for human rights, including equal rights for women and men, the rule of law, implementation of international labour standards and environmental protection. It has to be ensured that trade and sustainable development chapters are fully binding and enforceable and that monitoring activities to ensure compliance are appropriately funded. Commitments of third countries under the Generalised Scheme of Preferences require sufficient resources for monitoring, interim and ex post assessments as well as dialogue and cooperation with stakeholders and partners on these matters.

Civil society engagement - To ensure the broad acceptance of the EU's trade policy, civil society engagement is of considerable importance. More resources shall be dedicated to information campaigns about benefits (and challenges) of EU trade deals, dedicated websites, helpdesks for SMEs and consumers, and online platforms. Domestic Advisory Groups are an important tool in this regard and sufficient funds should be made available to fund them, both in the EU and in partner countries.

The parliamentary dimension of the WTO - Given the vital role that parliaments play in global trade policy discussions, it is of primary importance that a forum such as the Parliamentary Conference of the WTO has the necessary means to fully live up to its potential. As in 2019, sufficient budgetary appropriations should therefore be made available in the EP budget to ensure that the EP delegation has all the means necessary to ensure adequate participation and that the necessary infrastructure is available for its meetings. As some participating parliaments could considerably benefit from capacity-building measures to ensure they can fully live up to their scrutiny roles, some funds should also be made available for this purpose.

Yours sincerely,

Bernd Lange

ANNEX: LETTER FROM THE COMMITTEE ON BUDGETARY CONTROL

IPOL-COM-CONT D(2019)11855

Mr Jean Arthuis
Chair of Committee on Budgets
European Parliament
Brussels

Subject: Contribution on behalf of the Committee on Budgetary Control as regards the Mandate for the budgetary trilogue as to the budget 2020

Dear Mr Arthuis,

The Committee on Budgetary Control calls on the Committee on Budgets, as the committee responsible, to bear in mind the following concerns in its recommendations for the budgetary trilogue

Rals

1. Our Committee is deeply concerned by the facts that
 - in 2017 the combination of high commitments and low payments increased outstanding budgetary commitments to a new record of EUR 267,3 billion (2016: EUR 238,8 billion)
 - the European Court of Auditors projections indicate that this amount will rise even more by the end of the current MFF, which may lead to a significantly increased risk of insufficient payment appropriations, but also to a risk of errors under the pressure for a swift absorption given a potential loss of Union funding;
2. Our Committee stresses that the EU budget is not allowed to run a deficit and that the growing payments backlog in fact represents a financial debt;
3. Our Committee is also concerned that according to the Court the issue of whether to count special instruments within the ceilings for payment appropriations has not yet been resolved; this could represent an additional risk of creating a payment backlog;
4. Our Committee calls on the Commission to improve the accuracy of the payment forecast and to use the lessons learned from the previous programming period in order to deal with the accumulated backlog in payments and avoid its negative effect on the next MFF and to present the Action Plan on reducing the payments backlog during the 2021 - 2027 multiannual financial framework;

Timely absorption

5. Our Committee points out, in particular, that in economic; social and territorial cohesion policies, despite the significant increase in the average absorption rate in terms of payments by the Commission from 3.7% in 2016 to 16,4 % in 2017, the absorption remains even lower than in the corresponding year of the previous MFF, which was 22.1% in 2010;
6. Our Committee deplores the fact that the Commission has not yet produced a

comprehensive, long-term projection to aid decision-making for the next MFF that fully complies with the Interinstitutional Agreement;

7. Our Committee notes that the slow absorption of funds remains a problem in some countries; points to the risk of accumulating a huge backlog of commitment appropriations by the end of the financial term;

Financial exposure

8. Our Committee stresses its deep concern that the overall financial exposure of the Union budget has grown, with significant long-term liabilities, guarantees and legal obligations implying that careful management needs to be applied in the future; our Committee calls, therefore, on the Commission when presenting legislative proposals that include the creation or addition of sizeable contingent liabilities to accompany them with an overview of the total value of contingent liabilities supported by the budget, as well as with an analysis of stress test scenarios and their possible impact on the budget;

Financial instruments

9. Our Committee is worried about the lack of transparency in spending for financial instruments as four times more money is available for financial instruments under the current MFF; notes that by the end of 2017, 24 Member States were making use of FIs and the total programme contributions committed to FIs were nearly EUR 18,8 billion (EUR 13,3 billion at the end of 2016), of which EUR 14,2 billion was from the ESIF; notes as well that a total of EUR 5,5 billion (around 29%) of these amounts committed had been paid to FIs (EUR 3,6 billion at the end of 2016), including EUR 4,4 billion from the ESIF; is concerned, however, that three years after the start of this MFF EUR 1,9 billion (only 10,1%) had been paid to final recipients (EUR 1,2 billion at the end of 2016), of which EUR 1,5 billion (10,5%) was from the ESIF;

EFSI

10. Our Committee points out that the budgetary authority increased the EFSI guarantee from EUR 16 billion to EUR 26 billion and the target investment volume from EUR 315 billion to 500 billion and that by the end of 2017, the EIB Group had signed EUR 36,7 billion worth of contracts (2016: EUR 21,3 billion);
11. Our Committee notes that, according to the Court, 64 % of the total value of EFSI contracts that the EIB Group had signed by the end of 2017 was concentrated in six Member States: France, Italy, Spain, Germany, UK, Poland;
12. Our Committee calls on the Commission to ensure that EFSI's management bodies take into account the need for a proper geographical balance when signing contracts and to report back to the Parliament on the progress achieved;
13. Our Committee regrets the fact that only 20% of EFSI financing has supported projects that contribute to climate change mitigation and adaptation, whereas the EIB's standard portfolio has attained the 25% threshold; calls on the Commission to propose sustainable finance or funding options and an environment conducive to investment reflecting the Union's commitments and general goals, with a view to fostering innovation and economic, social and territorial cohesion within the Union, as well as to reinforcing the social dimension of investment by bridging the investment gap in the social sector and with regard to infrastructure safety;

Yours sincerely,

Ingeborg Gräßle
CONT Chairman

Inés Ayala Sender
Rapporteur for the Commission discharge

ANNEX: LETTER FROM THE COMMITTEE ON ECONOMIC AND MONETARY AFFAIRS

Mr. Jean Arthuis
Chair of the Budget Committee
European Parliament

Subject: ECON priorities for the Budget 2020

Dear Chair,

Please find below, on behalf of ECON Coordinators, the feedback from the ECON Committee outlining the priorities for the Budget 2020 in order for the BUDG Committee to be aware at this stage - ahead of the negotiations - of the ECON Committee's priorities. The ECON Committee requests that these priorities, developed in the light of the ECON Opinion on the Budget 2019 and subject to eventual changes after the elections, are duly taken into consideration in the course of the negotiations on the Budget 2020.

- The Budget 2020 should focus on the priorities outlined in the European Semester and take into account the financing needs arising from adopted and amended legislation.
- It is important to ensure sufficient resources for the coordination and surveillance of macroeconomic policies as well transparent communication to EU citizens.
- All three European Supervisory Authorities (ESAs, i.e. EBA, ESMA and EIOPA) play an important role in EU supervision; therefore adequate resources have to be allocated to them which, when fully rationalised, will allow the ESAs to be adequately staffed and to have secure and efficient IT systems while taking proper account of the gradually increasing amount of tasks devolved to them. Conditional budget lines should be established for still pending legislation.
- ECON is striving to finalise the revision of the Regulations establishing the ESAs before the end of the 8th legislature in order to introduce, according to the evolution of the scope of institutions-specific supervision, the possibility of appropriate and proportionate calibrated fees for market participants partly replacing contributions of national competent authorities without at the same time compromising the independence of the ESAs. The budget lines for the ESAs for 2020 should take due account of the outcome of this process.
- Regarding the EBA, funding shall ensure that its work is not disrupted by Brexit and its relocation.
- The Budget 2020 needs to ensure the adequate resources to support the Union action to fight aggressive tax planning, tax fraud and tax evasion.
- Funding to EFRAG and consumer entities dealing with financial services topics should continue.

- ECON supports the Council's proposal (see Council Guidelines para. 20) to invite the Commission to annex to the draft budget and to regularly update a comprehensive list of Commission proposals not yet adopted and which have a potential impact on the budget by budget line, including the level of appropriations concerned, and on the number of staff, as well as to include commitment and payment appropriations that the Commission proposes for new legal acts or amendments to existing legal acts that are not yet adopted in a reserve.

The priorities above concern budget lines that are in ECON's remit. This feedback is without prejudice to ECON's budgetary priorities as expressed in past and future budget opinions and amendments.

Yours sincerely,



Roberto Gualtieri

ANNEX: LETTER FROM THE COMMITTEE ON EMPLOYMENT AND SOCIAL AFFAIRS

EC/SR/an
D(2019) 15121

Mr Jean ARTHUIS
Chair of the Budgets Committee
ASP 09G205

Ms Monika HOHLMEIER
BUDG Rapporteur
ASP 15E157

Subject: EMPL priorities for the 2020 budget

Dear Chair,
Dear Rapporteur,

In an email sent on 27 February 2019 to the secretariats of all standing committees about the 2020 budgetary procedure, the committees were encouraged to send their contribution to working document on the budgetary trilogue in form of a letter.

As Chair of the Committee on Employment and Social Affairs, I would like to inform you about the priorities of the EMPL committee for the 2020 budget, as decided by the Coordinators and detailed in the annex.

On behalf of the EMPL committee, I trust that these priorities will be duly taken into account and will be included in the working document to be adopted by the Committee on Budgets.

Yours sincerely,

Thomas Händel

cc: Marita ULVSKOG, 1st Vice-Chair

Annex: EMPL priorities for the budget 2020

The Committee on Employment and Social Affairs recalls that robust recovery and sustainable growth are key factors to creating decent jobs leading to quality employment, increasing shared prosperity and boosting upward social convergence.

The Committee highlights that the 2020 budget should contribute towards achieving the Europe 2020 targets in the social and employment area, which seem to be within reach as regards employment rate target but remain still far from being achieved as regards the target on the risk of poverty or social exclusion, and towards successful implementation of the European Pillar of Social Rights, particularly when it comes to combating youth and long-term unemployment, unfair working conditions, rising inequalities, social exclusion and poverty.

While welcoming the policy developments in the area of employment and social affairs during the 8th legislature, the Committee emphasises that all the policy initiatives need proper and timely funding to become operational.

Employment policy and social inclusion

Background

With an employment rate of 72.2% in 2017, close to the Europe 2020 target of 75%¹ (versus 68.9% in 2006), employment is at a historically high level in the EU since 2001. In 2018, unemployment figures were below pre-crisis levels: 6.8% of the active population of the Union, and 8.2% of the active population of the Eurozone was unemployed (respectively 8.2% and 8.4% in 2006¹). Despite progress made in recent years, unemployment remains a major problem in some Member States and regions, with substantial differences across the Union (unemployment rates ranging from 2.2% in Czech Republic to 19.3% in Greece in 2018, and more than 20% in 20 NUTS 2 regions)¹.

Long-term unemployment, which causes significant mental and material stress for those affected and their families, remains at worrying levels as it concerned 44.7% of the unemployed in 2017².

Despite substantial progress in the last 5 years, youth unemployment, in particular, is still high and the situation of unemployed young people remains worrying: 3.4 million young people were unemployed in the EU-28 area in 2018. This represents an unemployment rate of 15.2% (16.9% in the euro area), with substantial disparities among Member States (from 6.2% in Germany to 39.8% in Greece)¹.

In 2017, 17,2% of the 20-34 olds in the EU were neither in employment nor in education and training ('NEETs')¹.

Despite a downward trend in the share of persons at risk of poverty or social exclusion in the Union in the last years, 22.4% of the Union population (about 113 million people) was at risk

² Source : Eurostat, Labour Force Survey

of poverty or social exclusion in the Union in 2017, and 24.9% of children are concerned by poverty and social exclusion (from 14.2% in Czech Republic to 41.7% in Romania)³.

The European Social Fund (ESF) is Europe's main tool for promoting employment, social inclusion, education and training, resulting in more job opportunities and fairer societies. The ESF has been operating for over 60 years. Every year, it helps some 10 million people to find work, or to improve their skills to find work in future.

The Youth Guarantee (YG) is a political commitment taken by Member States in 2013 to give every person under the age of 25 a good-quality offer of employment, continued education, an apprenticeship or a traineeship within a period of four months of becoming unemployed or leaving formal education. Since 2014, the Youth Guarantee has helped to improve the lives of millions of young Europeans: there are 2.3 million fewer young unemployed in the EU and 1.8 million fewer young people NEETs now compared to 2014. The EU's commitment to the Youth Guarantee has been reiterated in the European Pillar of Social Rights. The Youth Employment Initiative (YEI) is the main EU funding programme to facilitate the roll-out of the Youth Guarantee. It supports in particular regions where youth unemployment is higher than 25%. The Youth Employment Initiative has provided direct support to over 2.4 million young people across the EU so far.

The European Globalisation Adjustment Fund (EGF), created in 2007, provides punctual and individual support to people losing their jobs as a result of major structural changes in world trade patterns due to globalisation, or as a result of the global economic and financial crisis. The EGF is one of the special instruments that allow the Union to react to unforeseen circumstances and is therefore being placed outside the budgetary ceilings of the multiannual financial framework. From 2007 to 2016, it financed 147 cases, covering 140,000 dismissed workers.

The Employment and Social Innovation programme (EaSI) helps promoting a high level of quality and sustainable employment, guaranteeing adequate and decent social protection, combating social exclusion and poverty and improving working conditions. It consists of 3 axes: PROGRESS (supporting the modernisation of employment and social policies), EURES (supporting job mobility) and Progress Microfinance (supporting access to micro-finance and social entrepreneurship).

The Fund for European Aid to the Most Deprived (FEAD) is the instrument that helps those who have fallen into poverty to take their first steps out of poverty and social exclusion. It supports EU countries' actions to provide food and/or basic material assistance (clothing, shoes, hygienic products...) to the most deprived. About 16 million people receive FEAD support annually, including 4.4 million children under 15 years of age.

Recommendation 1:

The Committee emphasises that the EU budget should contribute to stepping up quality employment and to continue combating youth and long-term unemployment, poverty and social exclusion. The EMPL Committee believes that the crucial role of the above-mentioned funds and programmes therein should be recognised in the 2020 budgetary procedure with solid commitment and payment appropriations. It therefore calls for the resources of the ESF, the YG, the EGF, the EaSI and the FEAD to be increased in real

³ Source : Eurostat, Statistics on Income and Living Conditions

terms for the 2020 budget, or at least maintained at the levels of the previous year. The Committee insists that adequate payment appropriations for the ESF are guaranteed in the 2020 budget, given that 2020 will be a period of intense implementation and that the number of Member States payment requests will increase.

In the longer term, the Committee welcomes the Commission proposal on the European Social Fund Plus (ESF+) for the period 2021–2027, which is a merger of the current ESF, the YEI, the FEAD, the EaSI and the European Health Programme⁴. It will thus not only continue to promote employment and social inclusion but also aim for clear progress in strengthening the European social dimension, with increased resources devoted to youth employability and equal opportunities for families at risk of poverty or social exclusion, including in the form of the European Child Guarantee introduced by the Parliament in its mandate, in order to contribute to children's equal access to free healthcare, free education, free childcare, decent housing and adequate nutrition (with a dedicated budget of €5.9 billion).

Support to entrepreneurship

Background

Small and medium-sized enterprises (SMEs) are the backbone of Europe's economy. They represent 99% of all businesses in the EU. In the past five years, they have created around 85% of new jobs and provided two-thirds of the total private sector employment in the EU⁵. The Committee considers SMEs and entrepreneurship as key to ensuring economic growth, innovation, job creation, and social integration in the EU.

Recommendation 2

The Committee therefore emphasises that the 2020 budget should support measures promoting entrepreneurship, including social entrepreneurship and innovative social enterprises and self-employment, as well as facilitate access to financing for SMEs.

Social dialogue

Background

The promotion of social dialogue is recognised in article 154 of the Treaty on the functioning of the European Union as a common objective of the Union and the Member States. Social partners are consulted on a range of issues concerning employment and social affairs and play an important role in shaping the social dimension of the EU.

Recommendation 3

The Committee considers European social dialogue and measures for social partners are of prime importance when it comes to strengthening social partners' involvement, for example in the European Semester and the implementation of the European Pillar of Social Rights. The Committee considers that appropriate funding of the corresponding budget lines is therefore essential.

⁴ <http://www.europarl.europa.eu/sides/getDoc.do?type=TA&language=EN&reference=P8-TA-2019-0020>

⁵ Source : European Commission

Budget of Union agencies

Background

The Committee appreciates the important contribution of all the employment and social affairs agencies (Cedefop, Eurofound, EU-OSHA and ETF) in supporting EU policy-making in the area of employment and social affairs and helping neighbouring countries (provision of data on education and training policy, of research-based input for the development of social, employment and work-related policies, collection and dissemination of information on safety and health at work, support to reforms in education and labour market in neighbouring countries).

The Committee also welcomes the creation of the European Labour Authority (ELA)⁶, which is expected to begin operating in 2019 and reach its full operational capacity by 2023. The ELA will facilitate access for individuals and employers to information on their rights and obligations, support cooperation between EU countries in the cross-border enforcement of relevant Union law, including facilitating joint inspections, and mediate and facilitate a solution in cases of cross-border disputes between national authorities or labour market disruptions. The ELA is also an important achievement of the European Pillar of Social Rights.

Recommendation 4

The Committee stresses that the tasks of Union agencies are growing constantly and that they must therefore be given the necessary financial and human resources to fulfil their respective remits and ensure the best possible results in support of EU legislative and policy objectives. The Committee emphasises the need for additional funding in order to maintain the level of research carried out by the agencies, in particular to secure the work done on pan-European surveys and other data collections.

Recommendation 5

The Committee highlights the need to ensure that sufficient financial and human resources are set aside for the establishment of ELA, and that this cannot be accomplished by redeploying allocations from the other employment and social affairs agencies.

Pilot projects and preparatory actions

Background

Pilot projects and preparatory actions are very valuable tools for initiating new activities and policies. It should be stressed that a number of ideas presented by the Committee on Employment and Social Affairs have been successfully implemented as pilot projects and preparatory actions during the 8th legislative term.

Recommendation 6

The Committee recalls that it is paramount for Parliament to be given regular and detailed updates on the various stages of the implementation of pilot projects and preparatory actions by the Commission, and insists that the Commission, for its part,

⁶ [http://www.europarl.europa.eu/RegData/commissions/empl/inag/2019/02-20/EMPL_AG\(2019\)636129_EN.pdf](http://www.europarl.europa.eu/RegData/commissions/empl/inag/2019/02-20/EMPL_AG(2019)636129_EN.pdf)

implements these projects and actions swiftly and respects their contents, as agreed and approved by the Parliament and the Council.

ANNEX: LETTER FROM THE COMMITTEE ON THE ENVIRONMENT, PUBLIC HEALTH AND FOOD SAFETY

D(2019)11068

Mr Jean Arthuis
Chair of the Committee on Budgets
ASP 09G202

Dear Mr Arthuis,

In accordance with the decision taken by the Environment, Public Health and Food Safety (ENVI) Committee on 27 February 2019, both as ENVI Chair and as Standing Rapporteur for the Budget, let me provide you with our priorities for the 2020 budget.

On a general level, I would like to reiterate, on behalf of the ENVI Committee, our strong conviction that climate action, biodiversity and resource efficiency mainstreaming is of horizontal importance to all EU policies in achieving the goals set by the Europe 2020 strategy. The EU budget must support the fulfilment of international commitments, including the implementation of the Sustainable Development Goals and the implementation of the Paris Agreement. Only an appropriate level of financial support will help bring about climate change adaptation and mitigation, and boost the transition towards a circular, low-carbon economy. Furthermore, European-funded projects should not have a negative impact on this transition.

The budgetary procedure for 2020 is the last one of the programming period 2014-2020. In this context, we are deeply concerned about the now imminent risk of falling short of meeting the spending target of at least 20 % of the EU budget on climate-related action between 2014 and 2020. I would therefore like to stress that every effort should be made to set the relevant allocations in the 2020 budget at a level that will ensure that the overall EU budget target will be reached by the end of 2020. In addition, I would like to highlight that we were interested to note the latest developments in the field of green and sustainable finance, as an additional way to promote investment in the low-carbon, resource-efficient and circular economy. In this context, it is important to establish a definition of sustainable assets.

Furthermore, I would like to call for adequate financing to be allocated in the 2020 budget to ensure the long-term protection of biodiversity across the EU. Halting and reversing biodiversity loss is one of our key priorities, and is also intrinsically linked to climate change mitigation. It is important therefore that biodiversity concerns are integrated into other policy areas. In the context of financing Natura 2000, sufficient financing should be made available for the various projects, making use of synergies between different sources of funding. Furthermore, the tracking methodology for biodiversity spending should be improved, in particular, negative spending that is counter to the protection of nature should also be tracked.

Moreover, in their efforts to foster economic recovery, Member States should view

environment and climate-friendly policies, as well as measures and projects, as an opportunity to improve public health, promote job creation and economic growth among SMEs. Furthermore, we consider it important to use the European Semester to accelerate the transition towards a resource-efficient, circular, net-zero emission, energy-efficient economy based on renewable energy and contributing to sustainable development and the achievement of the Sustainable Development Goals.

Health is a value in itself and a prerequisite for promoting EU-wide growth. Therefore, it is crucially important that the health programme is restored as a stand-alone programme in the next MFF. Public health is a priority for the ENVI Committee, therefore it is important that with regard to ongoing work on antimicrobial resistance and health technology assessments among others, the necessary financing should be adequate to ensure an ambitious EU health policy that will encourage and complement action at Member State level.

The environment, climate change, public health, civil protection, consumer protection and food and feed safety are all key concerns for EU citizens. Therefore, I would like to emphasise, on behalf of the ENVI Committee, that the ceilings as agreed in the Multiannual Financial Framework should be fully respected, and that any change that would reduce the budgetary programming for the respective budget lines must be firmly rejected. I would also like to stress the importance of the LIFE and Health for Growth programmes, programmes relating to food and feed safety as well as the Union Civil Protection Mechanism, which must be preserved. Furthermore, smaller programmes must not be sidelined in favour of those more in the public and political focus. In addition, the new pilot projects and preparatory actions included in the 2019 budget in the field of the Environment, Public Health and Food Safety should be followed up with commitment appropriations in the 2020 budget, to ensure their comprehensive implementation.

Moreover, let me repeat that we are particularly concerned about the budget constraints affecting the EU decentralised agencies falling under the remit of our Committee, namely European Chemicals Agency (ECHA), European Centre for Disease Prevention and Control (ECDC), European Environment Agency (EEA), European Food Safety Authority (EFSA) and European Medicines Agency (EMA). Although their tasks and duties are constantly growing, most of them have absorbed significant staff cuts in recent years, regardless of their workload. I believe that these agencies must be allocated more financial and human resources, where appropriate, in order to fulfil their mandate and execute their tasks, and to promote a science-based approach in the EU. Therefore, we strongly support a case-by-case approach in assessing the individual needs of the decentralised agencies, namely taking into account the current and new tasks assigned. In this regard we would like to emphasise that EU funding of the EMA's public health activities should not be jeopardised by specific funding needs of the agency's United Kingdom premises resulting from the decision to relocate the Agency and which are not covered by the new MFF.

Finally, in anticipation of the budgetary implications of the United Kingdom's withdrawal from the EU, not just on the agencies under its remit (in particular, EMA), but also on EU funds and programmes in the fields of environment, public health and food safety, we call for these funds to be reinforced and safeguarded. It is our understanding that the Commission has already pre-emptively restricted the 2019 annual budgets of some of the agencies, without

informing the Parliament, which should be rectified and prevented in the context of the 2020 budgetary procedure. Furthermore, as regards the supply of medicinal products following the United Kingdom's withdrawal in the event of a no deal, we must ensure that all possible preparedness and contingency actions have been taken in order to make sure that Brexit does not also morph into an unmanageable health hazard for EU patients.

I have sent a similar letter to Ms Monika Hohlmeier, general rapporteur for the 2020 budget.

Yours sincerely,

Adina-Ioana Vălean

ANNEX: LETTER FROM THE COMMITTEE ON INDUSTRY, RESEARCH AND ENERGY

Committee on Industry, Research and Energy
The Chair

Subject: Budget 2020

Dear Mr Arthuis,
dear Ms Hohlmeier,

Thank you for providing specialised committees the possibility to contribute to your working document in preparation for the July budgetary trilogue.

While we cannot yet comment on the Commission's draft budget at this stage, the ITRE committee would like to underline a couple of general observations:

The 2020 Union budget will be the last budget during the current MFF period. We know from experience that financial programmes tend to have a slow start, so it is realistic to assume that in 2021 commitments will be considerably lower than in later years of the upcoming MFF. Therefore, we consider it vital that for the 2020 budget the Parliament will engage to achieve a level of commitment appropriations in heading 1a up to the ceiling. Only such an approach would allow to partially covering for the foreseeable slump in 2021. In addition and to the extent possible, we would like to encourage you to make use of all possible flexibility instruments available in the MFF Regulation and of the special provision on the re-use of de-committed funds for research projects laid down in the Financial Regulation to ensure the highest possible level of commitment appropriations for next year's budget.

We would also like to call on you to ensure that on payment appropriations due consideration is given to the fact that at the end of the MFF period all programmes are in full swing and commitments need to be honoured by a sufficient level of payment appropriations.

The ITRE committee shares the general guidelines for the 2020 budget adopted by Parliament on 14 March. We appreciate that ITRE's core concerns such as sustainable and inclusive growth, research and innovation, digitalisation and energy have already been identified as priority areas. As in previous years, we would like to put a special focus on Horizon 2020 and COSME as well as the energy and digital infrastructures strands of the Connecting Europe Facility, including their contribution to the Union's efforts to meet its obligations under the Paris Agreement.

The ITRE committee also fully shares your approach on decentralised agencies as set out in paragraph 5 of the guidelines. This is certainly true for the agencies under ITRE's remit and sufficient funding and staffing is needed for all of them to ensure that they will be able to fulfil the mandate we as a legislator have given to them. We would in particular like to draw your attention to the case of ACER which has serious difficulties to deliver on their mandate already this year, as the appropriations provided in the 2019 budget are unfortunately far

below the needs despite the European Parliament's support for ACER's budget request. In addition, this situation will even get worse in the course of the year as the Clean Energy Package (CEP) legislation, which is expected to enter into force in the summer, will require ACER to perform a substantial number of additional tasks within tight deadlines during 2019 and early 2020 without all the required additional resources. This seriously undermines ACER's ability to cope with its extended mandate. We would therefore like to urge you to ensure that this situation will be remedied with the 2020 budget in order to allow ACER to successfully carry out its existing mandate and its additional responsibilities under the CEP.

We would also like to recall that the EFSI guarantee fund was financed partly through redeployments from Horizon 2020 and the Connecting Europe Facility and it has been the longstanding demand of the ITRE committee to restore the initially foreseen appropriations for both programmes. We count on the Committee on Budgets to engage once again to restore these funds.

Furthermore, in the digital sector it is crucial to guarantee consistent funding of the recently established European High-Performance Computing (HPC) Joint Undertaking, in order to achieve the competitive edge of European HPC, vital for both industry and research.

The ITRE committee would also like to highlight the commitments undertaken by the three institutions in the WiFi4EU Regulation, which need to be respected in the 2020 budget. More specifically a joint statement between the EP, the Council and the Commission had been agreed aiming at overall allocations of EUR 120 million over 3 years in order for the initiative to become a true European success for the benefit of local communities and citizens. This would mean that the amount currently foreseen in the latest financial programming for 2020 should be doubled in the 2020 budget.

With regard to the European Defence Industrial Development Programme (EDIDP) the ITRE committee is of the opinion that it should be exclusively financed by fresh appropriations, and not by shifting funds from other Union programmes in Heading 1a.

We currently do not know if and how Brexit will have an impact on the 2020 budget. In case the UK will not (or not fully) contribute to next year's budget, the ITRE committee is of the opinion that there would be an urgent need for Member States to step in and compensate the UK contribution as all programmes are in their final phase and recipients of EU funds need certainty that the Union will honour its commitments.

Yours sincerely,

Jerzy Buzek

ANNEX: LETTER FROM THE COMMITTEE ON THE INTERNAL MARKET AND CONSUMER PROTECTION

MB/ic
D(2019)13210

Mr Jean Arthuis
Chair of the Committee on Budgets
WIC M02024

Subject: Letter-opinion on the recommendations for the budgetary trilogue of July

Dear Chair,

The Committee on the Internal Market and Consumer Protection (IMCO) calls on the Committee on Budgets to incorporate the following suggestions into its working document on recommendations for the negotiations on the 2020 Budget:

IMCO wishes to recall that a well-functioning Single Market with unhindered movement of goods, services, people and capital is a key objective that creates economic growth in the EU, fosters the competitiveness of its industry, sustains the creation of quality jobs and helps enhance the living standards of its citizens. However, undue barriers to the free circulation of products and services, inadequate enforcement of existing rules, low levels of cross-border public procurement and insufficient political support for structural reforms continue to limit the opportunities for businesses, especially SMEs, and citizens, resulting in fewer jobs and higher prices.

Therefore, in IMCO's opinion, it is crucially important that an adequate share of the Union budget be devoted to the completion of a well-functioning single market and to effective consumer protection. This is especially important with regard to the single market in services, with a view to encouraging the development of new and innovative services. Adequate single market funding is all the more important given the current context of the transformation of economic activities due to digitisation. In line with the Commission's Single Market Strategy and Digital Single Market Strategy, IMCO calls for an appropriate funding of the following key elements in the 2020 Budget.

1. Consumer protection

A healthy consumer environment is a key factor for the completion of the Single Market and for economic growth throughout Europe. EU consumer protection legislation has given predictability and confidence to citizens and businesses in many areas such as passenger rights, consumer rights, the fight against unfair commercial practices, unfair and unclear contract terms, counterfeiting of products, and dual quality of products.

However, consumer policy challenges remain, both in the digital and physical sphere. Unsafe and non-compliant products are still a reality in the EU, which calls for better coordination and effectiveness of market surveillance, which will, to a significant extent, be addressed through the soon-to-be-adopted “Market surveillance and product compliance Regulation”. As regards the Digital Single Market generally, it is important to systematically monitor developments, detect emerging issues and provide policy recommendations for its further development. More specifically, increasing the education and awareness of consumers and citizens is of capital importance, as well as the adjustment of consumer rights to technological changes to ensure greater consumer confidence in the goods and services available in the Union. The development of cybersecurity capabilities is also crucial. IMCO would therefore like to ensure that adequate funding is directed to consumer protection, in particular addressing new consumer policy challenges, in the 2020 Budget, taking into account that important legislation within that field has recently or will soon enter into force, among which:

- "Directive Contracts for the sales of goods COM(2015)0635 -COM(2017)0637 2015/0288 (COD) IMCO/8/05564";
- "Directive on Contracts for the supply of digital contents” COM(2015)0634-2015/0287 (COD) CJ24/8/06371";
- "Regulation on Establishing a single digital gateway to provide information, procedures, assistance and problem solving services and amending Regulation (EU) No 1024/2012 - COM(2017)256 final - 2017/0086(COD) - IMCO/8/09874";
- "Regulation for a framework for the free flow of non-personal data in the European Union - COM(2017) 495 final; 2017/0228 (COD) IMCO/8/11036";
- "Directive on Representative actions for the protection of the collective interests of consumers COM(2018)0184 - 2018/0089 (COD) IMCO/8/12818" ;
- "Directive on Better enforcement and modernisation of EU consumer protection rules COM(2018)0185 - 2018/0090 (COD) IMCO/8/12813".
- Regulation on addressing unjustified geo-blocking and other forms of discrimination based on customers' nationality, place of residence or place of establishment within the internal market” COM (2016)0289 - 2016/0152 (COD) IMCO/8/06772
- “Regulation of the European Parliament and of the Council laying down rules and procedures for compliance with and enforcement of Union harmonisation legislation on products - COM (2017)0795 - 2017(0353) COD”.

2. Customs Policy

Customs policy is a quintessential example of a policy area where public spending has the potential to kick-start improvements that benefit the economy as a whole, as well as every Member State and any company or individual wishing to engage in trade activities.

The overall strategy on customs should be coherent, ambitious and implemented in an effective manner. The simplification of the procedures and their effective enforcement are crucial to combat fraud and drive competition. Diverging interpretations between different national customs administrations of what a standard customs control entails need to be avoided if we are to preserve the integrity of the customs policy area. To this end it is essential to increase the funding of the Customs 2020 programme which contains cooperation mechanisms that allow customs authorities and officers across the union to exchange and share information and best practices, and to ensure funding for the purchase and maintenance of up-to date, efficient customs control equipment. Appropriate funding should also be made available to enable technical preparedness and a coordinated response to certain possible Brexit scenarios that could create shocks to the internal market and impact growth and jobs.

The Union Customs Code sets the regulatory framework for the customs area. It is to be recalled that the benefits of the Union Customs Code are to take full effect only after all the transactions have been transferred to fully-electronic processing methods. Only then will we maximise the efficiency of the system, the protection of our citizens, the competitiveness of our companies and the economic interests of the Union as a whole.

It is therefore necessary for the Union and Member States alike to maintain their budgetary efforts in order to ensure the timely development of IT systems and components, their interoperability, and their security in terms of the protection of personal data. A fully electronic environment for customs activities would help deter import point shopping by exporters to the Union and undervaluation of imports so as to guarantee the appropriate collection of the own-resources of the Union. This is especially relevant in the context of the entry into force in 2019 of the amendment of Article 278 of the Union Customs Code prolonging the transitional use of means other than the electronic data-processing techniques (2018/0040 (COD)). This amendment effectively extends by five additional years the period in which paper-based procedures are permitted, because the electronic systems that were to replace them from the end of 2020 will not be totally operational before that date. With a view to preventing further delays, sufficient resources need to be allocated to this policy area. This includes financial resources to fund the completion of the IT components and systems under the responsibility of the Commission, but also human resources to help oversee the correct implementation of the part of the planning under the responsibility of Member States. Increased staffing would allow the appropriate reporting to Parliament as per the joint declaration of the co-legislators requesting enhanced reporting and the involvement the Court of Auditors that was part of the interinstitutional negotiations on the amendment of Article 278 UCC.

Adequate spending in the coming years on this policy area would actually ensure a return from the investment in the future, making of it an example of better EU spending. A sufficient level of staffing for the Commission in this area is also imperative to guarantee the smooth running of the transition to an effective e-customs environment. Without this, the success of

the whole transition to electronic systems is at risk.

3. SMEs and microenterprises

SMEs and microenterprises are the backbone of Europe's economy. IMCO considers it to be of utmost importance that they continue to benefit from information and assistance services such as SOLVIT and Your Europe and, more generally, from information about European legislation of relevance to their activities. This will give them stronger support to enter the foreign markets that are opening up and to help them embrace digital transformation and adopt circular economy business models. An appropriate level of capital can help them to leverage their capacity to face the challenges of the economy and its transformation towards digital commerce.

4. Standardisation activities

Lastly, it is of paramount important to keep an adequate level of funding for the standardisation activities of the European Standardisation Organisations. Standards are at the cornerstone of the Single Market and underpin the competitiveness of European industry. Consumers and stakeholders should be part of the standard-setting process, as provided for by EU law.

Anneleen Van Bossuyt

Cc: Monika Hohlmeier

ANNEX: LETTER FROM THE COMMITTEE ON AGRICULTURE AND RURAL DEVELOPMENT

Mr Jean Arthuis
Chair of the Committee on Budgets
ASP 09G205

IPOL-COM-AGRI D (2019) 14908

Subject: Opinion on mandate for trilogue on Budget 2020

Dear Chair,

Under the procedure referred to above, the Committee on Agriculture and Rural Development has been asked to submit an opinion to your committee.

The Committee on Agriculture and Rural Development considered the matter and decided to call on the Committee on Budgets, as the committee responsible, to incorporate the following suggestions into its mandate for trilogue.

1. Highlights the important role that both agriculture and rural development play in achieving Community objectives in the fields of food security, sustainable economic growth, territorial and environmental balance, animal welfare and combating climate change;
2. Advocates stability for the agriculture budget, and hence opposes any cuts to it in the 2020 budget, especially in view of the serious crises and price volatility experienced by the agricultural sector in recent years;
3. Expresses concern at the consequences that any failure of the ongoing negotiations on the United Kingdom leaving the European Union could have for the 2020 budget;
4. Urges the Member States to strengthen support measures for young farmers in 2020, given the lack of generational renewal in farming, which is currently European agriculture's main pitfall;
5. Insists that any revenue to the Union budget deriving from any assigned revenues or

repayments of irregularities from agriculture in previous years should remain under Heading 2;

6. Expresses its satisfaction at the increase in appropriations intended to combat animal diseases and plant pests, as the Union is facing significant risks and increased outbreaks;
7. Welcomes the increased support for research and innovation dedicated to the supply of safe and high quality food; stresses that it is essential that funds earmarked for research in the agri-food sector, in particular from the Horizon 2020 budget, remain fully available as such in order to stimulate innovation and smart solutions in the agricultural and rural development sectors;
8. Underscores the importance of pilot projects and preparatory actions for innovation in the agricultural and rural development sectors: asks for continued support for ongoing and new pilot projects and preparatory actions.

Yours sincerely,



Czesław Adam SIEKIERSKI

ANNEX: LETTER FROM THE COMMITTEE ON CULTURE AND EDUCATION

2.4.2019

Mr Jean Arthuis
Chair
Committee on Budgets
BRUSSELS

IPOL-COM-CULT D (2019) 13503

Subject: **Priorities for the 2020 budget by the Committee on Culture and Education - contribution to the recommendations for the budgetary trilogue as to the 2020 budget (2019/2010(BUD))**

Dear Mr Chair,

On behalf of the CULT Committee, I would like to submit the following remarks to you regarding the budgetary priorities of the CULT Committee for the 2020 budget. The remarks should be regarded as a contribution to the ‘recommendations for the trilogue’ that the Committee on Budgets is preparing.

The CULT Committee:

1. Reaffirms the importance of programmes in the field of education and culture and their need for adequate commitment and payment appropriations in order to ensure that programmes reach the intended number of beneficiaries and thus have the appropriate impact;
2. Recalls the fact that Erasmus+ is the leading programme for promoting youth mobility, with applications largely exceeding the funding available; calls on the Commission to make the best use of remaining funds in the current MFF in particular to ensure proper reallocation of unspent allocations within the Erasmus+ programme to other Erasmus+ budget lines, to boost the programme’s inclusiveness, to reinforce the Youth Strand and to further implement the European Student E-card;
3. Believes in the importance of Creative Europe in supporting the Union’s audiovisual, creative and cultural sectors; insists that funding levels match the ambitions of the programme and that the synergies with other funds and programmes should not replace the direct financial allocation of Creative Europe; takes note of the good results of the Guarantee Facility and encourage its further implementation in 2020; insists on the need to provide adequate and continued financing, including through the Pilot Projects and Preparatory Actions already underway to support and monitor the evolution of the media sector, including media pluralism, freedom of the media, and media literacy;
4. Notes with regret that the European Solidarity Corps was initially set up without a legal

base and without a stand-alone budget line; insists that the trilogue agreement on the sources of funding be fully respected in the annual budgetary procedure;

5. Underlines the value of Europe for Citizens in enhancing citizens' understanding of the Union and common European values and encouraging a sense of common citizenship; reaffirms its commitment to proper funding levels for the programme, particularly as civic engagement in the actions of the Union and democratic participation are more important than ever; reaffirms its commitment to appropriate funding for town twinning programmes, in particular small partnership projects;
6. Calls on the Commission to use the attention generated by the 2018 European Year of Cultural Heritage (EYCH) to continue into 2020 initiatives that support and raise awareness of European cultural heritage, in particular regarding the EYCH governance framework; calls, in that regard, for dedicated funds to be made available through relevant MFF programmes;
7. Welcomes the fact that culture- and education-related projects are supported across a range of Union programmes and instruments, notably the ESI Funds, EFSI, and Horizon 2020; calls on the Commission to foster coherent synergies across Union programmes – such as Horizon 2020, the Connecting Europe Facility, Erasmus+, EaSI, Creative Europe and COSME, EFSI and ESI Funds – to enhance the support to projects in the field of education, youth and cultural and creative industries; insists that the synergies should not be interpreted as an endorsement by the Parliament of redeployments or budgetary cuts;
8. Draws attention to several challenges that lie ahead for the European Schools, in particular with regard to the period after Brexit and especially in the case of a no-deal scenario calls on the European Commission and the European Schools to provide an adequate level of funding during and beyond the transitional period as laid down in the draft withdrawal agreement or to find solutions in the event of a no-deal withdrawal, so as to continue to offer first class English-language teaching within the European Schools after the withdrawal of the United Kingdom from the Union.

Yours sincerely,

Petra Kammerevert
CULT Chairperson

ANNEX: LETTER FROM THE COMMITTEE ON CIVIL LIBERTIES, JUSTICE AND HOME AFFAIRS

IPOL-COM-LIBE D(2019) 11779

Mr Jean ARTHUIS
Chair of the Committee on Budgets
ASP 09G205
Brussels

Subject: Priorities for the Draft Budget 2020 by the Committee on Civil Liberties, Justice and Home Affairs

Dear Chair,

On behalf of the LIBE Committee, I am writing to you in the framework of the annual budgetary procedure to request that the following LIBE priorities are incorporated in the Draft Budget 2020, which will be the last one of the current MFF (2014-2020).

The LIBE Committee:

- Recalls that it is essential to guarantee the execution of the EU Budget in the field of Justice and Home Affairs, regardless of the way the UK leaves the EU and its contribution to the 2020 EU Budget;
- Reaffirms the importance of the AMIF in providing financial support to ensure adequate reception conditions for asylum seekers across Europe. In 2020, actions on migration management and asylum mainly within the European Union will continue to be a priority. Other key priorities that continue to be of importance as in previous MFF years are: the support of actions promoting the integration of migrants across the EU, adequate measures for the reception and support provided to unaccompanied minors (personal assistance and guardianship) and persons in a vulnerable situation, the identification and support of victims of trafficking in human beings, including for labour exploitation as well as access to justice, education, housing and healthcare for migrants and asylum seekers. Experience acquired since the beginning of the MFF suggests that priority should be given in 2020 to the funding of measures aiming at improving integration of regularly staying migrants as well as re-integration of irregularly staying migrants who forcibly or voluntarily returned to a third country; in most Member States their numbers are still high compared to the number of new arrivals;
- Highlights the value of the Justice, Rights and Values Fund in strengthening and promoting fundamental rights, democracy and the rule of law and in preventing and combating inequalities and discrimination as well as promoting citizen's participation

and engagement; reaffirms the importance to guarantee proper funding levels for the programmes that this Fund covers;

- Notes the commitment to ensure that sufficient funding is earmarked for preventing and countering radicalisation and terrorism in the framework of the ISF. The ISF shall be coherent with and complementary to other Union financial programmes in the field of security, as well as support preparedness for and management of security-related incidents through joint training and exchange programmes for best practices learning, which would enhance coordination and visibility of the use of these resources and result in higher effectiveness of their use;
- Underlines that all resources requests of JHA Agencies -such as Europol, Eurojust, EBCG, EASO, FRA and eu-LISA- must be made under parliamentary scrutiny at the EU and Member States' level so that these agencies can continue sustaining the very high expectations of EU Member States with full transparency. The EU Budget 2020 should support the strengthening of existing transnational cooperation mechanisms and offices, such as Joint Investigation Teams coordinated by Eurojust and Europol in order to scale up and reinforce the response to transnational crime. The fight against cross-border serious crime, including terrorism, requires increased funding to improve information exchange and data protection and analysis. All actions and capacities to this end shall fully comply with fundamental rights;
- Notes that the management of the external borders of the EU remains a key priority in 2020 and the Budget of Frontex should be adequate for that purpose. However, an increase in spending for border management including through the Instrument for financial support for the management of external borders and the common visa policy should go hand in hand with a strengthened monitoring of fundamental rights and also with an increase in spending for the Common European Asylum System (CEAS). It is also important to point out that the Court of Auditors identified as part of the discharge of the 2017 Budget that Member states overestimated the financial need of Frontex in 2017, therefore the 2020 Budget of Frontex should be realistically established in 2020 for avoiding this issue;
- Believes that the Budget of EASO should be adequate for the office carrying-on with its internal reforms addressing weaknesses identified by the Court of Auditors in 2017 and 2018 as part of the Budgetary discharge procedure;
- Points out that the European Public Prosecutor Office (EPPO) is currently in the bootstrapping phase and will need to become fully operational before December 2020. It therefore needs a sufficient budget in order to allow a smooth and efficient transition to full operations;
- Recalls that appropriate resourcing of the EDPS and national Data Protection Authorities is a prerequisite for exercising their tasks with full independence (as provided for in Article 16 of the Treaty on the Functioning of the European Union). In-line with increasing staffing of national data protection authorities for supporting

the implementation of the new EU data protection framework (GDPR), staff of the EDPS should also be increasing in 2020 to ensure the performance of the duties entrusted to this important body of the Union.

I would be grateful if you could take these recommendations into consideration to be included in the Draft Budget 2020.

Yours sincerely,

Claude MORAES

ANNEX: LETTER FROM THE COMMITTEE ON CONSTITUTIONAL AFFAIRS

Ref.: D(2019)12449

Mr Jean Arthuis
Chair of the Committee on Budgets
Building Altiero Spinelli
ASP 09G205
B-1047 Brussels

Subject: AFCO priorities for the mandate for trilogue for Budget 2020

Dear Chair,

This year's budgetary procedure is subject to a special timetable in order to take into consideration the specificities related to the year of elections. You have therefore requested all committees to deliver their contributions for the mandate for trilogue for Budget 2020 in the form of letters by 15 April 2019.

Allow us to remind you of the particular circumstances surrounding this year's budgetary procedure and recall that negotiations on the 2020 Union budget will run in parallel with (i) the negotiations on the next Multiannual Financial Framework and the reform of the EU own resources system; (ii) the Brexit negotiations; (iii) and after the EU elections, with a new Parliament.

The committee on Constitutional Affairs would therefore like to draw your attention to the following priority areas, which deserve to be addressed during this year's budgetary negotiations:

- Communication with citizens should be among the top priorities for the budget in order to ensure a broad public debate and citizens' involvement in the discussion on the future of Europe, building on the momentum of the reinforced communication campaign for the European elections. Following the recent examples of broad European consultations, the budget should provide the European Institutions and Citizens' Organisations with the necessary means to keep the debate alive, in the form of consultations with the widest possible range of participants and stakeholders and direct exchange with the citizens, in order to create a genuine European public space. In this perspective, we would like to underline the efforts made by some heads of Member States to engage directly with citizens. We would also like to call on the Member States to make a better use of the existing tools regarding communication with citizens, such as the Europe Direct Centres;

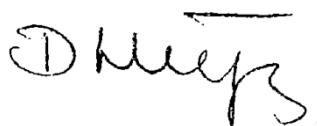
- We would also like to emphasize the need to keep working on the fight against fake news and disinformation, not only ahead of the EU elections but also after, in the long-term perspective.

- Concerning AFCO's usual budgetary priorities, we continue to pledge for sufficient commitment and payment appropriations for the Europe for Citizens programme, the Rights, equality and citizenship programme and the European citizens' initiative. As these instruments are vital for intensifying the participatory democracy processes in the EU and for building citizens' trust and understanding for European policies and politics, AFCO would like to see these programmes, as well as the underlying communication strategies, equipped with adequate funding to meet their objectives;

- Let us also recall that we need to build more knowledge and trust among citizens in the EU budget and its added value. If we manage to convince them that one euro spent on the European level equals one or more euros saved from the national treasury through the added value and spillover effects of the EU budget, they will be more willing to support the EU budget and ensure that the Union has the means for its priorities. It is therefore crucial to analyse the value for money generated by any transfer of competence to the Union, and especially any savings made on national budgets by Member States following such transfers. This is important not only to monitor the proper use of European funds, but also to show the public opinion that money spent from the EU budget can mean savings made through economies of scale, when Member States make the most of such opportunity. This is why, for every new program/transfer of competence, a budgetary analysis should be made in order to prove the efficiency of the EU and the added value to the EU citizens. By doing so, we will win the support of the EU citizens and Member States, change the mind-set regarding the EU budget contributions and contribute to furthering the European project.

I am confident that the Committee on Budgets will take our suggestions into consideration when preparing the Mandate for Trilogue for Budget 2019.

Yours sincerely,



Prof. Danuta Hübner, Ph.D

(Chair)



Alain Lamassoure

(AFCO Rapporteur for opinion on Budget 2020)