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on the next MFF: Preparing the Parliament's position on the MFF post-2020 (2017/2052(INI))

Committee on Budgets

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on the next MFF: Preparing the Parliament's position on the MFF post-2020 (2017/2052(INI))

The European Parliament,

– having regard to Articles 311, 312 and 323 of the Treaty on the Functioning of the European Union (TFEU),

– having regard to Council Regulation (EU, Euratom) No 1311/2013 of 2 December 2013 laying down the multiannual financial framework for the years 2014-2020[1] and its subsequent amendment by Council Regulation (EU, Euratom) No 2017/1123 of 20 June 2017[2],

– having regard to the Interinstitutional Agreement of 2 December 2013 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management[3],

– having regard to its resolution of 6 July 2016 on 'Preparation of the post-electoral revision of the MFF 2014-2020: Parliament's input ahead of the Commission's proposal'[4],

– having regard to the Commission's Reflection Paper on the Future of EU Finances of 28 June 2017 (COM(2017)0358),

– having regard to its resolution of 24 October 2017 on the Reflection Paper on the Future of EU Finances[5],

– 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 the Environment, Public Health and Food Safety, the Committee on Industry, Research and Energy, the Committee on Transport and Tourism, the Committee on Regional Development, the Committee on Agriculture and Rural Development, the Committee on Fisheries, the Committee on Culture and Education, the Committee on Civil Liberties, Justice and Home Affairs, the Committee on Constitutional Affairs and the Committee on Women's Rights and Gender Equality (A8-0000/2018),

A. whereas the current multiannual financial framework (MFF) was agreed in 2013 and entailed, for the first time, a reduction in real terms of both commitment and payment appropriations compared to the previous financial programming period in spite of growing EU competences and ambitions as set out in the Lisbon Treaty and the Europe 2020 strategy respectively; whereas it also involved a significant gap between the level of commitment and payment appropriations, which contributed to a backlog in unpaid

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[1] OJ L 347, 20.12.2013, p. 884.
[2] OJ L 163, 24.6.2017, p. 1.
[3] OJ C 373, 20.12.2013, p. 1.
[4] Texts adopted, P8_TA(2016)0309.
[5] Texts adopted, P8_TA(2017)0401.

bills in the two first years of the MFF; whereas the late adoption of the MFF and the related legal bases contributed to implementation delays, the repercussions of which are still felt today and which might lead to an accumulation of payment claims at the end of the current MFF, spilling over into the next period; whereas, at Parliament's insistence, new provisions were included in the MFF in order to use its global ceilings to the fullest possible extent and to provide for flexibility mechanisms;

B. whereas the MFF 2014-2020 quickly proved its inadequacy in meeting actual needs and political ambitions, as, from the outset, it was called upon to address a series of crises and new challenges in the areas of investment, migration and refugees, youth employment, security, agriculture and the environment, which had not been anticipated at the time of its adoption; whereas, as a result, the current MFF had already been pushed to its limits after only two years of implementation as available margins had been exhausted, flexibility provisions and special instruments had been mobilised to a substantial extent, existing policies and programmes had been put under pressure or even reduced, and some off-budget mechanisms had been created as a way of compensating for the insufficient level of the EU budget;

C. whereas those shortcomings had already become evident at the time of the mid-term review and revision of the MFF launched at the end of 2016, and ought to have merited immediate actions, as demonstrated by Parliament in its resolution of 6 July 2016; whereas the agreed mid-term revision succeeded in broadening the potential of the existing flexibility provisions to a moderate extent, but fell short of revising the MFF ceilings;

D. whereas the Commission will present its package of proposals on the post-2020 MFF, including future own resources, in May 2018, which is expected to be followed shortly afterwards by draft legislative proposals for the financial programmes and instruments;

1. Adopts the present resolution in order to outline Parliament's position on the post-2020 MFF, with particular attention to its expected priorities, size, structure, duration, flexibility and other horizontal principles, and to point out the specific budgetary orientations for the respective EU policies covered by the next financial framework; expects the Commission to present the legislative proposal for the next MFF together with a new draft interinstitutional agreement that takes into account Parliament's positions and suggestions; stresses that this resolution also provides a basis for Parliament's engagement in the procedure leading to the adoption of the next MFF;

2. Adopts, in parallel, a separate resolution to set out its position on the reform of the EU's own resources system in line with the recommendations of the High Level Group on Own Resources; calls on the Commission to take due account of Parliament's position in preparing the legislative proposals on the EU's own resources, which should be ambitious in scope and presented together with the MFF proposals; stresses that both the expenditure and the revenue side of the next MFF will be treated as a single package in the upcoming negotiations, and that no agreement will be reached on the MFF without corresponding headway being made on own resources;

I. Priorities and challenges of the next MFF

3. Welcomes the discussion about the next MFF as an opportunity to prepare the ground for a stronger Europe through one of its most tangible instruments, the Union budget; believes that the next MFF should be embedded in a broader strategy and narrative for the future of Europe;

4. Is convinced that the next MFF should build on the Union's well-established policies and priorities, which aim at promoting peace, democracy and human rights, at boosting welfare, long-term and sustainable economic growth, high-quality jobs, sustainable development and innovation, and at fostering economic, social and territorial cohesion as well as solidarity between Member States and citizens; considers that these pillars are prerequisites for a properly functioning single market and Economic and Monetary Union as well as for reinforcing Europe's position in the world; trusts that they are more relevant than ever for Europe's future endeavours;

5. Believes that the next MFF should enable the Union to provide solutions and emerge strengthened from the crises of the decade: the economic and financial downturn, the phenomenon of migration and refugees, climate change and natural disasters, terrorism and instability, to name but a few; underlines that these global, cross-border challenges with domestic implications reveal the interdependency of our economies and societies, and point to the need for joint actions;

6. Stresses that the next MFF provides an opportunity for the Union to demonstrate that it stands together and is able to address political developments such as Brexit, the rise of nationalist movements and changes in global leadership; underlines that divisions and self-centredness are not an answer to global issues and to citizens' concerns; considers that the Brexit negotiations, in particular, show that the benefits of being a Union member greatly outweigh the cost of contributing to its budget;

7. Calls, therefore, for continuous support for existing policies, in particular the long-standing EU policies enshrined in the Treaties, namely the common agricultural and fisheries policies, and the cohesion policy; rejects any attempt to renationalise these policies, as this would neither reduce the financial burden on taxpayers and consumers, nor achieve better results, but would instead hamper growth and the functioning of the single market while widening the disparities between territories and economic sectors; intends to secure the same level of funding for the EU-27 for these policies in the next programming period while further improving their added value and simplifying the procedures associated with them;

8. Believes that Europe should offer prospects to the younger generation as well as to the future-oriented undertakings that make the EU more successful in the global arena; is determined to substantially scale up two of its flagship programmes, namely the Research Framework Programme and Erasmus+, which cannot satisfy the very high demand involving top quality applications with their current means; calls also for progress to be made in the fight against youth unemployment and in support for small and medium-sized enterprises by equipping the successor programmes of the Youth Employment Initiative and the programme for the Competitiveness of Enterprises and Small and medium-sized enterprises (COSME) with greater financial means;

9. Calls on the Union to assume its role in two emerging policy areas with internal and external dimensions, which have appeared in the course of the current MFF: on the one

hand, by developing a comprehensive asylum, migration and integration policy and addressing the root causes of migration and displacement in third countries and on the other hand, by providing security to European citizens and promoting stability abroad, notably by pooling research efforts and capabilities in the area of defence;

10. Highlights that the future framework is expected to integrate two new types of financial support featuring prominently on the Union's economic agenda, namely the continuation of the investment support schemes, such as the European Fund for Strategic Investment, and the development of a fiscal capacity for the euro area and of financial stabilisation functions, possibly through the proposed European Monetary Fund;

11. Reaffirms the principle that additional political priorities should be coupled with additional financial means, whether they emerge at the time of adoption of a new MFF or in the course of its implementation, and underlines that the financing of new needs should not undermine existing policies and programmes; expects, furthermore, that sufficient flexibility provisions will be put in place in order to accommodate unforeseen circumstances that may arise in the course of the MFF;

12. Believes that a stronger and a more ambitious Europe can only be achieved if it is provided with reinforced financial means; calls, in the light of the above-mentioned challenges and priorities, and taking into account the UK's withdrawal from the Union, for a significant increase of the Union's budget; estimates the required MFF expenditure ceilings at 1.3 % of the GNI of the EU-27, notwithstanding the range of instruments to be counted over and above the ceilings;

13. Is convinced that, unless the Council agrees to significantly increase the level of its national contributions to the EU budget, the introduction of new EU own resources remains the only option for adequately financing the next MFF;

II. Horizontal issues

Principles of the EU budget and budget sincerity

14. Recalls the budgetary principles of unity, budgetary accuracy, annuality, equilibrium, universality, specification, sound financial management and transparency, which need to be respected when establishing and implementing the Union budget;

15. Reiterates its long-standing position that the Union's political ambition must be matched with adequate financial resources and recalls that Article 311 TFEU states that the Union shall provide itself with the means necessary to attain its objectives and carry out its policies;

16. Points out, in this context, that the full implementation of political decisions and initiatives taken by the European Council is possible only if the necessary funding is ensured, and underlines that any other approach undermines the sincerity of the Union budget;

17. Believes that, by translating the political priorities of the EU into concrete investments, the multiannual financial framework constitutes an excellent instrument for the long-

term planning of the European project and for ensuring a certain stable level of public investment in the Member States; recalls, furthermore, that the EU budget is predominantly an investment budget that serves as an additional and complementary source of funding for actions undertaken at national, regional and local levels;

Duration

18. Is of the opinion that the decision on the duration of the MFF should strike the right balance between two seemingly conflicting requirements: on the one hand, the need for several EU policies – especially those under shared management, such as agriculture and cohesion – to operate on the basis of the stability and predictability of a commitment of at least seven years, and, on the other hand, the need for democratic legitimacy and accountability that results from the synchronisation of each financial framework with the five-year political cycle of the European Parliament and the European Commission;

19. Stresses that it is a political imperative for each newly elected Parliament to be able to substantially influence the MFF during its electoral cycle, both in terms of amounts and political priorities; stresses that the European Parliament elections provide the opportunity for EU citizens to express directly their position on the budgetary priorities of the Union that should be reflected in a post-electoral adjustment of the financial framework; believes, therefore, that during each political cycle, the Commission should propose and both Parliament and Council should decide either on the establishment of the subsequent MFF or on a mandatory mid-term revision of the ongoing MFF;

20. Underlines, therefore, the need for the MFF's duration to move progressively towards a 5+5 period with a mandatory mid-term revision; calls on the Commission to elaborate a clear proposal setting out the methods of the practical implementation of a 5+5 financial framework;

21. Acknowledges, however, that the timing of the next European Parliament elections in spring 2019, given that the current MFF runs until December 2020, does not allow for a 5+5 solution to be implemented immediately, as no satisfactory alignment of the different cycles would be achieved; takes the view, therefore, that the next MFF should be set for a period of seven years (2021-2027), including a mandatory revision, by way of a transitional solution to be applied for one last time;

Mid-term revision

22. Is convinced of the necessity to maintain a legally binding and compulsory MFF mid-term review and revision, enshrined in the new MFF Regulation; recalls that the 2016 mid-term revision was the historic first occasion on which an actual revision of the MFF Regulation took place and that was assessed positively by both Council and Parliament, notably in terms of reinforcing the MFF flexibility provisions;

23. Considers that, for the 2021-2027 MFF, the mid-term revision should be proposed and decided in due time to allow for the next Parliament and Commission to adjust the financial framework accordingly; underlines that any revision of the MFF should ensure the involvement of Parliament and safeguard its prerogatives as an equal arm of the budgetary authority; underlines, moreover, that any real revision also entails the

revision of the MFF ceilings, should their inadequacy be established for the rest of the period;

Flexibility

24. Underlines that, during the current MFF, the budgetary authority approved a substantial mobilisation of the flexibility mechanisms and special instruments included in the MFF Regulation, in order to secure the additional appropriations needed to respond to serious crises or finance new political priorities;

25. Considers, therefore, that the flexibility provisions under the current MFF have worked well and have provided solutions in relation to the significant financing needed in particular to confront the challenges of migration and refugees and to address the investment gap; recalls that Parliament was the originator of several of these provisions which it strongly defended during the previous MFF negotiations;

26. Believes that a further reinforcement of these provisions is still necessary in order to better cope with new challenges, unforeseen events and the evolving political priorities that arise during the implementation of a long-term plan, such as the MFF; calls for enhanced flexibility for the next MFF, which should allow for the largest possible use of the global MFF ceilings for commitments and payments;

Flexibility mechanisms in the MFF

27. Considers that the ceilings of the next MFF should be set at a level that allows not only the financing of EU policies, but also the provision of sufficient margins in commitments for each heading;

28. Is convinced that all unallocated margins should be carried over without restrictions to future financial years and mobilised by the budgetary authority, for any purpose deemed necessary, in the annual budgetary procedure; calls, therefore, for the Global Margin for Commitments to be maintained, but without any restrictions in scope and time;

29. Recalls that the Global Margin for Commitments can only mobilise the unallocated margins up to year N-1, once they have been confirmed through the technical adjustment preceding the presentation of the Draft Budget; considers, however, that it is essential to explore ways of also mobilising the unallocated margins of year N, in order to still allow for the financing of additional needs that may occur during that year;

30. Strongly believes that the commitments authorised by the budgetary authority should be used for their original purpose and that every effort should be made to ensure that this is the case across all policy fields; calls, in particular, on the Commission to continue to actively work in this direction; is convinced, nevertheless, that if decommitments actually occur, as a result of the total or partial non-implementation of the actions for which they had been earmarked, they should be made available again in the EU budget and be mobilised by the budgetary authority in the framework of the annual budgetary procedure; considers that the decommitments should feed directly into the Global Margin for Commitments, instead of any particular special instrument or reserve;

31. Recalls that decommitments stem from commitments that have already been authorised

by the budgetary authority and should normally have led to corresponding payments, if the action they were meant to finance had been carried out as planned; stresses, therefore, that the recycling of decommitments in the EU budget is duly justified, but should not be a way to circumvent the relevant decommitment rules that are enshrined in the sectoral regulations;

32. Points to the need to ensure a full carry-over of payment margins through the Global Margin for Payments across the whole MFF; opposes any limitations or ceilings applied to the level of margins that can be transferred, as is the case in the current MFF, and recalls that these margins can only be mobilised if and to the extent that the budgetary authority decides to do so; stresses that the Global Margin for Payments can be instrumental in confronting any new payment crisis that might occur;

MFF special instruments

33. Approves the overall architecture of the MFF special instruments, notably the Flexibility Instrument, the Emergency Aid Reserve, the EU Solidarity Fund, the European Globalisation Adjustment Fund (EGF), and points to their extensive mobilisation under the current MFF; calls for improvements to be made to their financial envelopes and operating provisions;

34. Calls, in particular, for a substantial increase in the financial envelope of the Flexibility Instrument of up to an annual allocation of at least EUR 2 billion; recalls that the Flexibility Instrument is not linked to any specific policy field and can thus be mobilised for any purpose that is deemed necessary; considers, therefore, that this instrument can be mobilised to cover any new financial needs as they occur during the MFF;

35. Points to the role of the Emergency Aid Reserve in providing a rapid response to specific aid requirements for third countries for unforeseen events, and stresses its particular importance in the current context; calls for a substantial increase in its financial envelope of up to an annual allocation of EUR 1 billion;

36. Notes, in particular, the significant mobilisation of the EU Solidarity Fund to provide assistance in a number of serious natural disasters with substantial budgetary consequences; stresses also the positive impact that this instrument has on public opinion; proposes the reinforcement of its financial envelope to an annual allocation of EUR 1 billion;

37. Considers that the use of the EGF, providing EU solidarity and support to workers losing their jobs as a result of major structural changes in world trade patterns arising from globalisation or as a result of the global economic and financial crisis, has not lived up to expectations and needs to be improved; points out, inter alia, that the procedures for implementing support from the EGF are too time-consuming and cumbersome; believes that a revised EGF should be endowed with at least an identical annual allocation under the new MFF;

38. Notes that different rules currently apply in relation to the time span for the carrying over of unspent appropriations for each MFF special instrument; considers that these should be harmonised, so as to enable a single N+1 rule to apply to all of these

instruments;

39. Proposes the establishment of a special reserve for the MFF special instruments built on the unspent appropriations that lapse from each instrument; considers that this reserve should operate without any limitations in time; requests that this reserve be mobilised in favour of any MFF special instrument that is called to finance needs beyond its financial capacity, following a decision by the budgetary authority;

40. Considers that the Contingency Margin should be maintained as an instrument of last resort; stresses that this is a special instrument that can also be mobilised for payment appropriations only, and that its mobilisation was instrumental in responding to the 2014 payment crisis; calls, therefore, for an upward adjustment of its maximum annual allocation to 0.05 % of EU GNI; considers, however, that no compulsory offsetting for it being mobilised should apply;

41. Underlines that the MFF special instruments should be counted over and above the MFF ceilings both for commitment and payment appropriations; considers that the issue of budgeting the payments of these instruments was settled in an unequivocal manner during the 2014-2020 MFF mid-term revision, putting an end to the long-standing conflict of interpretation with the Council; advocates the introduction of a clear provision in the MFF Regulation, stating that payments resulting from the mobilisation in commitments of MFF special instruments should be counted over and above the annual MFF payment ceilings;

Revenue – special reserve

42. Reiterates its long-standing position that any revenue resulting from fines imposed on companies for breaching EU competition law or linked to late payments of national contributions to the EU budget should constitute an extra item of revenue for the EU budget without a corresponding decrease of the GNI contributions;

43. Calls, to this end, for a special reserve to be established on the revenue side of the EU budget, which will be progressively filled up by all types of unforeseen other revenue; considers that this reserve should be deployed in order to cover additional payment needs, especially those linked to the mobilisation of the Global Margin for Commitments or the MFF special instruments;

Efficient and effective use of EU resources

44. Agrees that the search for European added value should be one of the main principles guiding the EU institutions when deciding about the type of spending in the next MFF; points out, however, the existence of multiple interpretations of the concept and calls for a clear definition of the criteria thereof that should take territorial specificities into account;

45. Notes the reference to the notion of European added value presented in several Commission documents; reiterates the list of parameters identified by Parliament in its resolution[1] in this context; recalls that the EU's resources should be used to finance

[1] Texts adopted, P8_TA(2017)0401.

European public goods as well as to act as a catalyst in providing incentives for Member States at all administrative levels to take action in order to fulfil Treaty objectives and to attain common EU goals which would not be realised otherwise; agrees that the EU budget should be used to finance actions that can benefit the EU as a whole, which cannot be ensured efficiently by any single Member State alone and that can offer better value for money compared to actions taken solely at national, regional or local level;

46. Considers that better spending, i.e. the efficient use of every single euro of the EU budget, can be achieved not only by directing EU resources towards actions with the highest European added value and the greatest increase in the performance of the EU's policies and programmes, but also by achieving greater synergies between the EU budget and the national budgets, and by ensuring the tangible improvement of the spending architecture;

47. Calls for a genuine simplification of the EU budgetary system in the next MFF; underlines, in particular, the need to reduce overlaps between instruments that serve similar types of actions, for example in the areas of innovation, SMEs or transport, and the necessity of eliminating the competition which exists between different forms and sources of funding, in order to ensure maximum complementarity and to provide for a coherent financial framework;

48. Underlines that the 'health check' of EU spending cannot provide for a reduction in the level of EU ambition or a sectoralisation of EU policies and programmes, nor should it lead to a replacement of grants by financial instruments with a view to generating some savings, as the great majority of actions supported by the EU budget are not suitable to be funded by the latter;

49. Calls for a far-reaching harmonisation of the rules with the aim of creating a single rulebook for all EU budgetary instruments; encourages the Commission to tackle the issue of the combination of various sources of funding by providing clear guidelines in this respect;

50. Advocates also a real simplification of sectoral implementation rules for beneficiaries and a reduction of administrative burdens;

Unity, budgetary accuracy and transparency

51. Recalls that the principle of unity, whereby all items of revenue and expenditure of the Union shall be shown in the budget, is both a Treaty requirement and a basic democratic precondition if the budget is to be transparent, legitimate and accountable; regrets that this principle has increasingly gone unobserved, from the historical legacy of the European Development Fund, through the setting up of the European Stability Mechanism, to the recent inflation of off-budget mechanisms in the form of innovative financial instruments and external trust funds or facilities;

52. Questions the justification and added value of establishing instruments outside the Union budget; considers that decisions to set up or maintain such instruments are in reality driven by attempts to conceal the real financial needs and to bypass the constraints of the MFF and own resources ceilings; deplores that they often also result in bypassing Parliament in its triple responsibility as legislative, budgetary and control

authority;

53. Reiterates, therefore, its long-standing position that the European Development Fund, alongside other instruments outside the MFF, should be integrated into the Union budget; underlines, however, that their respective financial envelopes should be added on top of the agreed MFF ceilings so that the budgetisation of these instruments has no detrimental impact either on their financing, or on other EU policies and programmes; welcomes, in principle, the proposal to incorporate the European Stability Mechanism in the Union's finances in the form of a European Monetary Fund, without prejudice to its future design;

54. Considers also that, when a certain share of off-budget operations is deemed necessary to achieve certain specific objectives, for example through the use of financial instruments or trust funds, these should be kept at a limited level, be fully transparent, and backed by strong decision-making and accountability provisions;

55. Believes that, under the next MFF, the Union budget should display with greater accuracy the extent of assigned revenues and their impact on actual expenditure, in particular those stemming from third countries' contributions; underlines that this is even more relevant in view of the UK's wish to participate in some Union budgetary programmes of the new MFF post-2020 as a non-Member State, as expressed in the context of the negotiations on its withdrawal from the Union;

Level of payments

56. Recalls the build-up of a backlog of unpaid bills at the end of the previous MFF that spilled over into the current one, reaching an unprecedented peak of EUR 24.7 billion at the end of 2014, mostly in the field of cohesion policy, due to the late take-off of the previous programmes, under-budgeting and insufficient payment ceilings; regrets that the focus on the absorption of this backlog linked to the 2007-2013 period resulted in deliberate efforts to delay the start of some of the 2014-2020 programmes and has contributed to the opposite trend of under-execution in the 2016 and 2017 budgets; asks the Commission and the Member States to come up with concrete measures to accelerate the implementation of the 2014-2020 programmes, and warns against a repetition of the payment crisis in the transition between two MFFs;

57. Notes the preliminary outcome of the negotiations on the financial settlement in the context of the UK's withdrawal from the Union, enacting UK full participation in the financing and the implementation of the 2014-2020 programmes with all the relevant financial consequences;

58. Calls for the future payment ceilings to be set at an appropriate level, leaving only a limited and realistic gap between the level of commitment and payment appropriations and taking into account the need to honour the commitments stemming from the current financial period that will turn into payments only after 2020;

Financial instruments

59. Emphasises that the EU budget has at its disposal a wide range of instruments that finance the European project and that can be regrouped in two categories: grants and

financial instruments in form of guarantees, loans, risk-sharing or equity; points also to the European Fund for Strategic Investment, the aim of which is to mobilise private capital across the EU in support of projects in key areas for the EU economy that should complement limited public funds;

60. Recognises the potential of financial instruments to increase the economic and political impact of the Union budget; highlights, however, that they can be applied only for revenue-generating projects and therefore constitute only a complementary rather than an alternative form of funding as compared to grants, as some projects can be financed only through subsidies;

61. Recalls its request to the Commission to identify EU policy areas where grants could be combined with financial instruments and to reflect on a proper balance between the two; is convinced that subsidies should remain the predominant way of funding the EU project in the next MFF; underlines that loans, guarantees, risk-sharing and equity financing should be used with caution, based on appropriate ex-ante assessments and only when their use can demonstrate a clear added value and a leverage effect;

62. Calls on the Commission to simplify and harmonise the rules governing the use of financial instruments in the next MFF in order to maximise their efficient application; considers the option of a single fund that would integrate financial instruments at EU level that are centrally managed under such programmes as the Connecting Europe Facility (CEF), Horizon 2020, COSME, Creative Europe and the Employment and Social Innovation programme (EaSI) on the one hand and the European Fund for Strategic Investments (EFSI) on the other, a proposal to be discussed further; is of the opinion that such an umbrella solution should provide for a clear structure for the choice of different types of financial instruments for different policy areas and types of actions; underlines, however, that such a fund could never integrate financial instruments managed by Member States under cohesion policy;

63. Recalls its repeated demands for greater transparency and democratic scrutiny regarding the implementation of financial instruments supported by the Union budget;

Structure

64. Considers that the structure of the MFF should provide for the increased visibility of EU political and budgetary priorities for European citizens, and calls for a clearer presentation of all areas of EU expenditure; is convinced that the main pillars of future EU spending outlined in this resolution should be reflected accordingly;

65. Believes, therefore, that the current presentation of the headings requires some improvements, but is against any unjustified radical changes; proposes, as a result, the following structure for the MFF post-2020;

Heading 1: A stronger and sustainable economy Including programmes and instruments supporting: under direct management: - research and innovation - industry, entrepreneurship and small and medium-sized enterprises

- large-infrastructure projects
- transport, digitalisation, energy
- environment and climate change adaptation

- agriculture and rural development
- maritime affairs and fisheries

- *horizontal (financial) instruments supporting investments in Europe (possible umbrella financial instrument at EU level, incl. EFSI)*

Heading 2: Stronger cohesion and solidarity in Europe

Including programmes and instruments supporting:
- economic, social and territorial cohesion (under shared management):
  - investments in innovation, digitalisation, reindustrialisation, SMEs, transport, climate change adaptation
  - employment, social affairs and social inclusion
- education and life-long learning
- culture, citizenship and communication
- health and food safety
- asylum, migration and integration, justice and consumers
- support to and coordination with national administrations

Heading 3: Stronger responsibility in the world

Including programmes and instruments supporting:
- international cooperation and development
- neighbourhood
- enlargement
- humanitarian aid
- trade

- *contribution to EU trust funds and external relations facilities*

Heading 4: Security, peace and stability for all

Including programmes and instruments supporting:
- security
- crisis response and stability
- common foreign and security policy
- defence

Heading 5: An efficient administration at the service of Europeans

- financing EU staff
- financing the buildings and equipment of EU institutions

66. Urges the Commission to provide in an annex to the European budget all EU-related expenditure that occurs outside the EU budget as a result of intergovernmental agreements and procedures; believes that such information, provided on an annual basis, would complete the picture of all investments that Member States have committed to at European level;

III. Policies

A stronger and sustainable economy

67. Highlights the importance of completing the European research area, the energy union and the digital single market as fundamental elements of the European single market;

68. Believes that the next MFF should see a greater concentration of budgetary resources in areas that demonstrate a clear European added value and stimulate economic growth, competitiveness and employment; stresses, in this context, the importance of research and innovation in creating a sustainable, world-leading, knowledge-based economy, and regrets that, due to the lack of adequate financing, only a small proportion of high-quality projects in this field has received EU funding under the current MFF;

69. Calls, therefore, for a substantial increase in the overall budget earmarked for the FP9 programme in the next MFF that should be set at a level of at least EUR 120 billion; considers this level to be appropriate for securing Europe's global competitiveness, scientific and industrial leadership, for responding to societal challenges, and for helping to achieve the EU's climate goals;

70. Calls, furthermore, for a greater focus on implementing research and innovation through joint undertakings and for supporting investment in key technologies to close the investment gap in innovation; emphasises that the increase in funds must be coupled with a simplification of funding procedures; welcomes the Commission's efforts in this respect and insists that these should continue under the next programming period;

71. Stresses that SMEs are key drivers of economic growth, innovation and employment and recognises their important role in ensuring the recovery and boosting of a sustainable EU economy; recalls that there are more than 20 million SMEs in the EU and that they account for 99 % of all businesses; considers that improving access to finance for SMEs should continue to remain an important policy objective for the next MFF and calls, therefore, for a doubling of the COSME programme's financial envelope in order for it to correspond to the actual needs of the EU economy and the significant demand for participation;

72. Reiterates its strong commitment to EFSI that aims at mobilising EUR 500 billion in new investment in the real economy under the current MFF; believes that EFSI has already delivered a powerful and targeted boost to economic sectors that are conducive to sustainable growth and jobs; welcomes, therefore, the Commission's intention to put

forward a legislative proposal for the continuation and improvement of this investment scheme under the new MFF; stresses that any legislative proposal should be based on the conclusions of a Commission review and independent evaluation;

73. Insists on the importance of the MFF for sectors relying on long-term investment, such as the transport sector; highlights that transport infrastructures are the backbone of the single market and the basis for sustainable growth and job creation; notes that accomplishing a single European transport area connected to neighbouring countries requires major transport infrastructure and must be treated as a key priority in terms of the EU's competitiveness and for economic, social and territorial cohesion, including for peripheral areas; considers, therefore, that the next MFF should provide for sufficient funding for projects that contribute in particular to the completion of the TEN-T core network and its corridors, which should be further extended; stresses that an updated and more effective CEF programme should cover all modes of transport and focus on interconnections and the completion of the network in peripheral areas while using common standards;

74. Underlines the importance of ensuring financing for completing the digital single market by making full use of the spectrum, 5G deployment and gigabit connectivity, and by making further progress on the harmonisation of EU telecom rules to create the right regulatory framework for the improvement of internet connectivity throughout the Union; stresses that CEF Telecom should continue to support the Digital Service Infrastructures and the broadband networks by enabling their accessibility, including in remote regions and rural areas, and by improving digital literacy, interconnectivity and interoperability;

75. Considers it essential to secure a sustainable and affordable energy supply in Europe; calls, therefore, for continuous support for investments ensuring the diversification of energy sources, increasing energy security and enhancing energy efficiency, including by CEF Energy; stresses in particular the importance of providing for comprehensive support, especially for carbon-intensive regions, energy transition, transition to a low-carbon economy, the modernisation of power generation and grids, carbon capture storage and utilisation technologies, and the modernisation of district heating; considers that the transformation of the energy sector in the light of the climate objectives should be supported by the creation of an Energy Transition Fund under the next MFF that would facilitate the structural changes in energy-intensive industries and carbon-intensive electricity production plants, and create incentives for low-carbon investments and innovative solutions;

76. Underlines the strategic importance of large-scale infrastructure projects such as the International Thermonuclear Experimental Reactor (ITER), the European Geostationary Navigation Overlay (EGNOS), the Global Satellite Navigation System (Galileo) and the Earth Observation Programme (Copernicus) for the EU's future competitiveness; considers that the financing of these large-scale projects should be secured in the EU budget but, at the same time, ring-fenced, so as to ensure that possible cost overruns do not threaten the funding and successful implementation of other Union policies, as was the case in the previous MFF; recalls that, for this purpose, the maximum amount for these projects is currently fixed in the MFF Regulation, and calls for similar provisions in the new regulation;

77. Affirms that the common agricultural policy is fundamental for food security and autonomy, the preservation of rural populations, sustainable development and the provision of high-quality and affordable food products for Europeans; points out that food requirements have increased, as has the need to develop environmentally friendly farming practices and the need to tackle climate change; underlines that the CAP is one of the most integrated policies and is mainly financed at EU level and, therefore, replaces national spending;

78. Expects the global amount of direct payments to be kept intact under the next MFF, as they generate clear EU added value and strengthen the single market by avoiding distortions of competition between Member States; opposes any renationalisation and any national co-financing in that respect; stresses the need to increase funding in line with responses to the various cyclical crises in sensitive sectors, to create new instruments that can mitigate price volatility and to increase funding for Programmes of Options Specifically Relating to Remoteness and Insularity (POSEI); concludes, therefore, that the CAP budget in the next MFF should be at least maintained at its current level for the EU-27;

79. Stresses the socioeconomic and ecological importance of the fisheries sector, the 'blue economy' and their contribution to the food autonomy of the EU; points out that the common fisheries policy is an exclusive EU competence; emphasises, in this respect, the need to keep a specific, substantial, independent and accessible fisheries fund to implement this policy; calls, at least, for the level of financial appropriations dedicated to the fisheries sector under the current MFF to be maintained and, if new needs arise, to increase the financial appropriations for maritime affairs; warns about the possible negative impacts of a hard Brexit on this sector; notes that other financial instruments, in addition to non-repayable aid, could provide complementary financing possibilities;

80. Stresses the importance of the EU's leading role in tackling climate change and its internal and external biodiversity commitments and goals; asks for appropriate financial resources to be provided to implement the Paris agreement and thorough climate mainstreaming of future EU spending; recalls that the next MFF should help the Union to achieve its 2030 climate and energy framework objectives; underlines that the EU should not finance projects and investments that are contrary to the achievement of these goals;

Stronger cohesion and solidarity in Europe

81. Stresses that cohesion policy post-2020 should remain the main investment policy of the European Union covering all EU regions while concentrating the majority of the resources on the most vulnerable ones; believes that, beyond the goal of reducing the disparities between levels of development and enhancing convergence as enshrined in the Treaty, it should focus on the achievement of the broad EU political objectives and proposes, therefore, that under the next MFF, the three cohesion policy funds – the European Regional Development Fund (ERDF), the European Social Fund (ESF) and the Cohesion Fund – should concentrate mainly on providing support for innovation, digitalisation, reindustrialisation, SMEs, transport, climate change adaptation, employment and social inclusion; calls, moreover, for a reinforced territorial cooperation component and an urban dimension for the policy;

82. Considers maintaining the financing of cohesion policy post-2020 for the EU-27 at least at the level of the 2014-2020 budget to be of the utmost importance; stresses that GDP should remain one of the parameters for the allocation of cohesion policy funds, but believes that it should be complemented by an additional set of social, environmental and demographic indicators to better take into account new types of inequalities between EU regions; supports, in addition, the continuation under the new programming period of the elements that rendered cohesion policy more modern and performance-oriented under the current MFF;

83. Is strongly committed to the delivery of Social Europe and the implementation of the European Pillar of Social Rights, and points to the existing instruments contributing to these goals, notably the ESF, the Youth Employment Initiative, the Fund for European Aid to the Most Deprived, the EGF and EaSI; believes that they should be safeguarded in the next MFF;

84. Emphasises in particular the continuous need to fight unemployment, especially among young people, and calls, therefore, for a doubling of the Youth Employment Initiative envelope in the next programming period; considers that investment to boost education and training, especially the development of digital skills, remains one of the top priorities of the EU;

85. Expresses support for programmes in the areas of culture, education, media, youth, sports and citizenship that have clearly demonstrated their European added value and enjoy lasting popularity among beneficiaries; advocates, therefore, continuous investment in the Education and Training 2020 framework through the Erasmus+, Creative Europe and Europe for Citizens programmes in order to pursue reaching out to young people and providing them with valuable competences and life skills through lifelong learning, learner-centred and non-formal education, as well as informal learning opportunities; calls in particular for a tripling of the Erasmus+ envelope in the next MFF with the aim of reaching many more young people and learners across Europe, and achieving the full potential of the programme; recommends, moreover, the continuation of the European Solidarity Corps and reiterates its support for strengthening the external dimension of the Erasmus+ and Creative Europe programmes;

86. Expects that in the post-2020 period, the European Union will move from crisis-management mode to a permanent, European policy in the field of asylum and migration; stresses that the actions in this field should be covered by a dedicated instrument, i.e. the Asylum, Migration and Integration Fund; emphasises that the future fund, as well as the relevant Justice and Home Affairs (JHA) agencies, must be equipped with an adequate level of funding for the whole of the next MFF to address the comprehensive challenges in this area; believes, furthermore, that the Asylum, Migration and Integration Fund (AMIF) should be complemented by additional components tackling this issue under other policies, in particular by the cohesion funds and the instruments financing external actions, as no single tool could hope to address the magnitude and complexity of needs in this field; recognises, moreover, the importance of cultural, educational and sports programmes in integrating refugees and migrants into European society;

87. Recognises the European added value of collaboration in addressing common public

health threats; notes that no single Member State can tackle cross-border health challenges alone, and calls for the next MFF to reflect the EU's responsibility to support Member States in reducing health inequalities; considers that, on the basis of the positive outcome of the ongoing actions in this field, the next MFF should include a robust next generation Health programme that addresses these issues on a cross-border basis; recalls that good health is a prerequisite for achieving other goals set by the EU and that policies in such fields as agriculture, environment, employment, social issues or inclusion also have an impact on the health of Europeans; calls, therefore, for the strengthening of health impact assessments and for cross-sectoral cooperation in the next MFF in this field;

Stronger responsibility in the world

88. Stresses that the world is confronted with multiple challenges including conflicts, cyber-attacks, terrorism, disinformation, natural disasters, climate change, human rights violations and protracted crises; believes that the Union has a particular political and financial responsibility which is founded on rules-based foreign policy, cooperation with partner countries, poverty eradication and crisis response;

89. Emphasises that substantial additional funding is necessary for the Union to play its role in the framework of its global strategy and of its neighbourhood, development and enlargement policies; draws attention to the commitment by the EU and its Member States to increase their official development assistance (ODA) to 0.7 % of GDP by 2030; expects the next MFF to reflect the unprecedented needs of neighbourhood countries struggling with conflicts and the consequences of the challenges presented by migration and refugees, as well as the needs for humanitarian aid as a result of natural and manmade disasters;

90. Is ready to consider a streamlined architecture of the external financing instruments, as long as the Commission and the High Representative clearly demonstrate the expected advantages of such changes and provided that the specificities of the underlying Union policies are respected; notes that such architecture should include a budgetised EDF, a more transparent incorporation of trust funds and facilities, as well as a possible continuation of the External Investment Plan based on its evaluation; could consider, as part of an overall increase in the external financing instruments, a larger unallocated reserve aimed at increasing in-built flexibility, but stresses that this should not be achieved at the expense of long-term geographic and thematic priorities;

Security, peace and stability for all

91. Believes that a new heading dedicated to 'Security, peace and stability for all' would be a demonstration of the priority given by the Union to this emerging policy responsibility, acknowledge its specificity, and achieve consistency between its internal and external dimensions;

92. Stresses that the level and mechanisms of funding in the field of internal security should be stepped up from the outset and for the entire duration of the next MFF in order to avoid systematic recourse to the flexibility provisions of the MFF every year; calls for sufficient resources to be provided to law enforcement agencies (Europol, Eurojust and Cepol) and for the European Agency for the operational management of large-scale IT

systems (eu-LISA) to be endowed with the means to implement and manage its new responsibilities; underlines the role of the EU Agency for Fundamental Rights in understanding and responding to the phenomena of radicalisation, marginalisation, hate speech and hate crime;

93. Believes that the next MFF must support the establishment of a European Defence Union; awaits, following the Commission's announcements in this area, the relevant legislative proposals, including a dedicated EU defence research programme and an industrial development programme complemented by Member States' investment in collaborative equipment; recalls that increased defence cooperation, the pooling of research and equipment and the elimination of duplications could lead to considerable efficiency gains, often estimated at around EUR 26 billion per year;

94. In the context of the increased attention given to security and defence in the Union, requests a reassessment of all external security expenditure; looks forward in particular to a reform of the Athena mechanism and of the African Peace Facility after the budgetisation of the EDF; welcomes the recent commitments by Member States under permanent structured cooperation and asks the High Representative and the Commission to provide clarification as regards its future financing; calls for a successor programme for the Instrument contributing to Stability and Peace focusing on crisis response and capacity building for security and development, while finding a legally sound solution for military capacity building;

An efficient administration at the service of Europeans

95. Considers that a strong, efficient and high quality public administration is indispensable to the delivery of Union policies and to rebuild trust and strengthen dialogue with citizens; underlines the role of the institutions made up by democratically elected members in that respect; recalls that, according to the Court of Auditors, the EU institutions, bodies and agencies have implemented the 5 % reduction in staff as set out in their establishment plans; takes the view that they should not be subject to a further horizontal reduction approach of this kind;

96. Welcomes initiatives by the institutions, bodies and agencies to further enhance efficiency through increased administrative cooperation and the pooling of certain functions, thereby generating savings to the Union budget; highlights that, for certain agencies, further efficiency gains could be made, especially through increased cooperation among agencies with similar tasks, such as in the field of the financial market supervision and of agencies with multiple locations;

IV. Procedure and decision-making process

97. Recalls that the adoption of the MFF Regulation requires Parliament's consent; stresses, moreover, that Parliament and Council are two equal arms of the budgetary authority in the adoption of the annual EU budget, while the sectoral legislation setting up the vast majority of EU programmes, including their financial envelopes, is decided under the ordinary legislative procedure; expects, therefore, a decision-making procedure on the next MFF that safeguards Parliament's role and prerogatives as set out in the Treaties;

98. Expresses its readiness to enter immediately into a structural dialogue with the

Commission and the Council on the post-2020 MFF with the aim of facilitating the subsequent negotiations and enabling an agreement by the end of this parliamentary term; stands ready to debate the positions set out in the current resolution with the Council, in order to allow for a better understanding of Parliament’s expectations on the next MFF;

99. Underlines that, with the Commission’s proposals due in May 2018, a formal decision on the next MFF should be taken within one year; insists that this timetable will allow, inter alia, for the swift adoption of all sectoral regulations, thus enabling the new programmes to start without delay on 1 January 2021; recalls that, in previous financial frameworks, the new programmes were essentially launched some years after the beginning of the period;

100. Underlines, therefore, the need for substantial discussions between the three institutions to be launched without delay; stresses that all elements of the MFF Regulation, including the MFF ceilings, will be part of the MFF negotiations and should remain on the table until a final agreement is reached; recalls, in this respect, Parliament’s critical stance on the procedure leading to the adoption of the current MFF Regulation and the dominant role that the European Council assumed in this process by deciding irrevocably on a number of elements, including the MFF ceilings and several sectoral policy-related provisions;

101. Is of the opinion that the procedures related to the upcoming MFF negotiations, and notably Parliament’s involvement in the different stages of this process, should be agreed without delay under the Bulgarian Presidency and before the presentation of the MFF proposals; expects, in this context, that the Commission will be providing Parliament with the same level of information that is made available to the Council in a timely manner; considers that these arrangements should eventually be enshrined in the IIA, as is the case for the annual budgetary procedure;

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102. Instructs its President to forward this resolution to the Council, the Commission, the other institutions and bodies concerned, and the governments and parliaments of the Member States.