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on negotiations on the MFF 2014-2020: lessons to be learned and the way forward
(2014/2005(INI))

Committee on Budgets

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(*) Associated committee – Rule 50 of the Rules of Procedure

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(*) Associated committee – Rule 50 of the Rules of Procedure

MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on negotiations on the MFF 2014-2020: lessons to be learned and the way forward (2014/2005(INI))

The European Parliament,

- having regard to the proposal for a Council regulation laying down the multiannual financial framework (MFF) for the years 2014-2020 (COM(2011)0398), amended on 6 July 2012 (COM(2012)0388), and to the Draft Interinstitutional Agreement (IIA) between the European Parliament, the Council and the Commission on cooperation in budgetary matters and on sound financial management (COM(2011)0403),
- having regard to its consent of 19 November 2013 to the MFF Regulation, in accordance with Article 312 of the Treaty on the Functioning of the European Union, and to its approval, on the same day, of the conclusion of the IIA,
- having regard to the MFF and IIA, as finally adopted on 2 December 2013 and published in the Official journal on 20 December 2013,
- having regard to its resolution 8 June 2011 on ‘Investing in the future: a new Multiannual Financial Framework (MFF) for a competitive, sustainable and inclusive Europe’¹,
- having regard to its resolution of 23 October 2012 in the interests of achieving a positive outcome of the Multiannual Financial Framework 2014-2020 approval procedure²,
- having regard to its resolution of 13 March 2013 on the European Council conclusions of 7-8 February 2013 concerning the Multiannual Financial Framework³,
- having regard to its resolution of 3 July 2013 on the political agreement on the Multiannual Financial Framework 2014-2020⁴,
- having regard to its resolution of 12 December 2013 on relations between the European Parliament and the institutions representing the national governments⁵,
- having regard to Rule 48 of its Rules of Procedure,
- having regard to the report of the Committee on Budgets and the opinions of the Committee on Constitutional Affairs, the Committee on Employment and Social Affairs, the Committee on Regional Development and the Committee on Civil Liberties, Justice and Home Affairs (A7-0254/2014),

A. whereas the agreement on the MFF 2014-2020 was the outcome of long and strenuous

¹ OJ C 380 E, 11.12.2012, p. 89.

² Texts adopted, P7_TA(2012)0360.

³ Texts adopted, P7_TA(2013)0078.

⁴ Texts adopted, P7_TA(2013)0304.

⁵ Texts adopted, P7_TA(2013)0599.

negotiations that lasted two and a half years; whereas the final political agreement could only be reached at the highest political level between the three Presidents (Parliament, the Council Presidency and the Commission) according to Article 324 of the TFEU;

- B. whereas the overall level of the next MFF (EUR 960 billion in commitments, EUR 908 billion in payments at 2011 prices), as decided by the European Council and eventually endorsed by Parliament, represents a cut of 3.5 % in commitments and 3.7 % in payments compared to the 2007-2013 financial framework, despite the growing EU competences following the Lisbon Treaty and the enlargement of the Union to 28 Member States; whereas this level falls short of EU political goals and commitments, in particular in relation to the Europe 2020 strategy;
- C. whereas the EU annual budget will continue to represent approximately 1% of EU GNI in the coming years, a level reached already in the early 1990s, and well below the own resources ceiling of 1.29% of EU GNI for commitments and 1.23% of EU GNI for payments, as decided initially in 1992 and reconfirmed in 2010;
- D. whereas, faced politically with the impossibility of changing the overall MFF figures decided by the European Council, Parliament focused on improving the implementation of the MFF by successfully negotiating the inclusion of new provisions that will help to make the new financial framework and the new EU annual budget more operational, consistent, transparent and responsive to the needs of EU citizens and to allow the MFF ceilings to be used to the fullest possible extent; whereas these provisions concern, in particular, the new arrangements relating to the MFF revision, flexibility, the unity and transparency of the EU budget, along with a further engagement on reforming the financing of the EU budget (Joint Declaration on own resources);
- E. whereas, in adherence to the guiding principle that ‘nothing is agreed until everything is agreed’, Parliament gave its consent to the new MFF Regulation and approved the new Interinstitutional Agreement on 19 November 2013, following the Council’s fulfilment of the conditions set out in Parliament’s resolution of 3 July 2013, including the adoption of an additional EUR 11.2 billion in payments for 2013;
- F. whereas the Council failed to make any progress on a much needed reform of the current system for financing the EU budget, despite the ambitious proposals put forward by the Commission aimed not only at overcoming the stalemate caused by the lack of a genuine own resources system but also at making the system of financing the EU budget simpler, fairer and transparent to EU citizens;
- G. whereas, following the agreement on the MFF 2014-2020, the MFF remains non-coterminous with the mandates of the Parliament and Commission whose terms begin in 2014;
- H. whereas the possibilities made available in the Treaty of Lisbon to modify the decision-making procedures for the MFF and own resources decisions were not exploited;
- 1. Strongly regrets the fact that both the procedure leading up to the agreement on the MFF 2014-2020 and the political debate surrounding these negotiations demonstrated a clear lack of shared vision as regards the EU budget and political priorities, showed that there

are very divergent approaches among the EU institutions, and fell short of Parliament's increased role and prerogatives under the Treaty of Lisbon; considers it of the utmost importance, therefore, that this report draw the necessary political and institutional lessons, which can serve as a basis for the preparation of future negotiations, notably in relation to the post-electoral revision of the MFF, due to be launched by the Commission before the end of 2016 at the latest;

Political considerations

2. Acknowledges that the fiscal consolidation that Member States are currently facing made a more ambitious agreement on the MFF 2014-2020 infeasible; deeply regrets, however, the fact that the role of the EU budget as an important and common policy instrument for overcoming the current economic and social crisis was not properly recognised; points out that the EU budget is primarily an investment budget that offers a unique framework for coordinating and enhancing national efforts made to regain growth, stimulate competitiveness and generate employment in the whole EU;
3. Is deeply concerned at the fact that budgetary debates in the Council have been for many years poisoned by the logic of 'fair returns' instead of being driven by the logic of the European added-value; considers that, while this debate already existed before the introduction of a GNI-based resource, the situation has seriously intensified due to the current system of EU financing, whereby some 74 % of revenues stem from national contributions based on GNI instead of genuine own resources, as foreseen in the Treaty of Rome and all successive EU Treaties; considers that such a system places disproportionate emphasis on net balances between the Member States and has led to the progressive introduction of complex and opaque rebates and other correction mechanisms for the financing of the EU budget;
4. Believes that this logic also prevailed in the way the MFF agreement was struck by the European Council on 8 February 2013; considers it regrettable that this was reflected in the fact that the national allocations, especially from the two biggest areas of expenditure in the EU budget, agriculture and cohesion policy, were determined at that moment; criticises, in particular, the increased number of special allocations and 'gifts' granted in the course of negotiations between Heads of State and Government, which are not based on objective and verifiable criteria, but rather reflect the bargaining power of Member States, trying to secure their national interests and maximise their net returns; denounces the lack of transparency in striking this agreement and the reluctance of the Council and the Commission to provide Parliament with all relevant documents; highlights that the European added value should prevail over national interests;
5. Strongly rejects this purely accounting vision of the EU budget, which disregards the European added value, contradicts the principle of EU solidarity and underestimates the current and potential role of the EU budget in strengthening economic governance; stresses that the EU budget is predominantly an investment budget with a strong leverage effect that makes possible a number of projects that would otherwise be difficult or impossible to implement, a catalyst for growth, competitiveness and jobs across the Union and a powerful agent for reform; strongly regrets, therefore, that some Member States seem to regard national contributions to the EU budget purely as a cost to be minimised;

6. Regrets that the European Council took a top-down approach to deciding the overall size of the MFF 2014-2020, which in turn demonstrates a worrying discrepancy between EU political commitments which the European Council has been making and its reluctance to adequately finance them; believes, on the contrary, that this decision should be based on a bottom-up process, resulting from a thorough assessment of EU financial needs and political objectives as set out in EU multiannual programmes and policies defined by the legislative authority;
7. Is, therefore, convinced that any decision on the financial framework should be preceded by – and based on – a genuine political debate on the role, function and added value of the EU budget and on its compatibility with the political strategy adopted by the Union and operational priorities and objectives assigned to the Union; considers that, in order to bridge the gap between divergent visions on what the EU budget stands for and what it can achieve, this debate should be organised in due time and involve the three EU institutions and all national parliaments, but also engage the highest political level in the Member States;
8. Is convinced, moreover, that tangible progress can only be achieved following an in-depth reform of the financing of the EU budget that should respect the letter and the spirit of the Treaty and return to a system of genuine, clear, simple and fair own resources; stresses that the introduction of one or several new own resources will reduce the share of GNI-based contributions to the EU budget to a minimum and, accordingly, reduce the burden on national treasuries; reiterates its strong commitment to any process leading to the reform of the system of own resources, which is currently characterised by its complexity, opacity and inefficiency; regrets that the final Council agreement on own resources is even more complex than the previous one since it has introduced new rebates and exceptions;

Institutional considerations

9. Recalls that Parliament was the first EU institution to present its vision on the MFF 2014-2020 and the need to reform the financing of the EU budget, with the report of its specialised SURE Committee, in June 2011; believes that this early preparation helped Parliament to establish a large consensus on political priorities and remain united throughout the subsequent negotiating process; considers further that this report provided guidance for the Commission in drafting its own proposals on the MFF and own resources and appreciates the regular political dialogue that was established between the two institutions at all stages of the preparation of this report; considers that this practice should be further developed into a more structured dialogue between the two institutions ahead of the presentation of any MFF proposals;
10. Recalls that, pursuant to Article 312 TFEU, the Council unanimously adopts the MFF Regulation after obtaining the consent of Parliament, while the three EU institutions ‘shall take any measure necessary to facilitate its adoption’; notes, therefore, that the Treaty does not set out any concrete procedure for the involvement of Parliament in the MFF negotiations and that these modalities were subsequently determined in practice through a number of ad hoc arrangements agreed at political level at Parliament’s initiative;
11. Considers it regrettable that, prior to the European Council agreement on the MFF of 8

February 2013, no meaningful negotiations were held between Parliament and the Council; considers that the numerous meetings held between its negotiating team and the successive Council presidencies on the margins of the relevant General Affairs Council meetings, and its participation in informal Council meetings dealing with the MFF, facilitated only some information-sharing between the Council and Parliament; sees, therefore, the need for Parliament to build further on the experience acquired and to use all means available to strengthen its influence on the spirit, calendar and content of the negotiations with the Council, by making the Council better acknowledge Parliament's arguments and positions;

12. Deplores the fact that, despite Parliament's strong objections, all successive 'negotiating boxes' presented by different Council presidencies and, ultimately, the European Council MFF agreement of 8 February 2013 contained a significant number of legislative elements that should have been decided under the ordinary legislative procedure; stresses that the legally required unanimity in the Council on the MFF Regulation could only be achieved by pre-empting certain major policy changes in EU sectoral policies, thereby hindering, in clear contradiction with the Treaties, Parliament's prerogatives under co-decision, and in particular its right to amend on an equal footing with the Council;
13. Notes that genuine negotiations on the MFF Regulation and the IIA were launched only in May 2013, with Council negotiators not having a formal negotiating mandate but instead considering the MFF agreement by the European Council as the only point of reference, with no margin for any discussion; stresses that this attitude not only led to an unnecessary loss of time but also to the unacceptable attempt by Council to exclude certain topics from the negotiations, forcing Parliament to struggle, including at the highest political level, in order to engage in negotiations on every article of the MFF Regulation / IIA;
14. Recalls that, according to the Treaty, the European Council does not exercise legislative functions; insists, therefore, that the conclusions of the European Council are to be seen as negotiating instructions for the Council and that they in no case constitute red lines which cannot be negotiated with Parliament; calls for a standard formula recalling the provisions of Article 15(1) TFEU to be included in the conclusions of the European Council;
15. Deeply regrets the fact that the same problem marked the negotiations on EU multiannual programmes, notably in agriculture and cohesion policy; notes that the Council refused in several instances even to refer to the 'MFF-related aspects' of those legal bases; stresses the considerable effort and time that was needed by Parliament to ensure that all points of the legal bases decided by co-decision between the Council and Parliament remained on the negotiating table; notes with satisfaction that Parliament's negotiators were eventually successful in challenging some parts of the European Council agreement;
16. Notes that the MFF figures (overall level and distribution per heading), as decided by the European Council, were not challenged in the end by Parliament, which acknowledged the particularly difficult economic and financial context at the time of this decision; stresses, however, that this should by no means be perceived as a precedent and reiterates its position that the MFF figures, and every other part of the European Council's relevant political agreement, are subject to negotiations with Parliament;
17. Stresses the need to significantly improve the modalities of any future MFF negotiations,

in order to avoid deadlocks and save valuable time and resources in the course of negotiations; considers that these modalities should be formalised in an agreement at the highest political level, which should take account of the shortcomings of the recent negotiations and fully safeguard Parliament's role and prerogatives, as set out in the EU Treaty; considers that this procedure should eventually be enshrined in the IIA itself, as is the case for the budgetary procedure;

18. Points to the tremendous amount of information exchange and coordination required inside Parliament to ensure consistency in the parallel negotiations of the MFF and the legislative bases of over 60 multiannual programmes; underlines that it is of high importance to distinguish the issues that are to be adopted by codecision and keep them in the remit of the respective committees to the maximum extent possible; suggests that in the next MFF negotiations the European Parliament should approach the legislative proposals in parallel and finally adopt them as a package, applying the principle that nothing is agreed until everything is agreed to the maximum extent possible;
19. Is convinced that the unanimity rule in the Council means that the agreement represents the lowest common denominator, based on the need to avoid the veto of a single Member State; stresses that a shift towards qualified majority voting for the MFF Regulation would be in line not only with the ordinary legislative procedure, used for the adoption of virtually all EU multiannual programmes, but also with the annual procedure for adopting the EU budget;
20. Notes that the general passerelle clause (Article 48(7) TEU) could be deployed by the European Council to make the shift towards qualified majority voting and the ordinary legislative procedure for the own resources and MFF decisions; recalls, moreover, that Article 312(2) TFEU in any case allows for the adoption of qualified majority voting for the MFF; urges the European Council to use both these passerelles for their intended purpose in order to streamline decision-making in the Council and to limit the extent to which the politics of national 'juste retour' prevail over the articulation of the common interest of the Union as a whole;

MFF 2014-2020: the way forward

21. Declares its intention to ensure that all new provisions that were successfully incorporated into the MFF Regulation and IIA are utilised in full in the annual budgetary procedure; expects that the Council will not attempt to impose restricted interpretations of these provisions, especially on the nature and scope of all special instruments, but that it will instead act responsibly and approve the necessary appropriations to meet both its previous commitments and unforeseen expenditure even if, as a result, the annual MFF ceilings need to be exceeded; recalls, in that context, that the MFF 2014-2020 ceilings have been set far below the own resources ceilings;
22. Places particular emphasis on the new rules on flexibility that should allow maximum use of the respective MFF ceilings for commitments and payments; stresses that the practice of previous financial frameworks whereby the annual EU budget remained far below the MFF ceilings, particularly in payment appropriations, can no longer be sustained;
23. Stresses, in this context, that the accumulated RALs have reached a critical level that

might eventually lead the EU budget into structural deficit against the provisions of the Treaty (Articles 310 and 323 TFEU); is deeply concerned that the amount of unpaid bills at the end of the year has been constantly growing since 2011 (EUR 23.4 billion at the end of 2013 from cohesion policy alone), which will put significant pressure on the payment ceilings of the MFF 2014-2020; stresses the need to set the annual payments' ceilings of the MFF accurately by taking due account of, *inter alia*, the dynamics of cohesion policy, including the timing of programming, implementation, final closure of the programmes and decommitments;

24. Emphasises that the purpose of the global margin for commitments is to support investments for growth and employment in Europe, and in particular youth employment; recalls that this instrument was an initiative by the European Parliament;
25. Recalls that the next Commission, which will come into office after the 2014 European elections, is due to launch a compulsory review and revision of the MFF 2014-2020 by the end of 2016; underlines the fact that this post-electoral MFF review/revision clause was one of Parliament's key demands in the MFF negotiations, based on the need to allow the next Commission and Parliament to reassess the EU's political priorities, hence endowing the MFF with renewed democratic legitimacy; emphasises that, following the economic crisis, investment levels in Europe dropped significantly between 2008 and 2012 and recalls that according to some estimates¹, this will cost the continent EUR 540 billion in lost returns by 2020;
26. Stresses the need, in view of the post-electoral MFF review/revision, for the next Parliament to reflect in good time on political priorities, i.e. to identify areas for which more investments will be deemed necessary in the second half of the MFF 2014-2020; invites, for this purpose, the next Commission and the next Parliament to carefully evaluate the achievements of the targets of the Europe 2020 strategy, particularly in terms of employment and combatting the economic crisis, as well as the performance of key EU programmes, like Horizon 2020, in order to focus on areas of proven added value of EU spending and for which additional financial resources will be required;
27. Calls for the MFF mid-term review to prepare for an eventual reduction in the period for which the next MFF is agreed, so as to ensure its subsequent renegotiation during the mandate of each Parliament and Commission, thus ensuring full democratic legitimacy for regular decisions on the financial perspectives of the Union, while taking steps to meet the need for stability of programming cycles and for investment predictability; strongly believes that a five-year MFF cycle would enhance democratic legitimacy, improve the prioritisation of budgetary means and could be considered a precondition for more political debate;
28. Stresses that the Commission proposals for the MFF revision should take full account of the latest macroeconomic projections and include a thorough assessment of the operation of all special instruments, in particular the global margins in commitments and payments; recalls that this process will not have a downward impact on any pre-allocated national envelopes, including the ESF share of these national envelopes; expects, in this context,

¹ Address by the Chairman of the Board of Governors of the EIB during 2014 European Interparliamentary Week, 21 January 2014.

the Commission to provide Parliament and Council with identical and consistent data on figures and estimates in order to avoid misunderstandings in the negotiations with regard to the basis of discussion;

29. Stresses the need to stimulate a broad and open discussion on the results achieved with the EU's funding programmes, and in particular an assessment of the extent to which these programmes contribute to the achievement of the Europe 2020 objectives;
30. Emphasises that innovative financial instruments such as the European project bonds can have a very important role to play in stimulating much needed investments if designed correctly; urges the Commission in this regard to make optimal use of the upcoming evaluation also in the context of the review/revision of the MFF 2014-2020;
31. Welcomes the Joint Declaration by the three institutions agreed in the context of the MFF negotiations according to which the annual budgetary procedures will integrate, as appropriate, gender-responsive elements, taking into account the ways in which the overall financial framework of the Union contributes to increased gender equality (and ensures gender mainstreaming); stresses that these principles should be integrated into the Commission's proposals on the MFF revision;
32. Reiterates its intention to make the compulsory MFF revision a key demand in the investiture of the next Commission; calls, therefore, on the next European Parliament to make the election of the proposed candidate for President of the Commission conditional upon a strong and non-ambiguous commitment to implementing the post-electoral review/revision clause and engaging in a genuine and deep political dialogue on its content;
33. Notes that the new Rules 70 and 70a (interinstitutional negotiations in legislative procedures) of Parliament's Rules of Procedure will apply for the next round of negotiations ; recommends that, early in Parliament's next mandate, the committee responsible for the Rules of Procedure be asked to look at rationalising those rules with Rule 75 (MFF), Rule 75c (financial dialogue) and Rule 81(3) (consent procedure) with a view to drafting a single coherent Rule specific to the special legislative procedures laid down in Articles 311 and 312 TFEU concerning the determination of the mandate, the conduct of the dialogues (including the role of the President), and scrutiny by the plenary;
34. Considers that, at the time of the next revision of the Treaties, the Convention should make proposals for a system of genuine codecision between the Council and Parliament on the adoption of the MFF and own resources decisions;
35. Strongly believes that the High Level Group on Own Resources represents a unique opportunity to overcome the deadlock that has arisen over the reform of the current own-resources system; expects that it will contribute significantly to understanding the shortcomings of the current system and the benefits that can derive from an in-depth, comprehensive reform and the introduction of new and genuine own resources which can significantly reduce the share of GNI contributions to the EU budget;
36. Recalls that the High Level Group has a mandate to examine all aspects of the reform of the own resources system; is firmly committed to working intensively, through its three

representatives, at all stages of this process and to bringing it to a successful conclusion; counts on the Council's equal 'ownership' and commitment to this process; emphasises the need to raise awareness also among national parliaments of the issues at stake; stresses that the findings and conclusions of this High Level Group should be ready in good time to be considered during the 2016 MFF review/revision, in order to pave the way for possible reforms to become operational by the next multiannual financial framework;

37. Expresses its firm conviction that any new fiscal capacity or budget developed specifically for eurozone Member States whose fiscal functions are not covered by the MFF must be developed within the Union framework and must be subject to proper democratic scrutiny and accountability through the existing institutions;
38. Instructs its President to forward this resolution to the European Council, the Council, the Commission and the national parliaments.

EXPLANATORY STATEMENT

Background

EU multi-annual financial planning was first introduced in 1988 with a view to overcoming the EU budget crises of the late 1970s and 1980s. Those crises often degenerated into an open conflict between Council and Parliament, leading to the non-adoption of the EU annual budgets for 1980, 1985, 1986 and 1988 until the financial year was well under way.

Setting the annual maximum amounts (“ceilings”) for EU expenditure as a whole (in both commitments and payments) as well as ceilings per policy areas (“headings”) of EU spending, the multiannual financial framework’s (MFF) main objective is to ensure a strong degree of predictability, an orderly development of expenditure in line with EU political priorities while respecting the limits of the Union’s own resources (OR) ceiling. The own resources ceiling has been initially decided in 1992 and was reconfirmed in 2010 at 1,23 % of EU GNI (in payments).

Historically, adopted annual EU budgets have always been below the overall MFF ceilings.

While up to the entry into force of the Lisbon Treaty, Council, EP and the Commission agreed on a MFF through the adoption of an Interinstitutional Agreement, the Lisbon Treaty has formalised the practice of multiannual financial planning and provides that the MFF is now to be laid down in a Council Regulation for a period of at least five years (Article 312 TFEU). A special legislative procedure applies for its adoption with the Council acting unanimously after receiving the consent of the EP. Lisbon Treaty provides for the possibility to adopt an IIA, which complements the MFF regulation.

The main steps of the 2014-2020 MFF negotiations can be summarised as follows:

- 16/06/2010: Setting up of EP SURE committee
- 08/06/2011: Adoption by EP of the SURE report on ‘Investing in the future: a new Multiannual Financial Framework (MFF) for a competitive, sustainable and inclusive Europe’
- 29/06/2011: Commission’s proposal for MFF 2014-2020 and new IIA, followed by over 60 legislative proposals covering all multi annual spending programmes
- 06/07/2012: Updated Commission’s proposal for a new MFF
- 21/05/2012: Council’s first negotiating box
- 23/10/2012: EP Interim report (EP resolution in the interests of achieving a positive outcome of the Multiannual Financial Framework 2014-2020 approval procedure)
- 23/11/2012: No agreement reached during the November 2012 special meeting of the European Council, following the first numeral proposals by the Cypriot Presidency of the Council and by the President of the European Council
- 08/02/2013: European Council conclusions on the MFF
- 13/03/2013: EP resolution on EC conclusions
- 13/05/2013: First official trilogue meeting
- 27/06/2013: Political agreement on the MFF, followed by EP resolution of 3/07 endorsing the political agreement on the MFF
- 19/11/2013: EP “formal” consent on the MFF

- 02/12/2013: Formal adoption of the MFF Regulation by the Council and of the IIA

EP initial proposal / negotiating position

EP position on the level and ambition of the MFF was first defined in the special SURE Committee report of 8 June 2011 on ‘Investing in the future: a new Multiannual Financial Framework (MFF) for a competitive, sustainable and inclusive Europe’, which – in view of the Union’s ambitious objectives for the coming years – considered as necessary an increase of the overall MFF ceilings (commitments and payments) by at least a 5% as compared to 2013 ceilings. EP insisted on a greater concentration of resources in areas stimulating growth and competitiveness, with cohesion policy funding staying at least at the same level as in the period 2007-2013. For agriculture spending, the amounts allocated in 2013 should at least be maintained. On the basis of the political mandate given in the SURE report, the EP elaborated its negotiating position in the MFF Interim Report of 23 October 2012.

While declaring its intention to conduct fully-fledged negotiations with Council on every article of the MFF Regulation and corresponding IIA, Parliament defined **5 major points** for the negotiations: a sufficient level of resources, flexibility, post-electoral revision, own resources and unity of the budget. At the same time, a number of important other issues were part of the EP position.

I. In the context of general fiscal consideration in the Member States EP eventually decided not to challenge overall figures (overall commitment and payments ceilings for the whole period) unanimously agreed by Heads of State and Governments. It did not challenge either the figures by headings, which provided for a slight reorientation towards growth, jobs and future-oriented investments (heading 1). This acceptance was though subject to the condition, among others, that that the agreed MFF ceilings for commitment and payment appropriations could be used to the fullest extent when establishing the annual budgets. Parliament therefore proposed a **new approach towards flexibility**. It considered that the MFF proposed would simply not be manageable without ‘maximum possible flexibility’, a concept which was mentioned but not developed in the European Council’s conclusions.

The identified need to be able to carry-over any unused margin between Headings and between years was materialised through Parliament’s innovative proposals for the setting up of **global margins in payments and in commitments**. Other flexibility mechanisms advocated by Parliament included the scope and precise setting up of special instruments, the contingency margin, adjustments related to implementation, etc. They are listed and shortly described in the table below.

Since the ceilings set by the MFF 2014-2020 are still above 2007-2013 implementation figures in respect of payments appropriations (only), it is still possible, with adequate implementation of the flexibility mechanisms eventually agreed, that 2014-2020 implemented budgets be higher than those of the 2007-2013 period.

II. The acceptance of EC figures should also be put in relation to EP request for a strong **post-electoral revision clause**, in contrast with current period’s “review”, since EP considered it could not blindly accept an austerity budget for a seven-year period, committing the next Parliament and Commission, as well as their successors. Thus, for the sake of better aligning electoral and budgetary calendars and of being able to react to new economic

developments, Parliament proposed specific modalities to operationalize the revision clause (scope, timing, use of passerelle clause to QMV, etc.).

III. On **own resources**, Parliament supported Commission's ambitious legislative proposals and pushed for a clear roadmap towards the return to a system of genuine, clear, simple and fair own resources, offering the guarantees over decision making and democratic control inherent in all public budgets. Proposed milestones included reducing the level of GNI-based contributions to 40% of the EU budget, transferring the revenues from the Financial transaction tax under enhanced cooperation fully or partially to the EU budget, reforming the VAT own resources, reducing the collection costs of traditional own resources to 10% of the amounts collected by the Member States, and phasing-out the existing rebates and other correction mechanisms.

IV. On the **unity of the budget** and transparency, Parliament insisted on the principle that all expenditure and revenue resulting from decisions taken by, or in the name of, the EU institutions should be included in the EU Budget, together with a comprehensive overview of the financial implications of all EU actions and instruments, including EU actions made by Member States in the framework of reinforced cooperation or of a specific Treaty.

Moreover, European Council's figures also brought Parliament to set as a **precondition** to enter into negotiations that Commission proposes an draft amending budget, up to the 2013 payments' ceiling, with a view to cover as much of 2013 payment claims as possible before the start of the new period, and avoid that the level of payments fixed for the 2014-2020 period will also need to cover a disproportionate share of payment claims from the previous period. Also, as a direct outcome of the recent EU budget payments crisis, Parliament proposed a number of provisions aiming at addressing the **payments' issue**, like the possible re-use of the surplus, which are presented in the table below.

Another important issue was to avoid pre-emption of EP codecision powers since the 8 February 2013 conclusions of the European Council went far beyond the demarcation line between MFF core issues and elements pertaining to codecided programmes. This has been the first experience with the implementation of the Lisbon Treaty provisions on MFF.

Finally, a number of other items in relation to the MFF or the annual budgetary procedure, or some more specific ones, raised by specialised committees (PECH, CONT, AFET, FEMM, etc.) were also addressed during the negotiations at EP's request. They are presented in the table below.

Parliament's detailed position on these elements was presented in the various reports adopted by Parliament ahead of the adoption of European Council's conclusions of 8 February. They were operationalized, in view of the negotiations, by a working paper by the Rapporteurs¹, presenting concrete textual changes to the Commission's proposals. They are described below.

¹ 'MFF-IIA working paper presented by EP Negotiating Team'
(http://www.europarl.europa.eu/meetdocs/2009_2014/documents/budg/dt/1017/1017432/1017432en.pdf)

EP request	Description / Objective
4 main issues	
Flexibility:	General objective: give flexibility to the budget authority during the annual procedure, make the MFF manageable and allow for the possible full use of the agreed ceilings
- global margin PA	Automatic, unlimited, carry-over between years of unbudgeted / unspent payment appropriations below the ceiling. To allow the possible catching up in PA in case of implementation delays.
- global margin CA	Same mechanism for commitments, with a view to ease the financing of emerging priorities and needs, and use overall MFF ceiling to their full extent
- special instruments	More flexibility for their use and mobilisation (annual amount, corresponding payments, unlimited carry-over of unused amounts), with a view to have sufficient resources and flexibility to cope with all underlying unforeseen events
- contingency margin	As a complement to the other flexibility instruments, in case the latter happen to be insufficient to cope with emerging needs (no offsetting).
- use of surplus	Specifically for payments, with a view to avoid the situation where additional payment needs appear while at the same time, extra EU resources on the revenue side are actually returned to Member States via a reduction of their GNI contribution
- adjustment in payments related to implementation	To cope with any change in the implementation patterns and actual disbursement profiles, in the context of the annual budgetary procedure
- legislative flexibility	Allowing to depart from the programmes' agreed financial envelopes by 10%
- new typology enhanced flexibility / update / adjustment / revision	Streamlining and clarifying the different ways of modifying / departing from the MFF, depending on whether the overall ceilings are affected, with appropriate decision-making arrangements.
Post-electoral revision	Setting a 'clause de rendez-vous' to give the newly elected EP and the new Commission the possibility to have their say on the MFF ceilings applicable under their terms, taking into account of new economic circumstances
Unity and transparency	Avoid any off budget funding, and ensure a clear overview of all means mobilised by the EU or on its behalf
Own resources	Define the way towards a return a genuine own resources system
'Other' points	
Large scale projects: Galileo, ITER, Copernicus	Not included within MFF overall ceiling but over and above, ringfencing their allocation in case of cost overruns
Payments and RAL:	General objective was to give the budget authority to tools to exit the recent budget payments crisis
- justification of divergences with	To avoid across the board and / or arbitrary cuts disconnected from the reality of budget implementation and forecasts of expenditures provided by Member States

COM estimates	authorities (under shared management)
- certification of payment forecasts	To put an end to the divergence between national authorities' estimates of payment claims under shared management and the EU budget allocations proposed by Council to honour them
- treatment of MS contributions in national budgets	Better estimation of national contributions in national budgets, in line with public accounting standards, in order to avoid that the level of the EU budget in payments be an adjustment variable for the national deficit and debt targets
- regular meetings and information	To promote discussion and awareness-raising on the payment needs, and create a common basis for EP and Council to elaborate their positions on the EU budget
- action plan on RAL	To contain the ongoing increase of outstanding (unpaid) commitments
CFSP	More scrutiny (more reporting, no exception) and transparency (more detailed nomenclature) for EP
Administrative expenditure	Issue of the -5% target objective, in relation to the parallel negotiations on the Staff regulation
Sound financial management:	Improve the budgetary control, reporting and accountability on EU budget
- national management declarations	Give new impetus to the issuance of national declarations on the management of EU funds
- international organisations	Ensure the transmission of all relevant information and documentation related to EU funds spent through international organisations
- evaluation	Article 318 TFEU evaluation report to focus, for its internal dimension, on Europe 2020 strategy
Declaration on synergies, better spending	Independent assessment to identify possible synergies, pooling of resources and cost savings at each government level (EU, national and regional)
Duration	2014-2020 MFF to be seen as a transitional solution towards a 5 or 5+5 year period to align the MFF's duration with the institutions' terms of office, thereby enhancing democratic accountability
Agencies	Procedure to better align legislative and budgetary decisions in relation to agencies (creation, task extension), including during legislative negotiations
EDF	Integration in the EU Budget
Gender equality	Integrate, as appropriate, gender-responsive elements, taking into account the ways in which the overall financial framework of the Union contributes to increased gender equality (and ensures gender mainstreaming).
Fisheries agreements	Enhanced participation of EP representatives in the negotiations on international fisheries agreements, taking account of Parliament's powers in the field of fisheries agreements
Other issues in IIA Annex	Aiming at facilitating the annual budgetary procedure (including a flexible pragmatic calendar for the annual procedure to run smoothly)

Negotiations and working method

With a view to ensure the joint development, ownership and communication of EP positions and strategy, measures taken **within the EP** included:

- Early setting up of the temporary SURE committee composed of Members of BUDG and specialised committees. To ensure the maximum influence, EP adopted its position on the MFF before publication of the Commission's MFF proposal, rather than as a reaction to it.
- Regular meetings of the MFF contact group, chaired by President of EP, at which BUDG negotiating team, political groups and other committees' chairpersons, as needed, were represented, allowing fruitful exchanges of information and the joint elaboration of EP positions.
- Joint rapporteurs for MFF and OR negotiations, involving a number of political groups, again facilitating the development of a largely supported approach within EP.
- MFF negotiating team, involving chair of BUDG and MFF and OR rapporteurs, met regularly and regularly invited representatives of other political groups.
- MFF rapporteurs visited specialised committees and invited MFF rapporteurs of specialised committees to monthly meetings to inform and exchange views, taking widest possible account of different committees in EP.

These meetings were accompanied by meetings at every relevant administrative level to support the political decision-making process.

Before the EC conclusions of 8 February 2013 and the start of formal and informal meetings during the negotiations (trilogues, political dialogue meetings, etc.), measures regarding **interaction between EP and other institutions** included:

- Meetings between representatives of Trio Presidency of Council (Poland, Denmark and Cyprus) and EP immediately before each MFF GAC and provision of relevant documents and Council Presidency debriefing afterwards, in line with the letter addressed by Prime Minister Orban, on behalf of the Hungarian, Polish, Danish and Cypriot Presidencies, to President Buzek on 6 June 2011;
- Danish and Cypriot Presidencies both invited EP negotiating team to participate in informal GAC meetings;
- President of the EP put forward EP position during speeches to European Council and during TFEU article 324 meetings between the presidents of the EP, the Council and the Commission, to which the President of the European Council was often invited;
- Numerous bi-lateral contacts between president of the EP and members of the MFF negotiating team and counterparts in national parliaments.

In addition to the above, Parliament made its position known through various legislative and non-legislative steps (see above). On the basis of the mandate given in the SURE report and its October 2012 interim report, it held a number of contacts during the negotiations towards European Council agreement.

In its 13 March 2013 resolution, Parliament rejected the MFF agreement by the European

Council on 8 February 2013 in its current form, considering that it did not reflect the priorities and concerns expressed by Parliament and disregarded Parliament's role and competences. It stressed that this agreement could not be accepted without the fulfilment of certain essential conditions, setting out its negotiating position for the fully fledged negotiations between Council and Parliament on every article of the MFF Regulation and corresponding IIA.

Following intensive negotiations between March and June 2013, with 5 trilogues at ministerial level, 6 trilateral meetings at Ambassador's level, and several meetings of the Presidents of the three institutions, Parliament and Council reached political agreement at the end of June 2013. This agreement was endorsed by EP in its resolution of 3 July 2013, where the EP set a number of conditions that would need to be fulfilled before Parliament could officially consent to the MFF Regulation: the adoption of amending budgets needed to provide extra payment appropriations for the financial year 2013 for the overall amount of EUR 11.2 billion, the political agreement on the relevant legal bases of the EU multiannual programmes, especially on points also reflected in the MFF Regulation, and to the setting up of a high-level group on own resources.

Those three conditions were met in time for Parliament to give its consent on Council's draft MFF Regulation during its November Plenary sitting, following which Council adopted the 2014-2020 MFF Regulation on 2 December 2013.

Results

The **overall ceilings** for commitment appropriations under the MFF 2014-2020 are set at EUR 960 billion and for payment appropriations at EUR 908 billion. In addition, special instruments (Flexibility instrument, Emergency Aid Reserve, European Union Solidarity Fund, European Globalisation Adjustment Fund) are provided for, which, when mobilised, are counted over and above the MFF ceilings.

These figures represent respectively 1,00 % EU GNI and 0,95 % EU GNI, based on EU GNI Spring 2012 forecasts. However, according to Commission's most recent estimates on the evolution of the EU GNI (Autumn 2013 forecasts), these figures will go up to respectively 1,04 and 0,99% of EU GNI, as presented in Commission's early 2014 technical adjustment to the MFF (COM(2013)928).

The agreement on the 2014-2020 MFF package includes **more flexibility for payments and commitments** across headings and across years with a view to allow the full use of the overall commitment and payment ceilings foreseen for 2014 to 2020. New instruments were set in this regard, like the global margin for payments, however with some limitations imposed by the Council in terms of amounts, the global margin for commitments for growth and employment, in particular youth employment and research. Increased flexibility is also provided for in relation to the mobilisation and funding of special instruments.

In addition, a specific flexibility to tackle youth employment and strengthen research, was introduced in the last round of negotiations which provides for the possibility to bring forward expenditure (frontloading) in the years 2014/2015 in areas such as youth employment, research, Erasmus and SMEs. This provision does not imply however an increase of resources earmarked for these policies over the period 2014-2020 but a change in the financial programming initially proposed by the European Commission.

It also foresees:

- a **review / revision of the MFF** to be launched by the Commission by the end of 2016, in order to allow the next Commission and Parliament to reassess the EU's political priorities, to adapt the MFF to new challenges and needs and to take full account of the latest macroeconomic projections,
- a clear understanding (Joint Declaration of the 3 institutions) on a viable way and timetable for the setting up of a **true system of own resources** for the European Union,
- and some provisions on **budget unity** and transparency, ensuring full information for citizens on all expenditure and revenue. A number of improvements of the provisions relating to interinstitutional collaboration in budgetary matters, in particular during the budgetary procedure were also agreed (payments, agencies, CFSP, fisheries agreement, etc.).

Finally, in the last negotiation round, Parliament also obtained one additional billion to be allocated, on a voluntary basis, to the "Aid for the most deprived" programme 2014-2020.

Main references to the paragraphs of the adopted MFF Regulation and IIA, corresponding to Parliament's request and achievements, are indicated in the table below.

EP request	Reference MFF-IIA
4 main issues	
Flexibility:	
- global margin PA	Art 5 MFF
- global margin CA	Art 14 MFF
- specific flexibility	Art 15 MFF + Joint Declaration
- special instruments	Art 3.2, 4.1, 9 to 12 MFF, par 10 to 13 IIA
- contingency margin	Art 13 MFF, par 14 IIA
- use of surplus	Not included in the final agreement
- adjustment in payments related to implementation	Art 18 MFF
- legislative flexibility	Par 17 IIA
- new typology enhanced flexibility / update / adjustment / revision	Not included in the final agreement
Post-electoral revision	Art. 2 MFF, Declaration by the European Commission on the review/revision
Unity and transparency	Art 24 MFF, par 7 and 16 IIA
Own resources	Joint Declaration on Own Resources
'Other' points	
Large scale projects: Galileo, ITER, Copernicus	Recital 13, art 16 MFF

Payments and RAL:	
- justification of divergences with COM estimates	Art 36 IIA Annex
- certification of payment forecasts	Not included in the final agreement
- treatment of MS contributions in national budgets	Not included in the final agreement
- regular meetings and information	Art 36 IIA Annex
- surplus	Not included in the final agreement
- action plan on RAL	Not included in the final agreement
CFSP	Par 23 to 25 IIA
Administrative expenditure	Par 27 IIA
Sound financial management:	
- national management declarations (NMD)	Declaration by the European Commission on NMD
- international organisations	Par 28 IIA
- evaluation	Par 29 IIA
Declaration on synergies, better spending	Joint Declaration on improving effectiveness of public spending in matters subject to EU's action
Duration	Recital 3 - MFF
Agencies	Par 31 and 32 IIA
EDF	Par 26 IIA
Pragmatic calendar	IIA Annex
Gender equality	Joint declaration
Fisheries agreements	Par 19 to 21 IIA
Other issues in IIA Annex	Par 8, 15 of IIA Annex, among others

12.3.2014

OPINION OF THE COMMITTEE ON CONSTITUTIONAL AFFAIRS(*)

for the Committee on Budgets

on negotiations on the MFF 2014-2020: lessons to be learned and the way forward
(2014/2005(INI))

Rapporteur (*): Andrew Duff

(*) Associated committee – Rule 50 of the Rules of Procedure

SUGGESTIONS

The Committee on Constitutional Affairs calls on the Committee on Budgets, as the committee responsible, to incorporate the following suggestions to its motion for a resolution:

1. whereas, following the agreement on the MFF 2014-2020, the MFF remains non-coterminous with the mandate of the Parliament and Commission whose terms begin in 2014 (Recital Fa);
2. whereas the possibilities made available in the Treaty of Lisbon to modify the decision-making procedures for the MFF and own resources decisions were not exploited (Recital Fb);

Political considerations

3. Notes that the European Council took a top-down approach to deciding the overall size of the MFF 2014-2020, which in turn demonstrates a worrying discrepancy between EU political commitments which the European Council has been making and its reluctance to adequately finance them; believes, on the contrary, that this decision should have been based on a bottom-up process, resulting from a thorough assessment of EU financial needs and political objectives as set out in EU multiannual programmes and policies defined by the legislator; commends in this regard the work of the SURE Committee, which established for Parliament a consensus on political priorities, but regrets that it proved impossible in the event to engage in comparable negotiations on substance with the Council (Paragraph 6);

Institutional considerations

4. Recalls that, according to the Treaty, the European Council does not exercise legislative functions; insists, therefore, that the conclusions of the European Council are to be seen as negotiating instructions for the Council and that they in no case constitute red lines which cannot be negotiated with Parliament; calls for a standard formula recalling the provisions of Article 15(1) TFEU to be included in the conclusions of the European Council (Paragraph 14);
5. Is convinced that the unanimity rule in the Council means that the agreement represents the lowest common denominator, based on the need to avoid the veto of a single Member State; stresses that a shift towards qualified majority voting for the MFF Regulation would be in line not only with the ordinary legislative procedure, used for the adoption of virtually all EU multiannual programmes, but also with the annual procedure for adopting the EU budget (Paragraph 18);
6. Notes that the general passerelle clause (Article 48(7) TEU) could be deployed by the European Council to make the shift towards qualified majority voting and the ordinary legislative procedure for the own resources and MFF decisions; recalls, moreover, that Article 312(2) TFEU in any case allows for the adoption of qualified majority voting for the MFF; urges the European Council to use both these passerelles for their intended purpose in order to streamline decision making in the Council and to limit the extent to which the politics of national 'juste retour' prevail over the articulation of the common interest of the Union as a whole (Paragraph 18a);

MFF 2014-2020: the way forward

7. Calls for the MFF mid-term review to prepare for an eventual reduction in the period for which the next MFF is agreed, so as to ensure its subsequent renegotiation during the mandate of each Parliament and Commission, thus ensuring full democratic legitimacy for regular decisions on the financial perspectives of the Union, while taking steps to meet the need for stability of programming cycles and for investment predictability (Paragraph 25a);
8. Notes that for the next round of negotiations the new Rules 70 and 70a (interinstitutional negotiations in legislative procedures) of Parliament's Rules of Procedure will apply; recommends that, early in Parliament's next mandate, the committee responsible for the Rules of Procedure be asked to look at rationalising those rules with Rule 75 (MFF), Rule 75c (financial dialogue) and Rule 81(3) (consent procedure) with a view to drafting a single coherent Rule specific to the special legislative procedures laid down in Articles 311 and 312 TFEU concerning the determination of the mandate, the conduct of the dialogues (including the role of the President), and scrutiny by the plenary (Paragraph 25b);
9. Considers that, at the time of the next revision of the Treaties, the Convention should make proposals for a system of genuine codecision between the Council and Parliament on the adoption of the MFF and own resources decisions (Paragraph 25c);
10. Instructs its President to forward this resolution to the European Council, the Council, the Commission and the national parliaments (Paragraph 26).

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	10.3.2014
Result of final vote	+: 16 -: 3 0: 1
Members in favour	Carlo Casini, Andrew Duff, Marietta Giannakou, Roberto Gualtieri, Enrique Guerrero Salom, Zita Gurmai, Gerald Häfner, Stanimir Ilchev, Constance Le Grip, David Martin, Sandra Petrović Jakovina, Tadeusz Ross, Algirdas Saudargas, György Schöpflin, József Szájer, Luis Yáñez-Barnuevo García
Members against	Andrew Henry William Brons, Ashley Fox, Daniel Hannan
Members abstained	Rina Ronja Kari
Members present for the final vote	Andrew Henry William Brons, Carlo Casini, Andrew Duff, Ashley Fox, Roberto Gualtieri, Enrique Guerrero Salom, Zita Gurmai, Gerald Häfner, Daniel Hannan, Stanimir Ilchev, Rina Ronja Kari, Constance Le Grip, David Martin, Sandra Petrović Jakovina, Tadeusz Ross, Algirdas Saudargas, József Szájer, Luis Yáñez-Barnuevo García
Substitute(s) present for the final vote	Zuzana Brzobohatá, Marietta Giannakou, Vital Moreira, György Schöpflin

13.2.2014

OPINION OF THE COMMITTEE ON EMPLOYMENT AND SOCIAL AFFAIRS

for the Committee on Budgets

on negotiations on the MFF 2014-2020: lessons to be learned and the way forward
(2014/2005(INI))

Rapporteur: Pervenche Berès

SUGGESTIONS

The Committee on Employment and Social Affairs calls on the Committee on Budgets, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Regrets the strategy defined by Parliament, namely to negotiate legislative proposals without interfering in the MFF figures; believes that Parliament needs to assess the strategy's outcome;
2. Regrets that the 2011 figures at constant prices proposed by the Commission as the basis for the negotiation did not allow for fully taking into account the reality of the needs of the Member States, especially in terms of employment and social regression; stresses that having insufficient data, especially insufficient statistical data, will negatively impact on policies as well as adding to possible negative perceptions regarding the EU budget;
3. Regrets that elements pertaining to legislative proposals have been discussed and decided upon by the European Council instead of being negotiated and agreed on at the level of the appropriate Council formation and the committee responsible; stresses that the Council has ignored Parliament in its role of co-legislator, in particular with regard to the Youth Employment Initiative; reminds the European Council that under the Treaty provisions it has no legislative powers; thus, warns that both co-legislators must avoid in the future any shift of legislative powers to the European Council;
4. Points out that the conclusions of the European Council are to be seen as negotiating instructions for the Council; deeply regrets the fact that this problem marked the negotiations on EU multiannual programmes, notably regarding the European Social Fund and the European Globalisation Adjustment Fund;
5. Regrets that where the co-legislators agreed to extend the scope of the proposed financial programmes this could not be matched by corresponding increases in financial allocations, and that reductions could not be prevented; regrets in particular that the allocation to the

ESF has been constantly been reduced since the Fund's foundation, despite the fact that the scope of the Fund has been extended over time; deplores the fact that the proposed ESF envelope of 25 % of cohesion policy funds could not be maintained in the negotiations for 2014-2020; deplores also the fact that the annual ceiling for the EGF has been disproportionately reduced compared to other financial instruments; regrets the invocation of Rule 20 of Parliament's Rules of Procedure for all MFF-related files, since this has limited Members' democratic right to express themselves, for example on the minimum share for the ESF envelope;

6. Emphasises that one of the aims of the reform embodied in the Lisbon Treaty was to democratise the process of establishing the Union's financial framework, and regrets that, in this context, and in relation to the legislative proposals for the 2014-2020 period, the opportunity to act fully in line with the spirit of the Treaty has not been properly used;
7. Regrets that despite obvious time pressure stemming from the upcoming expiry of the MFF and the European elections, the negotiations on the EGF and the FEAD were substantially delayed for reasons not pertaining to content, resulting in unacceptably tight timetables for reaching timely agreements; regrets the fact that the Commission's proposal for the FEAD was well behind schedule;
8. Notes that changes in negotiating positions were not always fully communicated in good time between the relevant actors in Parliament, which, at times, affected the consistency of Parliament's approach;
9. Points out, on the basis of the experience of EaSI, the difficulty of individually negotiating horizontal elements which are similar to several multiannual programmes in different policy areas, resulting in diverse outcomes and preventing a uniform approach and thus further weakening Parliament's negotiating power; believes that a more systemic approach would deliver better results;
10. Stresses the problematic dependency of the negotiations concerning legislative proposals, in particular with regard to the ESF, on the progress made in the negotiations on the global framework of the MFF;
11. Regrets that, despite the Treaty provisions, the Council decided to negotiate legislative proposals only on the basis of partial general approaches or general approaches without a mandate based on the amendments proposed by Parliament, which led to delays and blockages in the negotiations, in particular with regard to the ESF, EGF and FEAD;
12. Regrets that Parliament decided not to make full use of the possibilities provided by the ordinary legislative procedure in the negotiations with the Council on the legislative basis; considers, in this context, that special attention should be paid to the cases where a legislative proposal has been recognised to fall within the competences of more than one committee; is of the view that in these special cases, the mandate for negotiations with the Council should be obtained from the plenary in order to assure broad support, strengthen Parliament's negotiating position and guarantee transparency;
13. Considers that, while agreements negotiated with the Council should be given the possibility of a smooth adoption in plenary, this cannot be at the price of denying the

plenary any possibility of amending the agreed texts; is of the view that such procedures could only be applied where a very broad political consensus has been found on the agreed text; calls, therefore, on its competent committee to examine the possibility of applying the provisions of Rule 138 of the Parliament's Rules of Procedure to first and second reading agreements;

14. Recalls that margins left available below the MFF ceilings for commitment appropriations for the years 2014-2017 shall constitute a Global MFF Margin for commitments to be calculated by the Commission and to be made available above the ceilings established in the MFF for the years 2016-2020 for policy objectives related to growth and employment, in particular for the Youth Employment Initiative;
15. Invites the next Commission and Parliament to carefully look at the achievements of the Europe 2020 strategy, especially the employment-related targets, and to use the review clause to add financial resources to boost the strategy, taking into account that the negative impact of the ongoing crisis has jeopardised it;
16. Recalls that the upcoming revision of the MFF must not have a downward impact on any pre-allocated national envelopes for cohesion policy, in particular ESF allocations;
17. Calls on the next Commission to tackle the issue of youth unemployment by proposing a substantial increase of the Youth Employment Initiative budget in the framework of the MFF revision process;
18. Draws the attention of the next Commission and Parliament to the fact that the Regulation on the European Social Fund provides, on top of the MFF revision process, that 'the resources for the YEI may be revised upwards for the years 2016 to 2020 in the framework of the budgetary procedure in accordance with Article 14 of Regulation (EU) 1311/2013';
19. Is deeply concerned at the fact that any budgetary debate in the Council has for many years been poisoned by the logic of 'fair returns', and stresses that this situation is largely due to the current system of EU financing, whereby some 85 % of revenues stem from national contributions instead of genuine own resources as foreseen in the Treaty of Rome;
20. Notes that the European Council took a top-down approach in deciding the overall size of the MFF 2014-2020, which in turn demonstrates a worrying discrepancy between EU political commitments which the European Council has been making and its reluctance to adequately finance them; stresses that Parliament has underestimated the ability of the European Council to evaluate the impact of the entry into force of the Lisbon Treaty regarding Parliament's powers concerning adoption of the MFF, and to maintain this approach;
21. Is convinced that any decision on the financial framework should be preceded by – and based on – a genuine political debate on the role, function and added value of the EU budget and on its compatibility with the political strategy adopted by the Union and the operational objectives assigned to the Union.

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	13.2.2014
Result of final vote	+: 29 -: 4 0: 1
Members present for the final vote	Regina Bastos, Heinz K. Becker, Phil Bennion, Pervenche Berès, Philippe Boulland, Alejandro Cercas, Ole Christensen, Derek Roland Clark, Minodora Cliveti, Karima Delli, Sari Essayah, Richard Falbr, Nadja Hirsch, Stephen Hughes, Danuta Jazłowiecka, Jean Lambert, Patrick Le Hyaric, Verónica Lope Fontagné, Thomas Mann, Csaba Őry, Konstantinos Poupakis, Elisabeth Schroedter, Gabriele Stauner, Jutta Steinruck
Substitute(s) present for the final vote	Georges Bach, Philippe De Backer, Edite Estrela, Sergio Gutiérrez Prieto, Anthea McIntyre, Antigoni Papadopoulou, Gabriele Zimmer
Substitute(s) under Rule 187(2) present for the final vote	Enrique Guerrero Salom, Timothy Kirkhope, Corien Wortmann-Kool

5.3.2014

OPINION OF THE COMMITTEE ON REGIONAL DEVELOPMENT

for the Committee on Budgets

on Negotiations on the MFF 2014-2020: lessons to be learned and the way forward
(2014/2005(INI))

Rapporteur: Jan Olbrycht

SUGGESTIONS

The Committee on Regional Development calls on the Committee on Budgets, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Considers it necessary to differentiate between the discussions on the MFF and those on the single legal basis for EU policies, including those for cohesion policy, given the provisions of the Treaties and the role of the European Parliament in both processes;
2. Is of the opinion that the work on the MFF should under no circumstances interfere in the work on the regulations defining the scope of support and the rules of implementation of each fund, and should thus respect the role of the European Parliament in the negotiations on the legal basis for cohesion policy; deeply regrets the fact that the negotiations on the MFF 2014-2020 did not follow this principle, which resulted in the work on the MFF having a substantial influence on the legislative negotiations on the regulations for cohesion policy in terms of both content and timeframe;
3. Stresses that the discussion about the resources for cohesion policy should be based on an analysis of the needs and take account of the evaluation of the implementation of the policy in the previous programming period; recalls that cohesion policy is a pro-growth investment policy, fighting the crisis and will therefore gain importance as an EU instrument for boosting sustainable growth, creating jobs, stimulating public investment, reducing social inequities and poverty, stimulating the shift towards a low-carbon economy and combating climate change, with a view to achieving the Europe 2020 strategy objectives;
4. Points out that the division of the resources between individual years of the MFF (definition of the ceilings) should take into consideration the dynamics of cohesion policy, in particular the programming and implementation processes and the time of the final closure of the programmes, in order to ensure the most accurate level of payments for each year;

5. Is deeply concerned at the fact that the amount of unpaid bills at the end of the year is constantly growing and considers that cohesion policy is the most affected by the gap in the EU budget; concludes that the leftover effects of the period 2007-2013 are not solved in the MFF 2014-2020; calls therefore for further reform of the EU budget, including the reform of own resources.

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	24.2.2014
Result of final vote	+: 29 -: 0 0: 1
Members present for the final vote	Luís Paulo Alves, Francesca Barracciu, Catherine Bearder, Victor Boştinaru, Nikos Chrysogelos, Rosa Estaràs Ferragut, Brice Hortefeux, Danuta Maria Hübner, Vincenzo Iovine, María Irigoyen Pérez, Seán Kelly, Constanze Angela Krehl, Iosif Matula, Erminia Mazzoni, Jens Nilsson, Jan Olbrycht, Younous Omarjee, Markus Pieper, Ovidiu Ioan Silaghi, Nuno Teixeira, Kerstin Westphal, Joachim Zeller
Substitute(s) present for the final vote	Karima Delli, Ivars Godmanis, James Nicholson, Maurice Ponga, Marie-Thérèse Sanchez-Schmid, Elisabeth Schroedter, Patrice Tirolien, Giommara Uggias

26.2.2014

OPINION OF THE COMMITTEE ON CIVIL LIBERTIES, JUSTICE AND HOME AFFAIRS

for the Committee on Budgets

on negotiations on the MFF 2014-2020: lessons to be learned and the way forward
(2014/2005(INI))

Rapporteur: Kinga Göncz

SUGGESTIONS

The Committee on Civil Liberties, Justice and Home Affairs calls on the Committee on Budgets, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

1. Welcomes the agreements on the Justice and Home Affairs (JHA) funds; recognises that Parliament's negotiating teams made significant contributions to the final content of the JHA funds, in particular regarding the content of the general and specific objectives, minimum percentages of expenditure relating to the objectives, indicators for measuring the success of the funds, and the consistency of internal and external EU actions;
2. Deeply regrets that the conclusions of the European Council of 7/8 February 2013 on the MFF included a figure for Heading 3 which was 16.6 % lower than the Commission proposal, and consequently the high level of cuts amounting to 23% to the Internal Security Fund and 20% to the Asylum, Integration and Migration Fund; notes that the late communication of the MFF figures and the ceilings available for each policy area did not help individual rapporteurs with the development of a strategic approach to negotiations with the Council; urges the Commission to provide all updated MFF figures simultaneously to the Council and Parliament in the future;
3. Appreciates the constructive roles played by both the rotating presidencies and the Commission during the negotiations in the justice area; notes that this led to an early and satisfactory resolution of the substantive issues;
4. Regrets the fact that, in the area of home affairs, the Council – supported by the Commission – seemed more interested in using the funds to supplement Member States' national budgets than to promote European added value and European solidarity; while acknowledging the particularly difficult economic and financial context, stresses nonetheless that the JHA funds should first and foremost serve European interests and

support activities with a clear European added value, such as the Union Resettlement Programme and other Union-oriented activities; regrets not having obtained delegated acts for programming decisions in accordance with Article 290 TFEU as these decisions clearly meet the conditions for delegated acts laid down in the Treaty; regrets that the Commission and the Council suggested the use of the Asylum, Migration and Integration Fund and of the Internal Security Fund to finance action in third countries without specifying the legal basis for such action and leaving Parliament no possibility of challenging it;

5. Further notes, with respect to the home affairs funds, that the ordinary legislative procedure does not provide for the Commission and the Council to negotiate an agreed position between themselves, without involving Parliament, and then to present that position to the Parliament as a *fait accompli*; points out that if the Commission is unwilling to defend its initial proposal, it should present an amended proposal; recommends that new practical arrangements for financial negotiations be put in place, including, *inter alia*, the organisation of an early exchange of views among the three Institutions on the role, function and added value of the EU budget; insists that the Commission assume its role of honest broker in future inter-institutional negotiations;
6. Believes that it is imperative that Parliament continue to insist on a results-oriented approach to EU funding, which should not be restricted to the mere quantity of actions carried out but must also involve assessing the quality of those actions; recommends that qualitative indicators against which the success of EU funding is ultimately to be measured be further promoted and included in future JHA funds;
7. Calls on the Commission to ensure swift implementation of the new funds, the full and efficient use of the available amounts, fair geographic distribution and assistance for underperforming regions;
8. Considers that, given that the cuts were imposed on Parliament without any reasoned justification, Parliament has to place emphasis on the particular areas where the cuts were most significant when it comes to consider the Mid-term review;
9. Is of the opinion that, in the framework of the Mid-term review, Parliament should use all its negotiation capacity through co-decision, without decisions and figures being imposed by the European Council;
10. Considers it essential that Parliament properly supervise implementation of the funds by the Commission and, where appropriate, by the Member States; recommends that the relevant Committees reassess their priorities before the 2016 review in order to provide political guidance; notes that its Committee on Civil Liberties, Justice and Home Affairs undertakes, as the committee responsible for the justice and home affairs area, to put in place the relevant scrutiny mechanism.

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	24.2.2014
Result of final vote	+: 44 -: 5 0: 1
Members present for the final vote	Edit Bauer, Emine Bozkurt, Arkadiusz Tomasz Bratkowski, Salvatore Caronna, Philip Claeys, Carlos Coelho, Ioan Enciu, Frank Engel, Cornelia Ernst, Monika Flašíková Beňová, Kinga Göncz, Sylvie Guillaume, Ágnes Hankiss, Anna Hedh, Salvatore Iacolino, Sophia in 't Veld, Livia Járóka, Teresa Jiménez-Becerril Barrio, Timothy Kirkhope, Juan Fernando López Aguilar, Baroness Sarah Ludford, Monica Luisa Macovei, Svetoslav Hristov Malinov, Clemente Mastella, Véronique Mathieu Houillon, Nuno Melo, Roberta Metsola, Louis Michel, Claude Moraes, Judith Sargentini, Birgit Sippel, Csaba Sógor, Rui Tavares, Wim van de Camp, Axel Voss, Renate Weber, Tatjana Ždanoka, Auke Zijlstra
Substitute(s) present for the final vote	Mariya Gabriel, Ana Gomes, Franziska Keller, Ulrike Lunacek, Marian-Jean Marinescu, Jan Mulder, Andrés Perelló Rodríguez
Substitute(s) under Rule 187(2) present for the final vote	Richard Ashworth, Zdravka Bušić, Krzysztof Lisek, Csaba Sándor Tabajdi, Tadeusz Zwiefka

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	19.3.2014
Result of final vote	<div style="display: flex; justify-content: flex-end; align-items: center;"> <div style="text-align: right; padding-right: 10px;"> + : 25 - : 4 0 : 3 </div> </div>
Members present for the final vote	Marta Andreasen, Richard Ashworth, Zuzana Brzobohatá, James Elles, Göran Färm, José Manuel Fernandes, Věra Flasarová, Eider Gardiazábal Rubial, Salvador Garriga Polledo, Jens Geier, Ivars Godmanis, Ingeborg Gräßle, Lucas Hartong, Monika Hohlmeier, Anne E. Jensen, Sergej Kozlik, George Lyon, Claudio Morganti, Jan Mulder, Nadezhda Neynsky, Andrej Plenković, Dominique Riquet, László Surján, Oleg Valjalo, Derek Vaughan, Angelika Werthmann
Substitute(s) present for the final vote	Jürgen Klute, Paul Rübig, Georgios Stavrakakis, Theodor Dumitru Stolojan
Substitute(s) under Rule 187(2) present for the final vote	Carmen Fraga Estévez, Sylvie Guillaume