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DRAFT REPORT

on the Mid-Term Review of the 2007-2013 Financial Framework
(2008/2055(INI))

Committee on Budgets

Rapporteur: Reimer Böge

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on the Mid-Term Review of the 2007-2013 Financial Framework (2008/2055(INI))

The European Parliament,

- having regard to the EC Treaty and in particular Articles 268 to 280 thereof,
- having regard to the ongoing ratification process of the Treaty of Lisbon,
- having regard to the Interinstitutional Agreement (IIA) of 17 May 2006 between the European Parliament, the Council and the Commission on Budgetary Discipline and Sound Financial Management¹,
- having regard to its resolution of 8 June 2005 on Policy Challenges and Budgetary Means of the enlarged Union 2007-2013²,
- having regard to the Commission working document on Reforming the Budget, Changing Europe of 3 November 2008³,
- having regard to the Conference on Reforming the Budget, Changing Europe hosted by the Commission on 12 November 2008,
- having regard to its resolutions of 13 December 2007⁴ and 18 December 2008⁵ on the 2008 and 2009 draft general budgets of the European Union (all sections),
- having regard to its resolution of 29 March 2007 on the future of the European Union's own resources⁶,
- having regard to its resolutions of 12 December 2007 on the amended proposal for a decision of the European Parliament and of the Council amending the Interinstitutional Agreement of 17 May 2006 on budgetary discipline and sound financial management as regards the multi-annual financial framework⁷,
- having regard to its position of 4 December 2008 on the proposal for a regulation of the European Parliament and of the Council establishing a facility for rapid response to soaring food prices in developing countries⁸,
- having regard to its resolution of 21 February 2008 on the 4th report on economic and

¹ OJ C 139, 14.6.2006, p. 1.

² OJ C 124 E, 25.5.2006, p. 373.

³ SEC(2008)2739.

⁴ OJ C 323 E, 18.12.2008, p. 454.

⁵ Texts Adopted, P6_TA(2008)0622.

⁶ Texts Adopted, P6_TA(2007)0098.

⁷ OJ C 323 E, 18.12.2008, p. 263.

⁸ Texts Adopted, P6_TA(2008)0576.

social cohesion¹,

- having regard to its resolution of 12 March 2008 on the CAP "Health Check"² ,
 - having regard to the conclusions of the European Councils of 15-16 December 2005, 21-22 June 2007 and 11-12 December 2008,
 - having regard to the report of the Committee on Budgets and the opinions of the Committee on Foreign Affairs, the Committee on Development, the Committee on Budgetary Control, the Committee on Industry, Research and Energy, the Committee on Regional Development and the Committee on Agriculture (A6-0000/2009),
- A. whereas the European Parliament, the Council and the Commission agreed on the IIA of 17 May 2006 on Budgetary Discipline and Sound Financial Management following intense negotiations based on the European Parliament's negotiating position of 8 June 2005, based on an in-depth analysis of the needs in order to identify political priorities, and on the agreement achieved by the Member States in 2005,
- B. whereas the IIA of 17 May 2006 provides that the Commission will report on the functioning of the IIA by the end of 2009 and invites the Commission to undertake a full wide-ranging review covering all aspects of EU spending, including the Common Agricultural Policy and resources, including the UK rebate, and to report in 2008-2009,
- C. whereas the Commission launched a wide public consultation in September 2007, to which more than 300 contributions were made, and hosted a conference "Reforming the Budget, Changing Europe" on 12 November 2008 which marked the first step of the review process,
- D. whereas the Commission intends to present a Communication outlining the main orientations that should design the next financial framework in Autumn 2009 and should present a report on the functioning of the IIA (step two of the process) while the proposals for the next MFF and IIA will be made by the next Commission (step three) in the course of the year 2010,
- E. whereas the ratification process of the Treaty on the functioning of the European Union is not yet completed due to the result of the Irish referendum,
- F. whereas the financial provisions of the Treaty of Lisbon provide that the multiannual financial framework (MFF) will have legally binding status under the Treaty on the Functioning of the European Union and have a duration of "at least 5 years",
- G. whereas the Treaty of Lisbon provides for an extension of competences of the European Union, the consequences of which might be reflected in a number of new policies for which appropriate legal bases and financing might be necessary,
- H. whereas the institutions should ensure that the calendar of the next financial framework allows for democratic legitimacy and matching of the Commission and Parliament

¹ Texts Adopted, P6_TA(2008)0068.

² Texts Adopted, P6_TA(2008)0093.

mandates,

- I. whereas the designation of a new Commission and the hearings due to take place in this context should be an opportunity for the newly elected Parliament to examine the new Commissioners on their respective priorities,
- J. whereas the mid-term evaluation of the ongoing legislative programmes, due in 2010-2011, should represent a major basis for a future assessment of ongoing programmes and future priorities,
 1. Recalls that this Parliament has intensively contributed to the setting-up of the 2007-2013 multi-annual financial framework and IIA of 17 May 2006 on Budgetary Discipline and Sound Financial Management while, in parallel, allowing the continuity of EU legislation through the launching of a huge number of multi-annual programmes; in this context, is of the opinion that some broad principles and orientations based on past experience could be transmitted to the incoming Parliament;
 - *A three-step approach*
 2. Welcomes the initiative taken by the Commission in organising a broad open consultation providing a useful platform for new ideas and emerging trends; expects the Commission's forthcoming orientations to take into consideration the outcome of this constructive exercise;
 3. Considers that, over the last two years following the entry into force of the 2007 MFF and of the IIA of 17 May 2006, progress has been made on the three pillars developed by Parliament in its resolution of May 2006:
 - matching political priorities and financial needs
 - modernising the budget structure
 - improving the quality of implementation of the EU budget;
 4. Recalls its awareness of the fact that a number of deficits remained unresolved in the final agreement; stresses that the need for additional financing for EU political priorities, notably for Galileo, the EIT and the food facility arose and a solution was found by means of the existing instruments of the IIA of 17 May 2006; believes that further adjustments within the current MFF and IIA based on a sufficient and ambitious review will be necessary;
 5. Points out that a distinction should be made between the review of certain programmes within the current MFF based on:
 - the mid-term evaluation of legislation to take place in 2010-2011
 - the new challenges such as energy and climate change and other policies linked to the new competences provided by the Treaty of Lisbonand the preparation of the new MFF;
 6. Stresses that the current context and a number of uncertainties linked to the ratification process of the Treaty of Lisbon on the one hand, and, on the other, the end of the current parliamentary term, the outcome of the European elections and the setting-up of the new Commission in the current economic context, will not allow to take detailed positions

aiming at an ambitious review in the coming months;

7. Is therefore of the opinion that a realistic mid-term review should develop in three steps:
 - resolving deficits and leftovers in the context of the annual budgetary procedures, if possible through more flexibility and, if necessary, using part of the margin left below the own resources ceiling,
 - assessment of the mid-term evaluation , possible adjustments and prolongation of the current programmes as provided for by legislation (2010-2011) and prolongation until 2015 of certain programmes, allowing a phase-in with the mandates of the Parliament and the Commission,
 - preparation of the next MFF after 2013 (2015); this phase will be the responsibility of the new Parliament;

- *General principles*

8. Recalls that the own resources ceiling represents 1,33 % of EU GNI in commitments and 1,24 % of EU GNI in payments; also recalls that every year significant margins are left below the ceiling set up by the financial framework, notably in payments (EUR 8 300 000 000 in 2007, 13 000 000 000 in 2008, 7 800 000 000 in 2009); moreover recalls that huge margins exist between the MFF ceiling and the ceiling of the EU own resources¹ (EUR 36 600 000 000 in 2010, 44 200 000 000 in 2011, 45 000 000 000 in 2012 and 50 600 000 000 in 2013)²;
9. Confirms its position of March 2007 in which it stressed that "the political link between the reform of revenue and a review of expenditure is inevitable and perfectly reasonable"; believes that the two processes should be run in parallel with the aim to merge in a global and integrated reform for a new system of EU financing and spending at the latest in 2015, which would imply that the preparatory work is done beforehand;
10. Believes that the general magnitude of the EU resources should not be affected by the current world economic crisis, even if the Member States' GNI will cease to follow an ever increasing curve; therefore is convinced that the EU spending should concentrate on policies with a clear European added value, fully in line with the principles of subsidiarity and proportionality;
11. Stresses that matching political priorities and financial needs should remain a priority for the coming years; and that this objective should be pursued through prior identification of positive and negative priorities rather than through self-imposed ceilings;
12. Is convinced that more flexibility within and across headings is an absolute necessity for the functioning capacities of the Union not only to face the new challenges of the EU but also to facilitate the decision-making process within the Institutions; expects the Commission in its forthcoming proposals, based on Declaration No 1 of the IIA of 17 May 2006, to take relevant initiatives in this sense;

¹ Council Decision 2000/597/EC, Euratom of 29 September 2000 on the system of the European Communities' own resources (OJ L 253, 7.10.2000, p. 42).

² 1.24 % own resources ceiling vs. MAFF ceiling based on 2009 estimated EU 27 GNI.

13. Reiterates its will to see a concrete and rapid improvement of the implementation of EU policies and of the cohesion policy in particular; firmly expects the joint commitment made by the Commission and the Council on behalf of the Member States in November 2008 to simplify the procedures (notably of the ETS) in order to accelerate payments, and to produce a positive effect in the coming budgets; is ready to take political and administrative measures, should the current situation remain unchanged;

- *Specific observations*

14. Is determined to find appropriate financing for the new or additional policies which might follow from the possible entry into force of the Treaty of Lisbon (such as energy and space policies, research under heading 1a; judicial cooperation under heading 3a; youth, sport, public health under heading 3b; humanitarian aid, European External Action Service under heading 4);

15. Recalls that headings 1a and 4 are already under-financed in the current MFF; stresses that additional policies should not change the balance between the main categories of the current MFF nor jeopardise the existing priorities; stresses also that, should the Member States continue to insist on a "1 % approach", there will be no budgetary alternative, in order to finance new priorities, but to also contribute from the two main policies of heading 1b and heading 2;

16. Considers that providing the Union with the means to fulfill its political ambition in the areas of energy security and fight against climate change should be part of a short-term review, independent of the entry into force of the Treaty of Lisbon; is ready to examine the possibility of the creation of a specific fund for that purpose;

17. Reiterates its readiness to enter into negotiations with the Council on the Commission proposals to finance energy and network projects (broadband) in the context of the EU Recovery Plan;

18. Insists on pursuing the target of an increase of Research and Innovation expenditure to 3% of EU GNI by the year 2010; stresses that scientific research, technological development and innovation are at the heart of the Lisbon Strategy and key factors for growth, job creation, sustainable development and EU competitiveness;

19. Recalls that heading 4 "The EU as a global partner" remains chronically underfinanced; asks the Commission to make proposals for a long-term perspective financing for CFSP/ESDP in order to secure the means dedicated to this policy area and to avoid recurrent and endless negotiations with the Council during the annual budgetary procedures; is in favour of providing additional means for Defence Policy;

20. Recalls the commitments made by the Member States in 2005 in view of reaching the target of 0,7 % of EU GNI for the official development assistance (ODA) in 2015; believes that the support of the EU budget can be a useful incentive to help the Member States to keep to this goal;

21. Instructs its President to forward this resolution to the Council and Commission.