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REPORT

with recommendations to the Commission on a safety net to protect the beneficiaries of Union programmes: setting up an MFF contingency plan (2020/2051(INL))

Committee on Budgets

Co-rapporteurs: Jan Olbrycht, Margarida Marques

(Initiative – Rule 47 of the Rules of Procedure)

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

with recommendations to the Commission on a safety net to protect the beneficiaries of Union programmes: setting up an MFF contingency plan (2020/2051(INL))

The European Parliament,

- having regard to Article 225 of the Treaty on the Functioning of the European Union (TFEU),
- having regard to Articles 311 and 312(4) of the TFEU,
- having regard to Council Regulation (EU, Euratom) No 1311/2013 of 2 December 2013 laying down the multiannual financial framework for the years 2014-2020¹,
- having regard to the proposal for a Council Regulation laying down the multiannual financial framework (MFF) for the years 2021 to 2027, submitted by the Commission on 2 May 2018²,
- having regard to its resolution of 14 March 2018 on the next MFF: Preparing the Parliament's position on the MFF post-2020³,
- having regard to its interim report of 14 November 2018 on the multiannual financial framework 2021-2027 – Parliament's position with a view to an agreement⁴,
- having regard to its resolution of 10 October 2019 on the 2021-2027 multiannual financial framework and own resources: time to meet citizens' expectations⁵,
- having regard to the Commission's proposal for a Regulation of the European Parliament and of the Council laying down certain transitional provisions for the support by the European Agricultural Fund for Rural Development (EAFRD) and by the European Agricultural Guarantee Fund (EAGF) in the year 2021 and amending Regulations (EU) No 228/2013, (EU) No 229/2013 and (EU) No 1308/2013 as regards resources and their distribution in respect of the year 2021 and amending Regulations (EU) No 1305/2013, (EU) No 1306/2013 and (EU) No 1307/2013 as regards their resources and application in the year 2021⁶,
- having regard to point 16 of the Framework Agreement on relations between the European Parliament and the European Commission⁷,
- having regard to point 10 of the Interinstitutional Agreement between the European

¹ OJ L 347, 20.12.2013, p. 884.

² COM(2018)0322.

³ Texts adopted, P8_TA(2018)0075.

⁴ Texts adopted, P8_TA(2018)0449.

⁵ Texts adopted, P9_TA(2019)0032.

⁶ COM(2019)0581 final.

⁷ OJ L 304, 20.11.2010, p. 47.

Parliament, the Council of the European Union and the European Commission on Better Law-Making¹,

- having regard to Rules 47 and 54 of its Rules of Procedure,
 - having regard to the letter of the Committee on Agriculture and Rural Development,
 - having regard to the report of the Committee on Budgets (A9-0000/2020),
- A. whereas the Commission should have presented its proposal for a new MFF before 1 January 2018, in accordance with Article 25 of Regulation (EU, Euratom) No 1311/2013, but decided instead to postpone it by several months;
- B. whereas on 14 March 2018, Parliament was the first Union institution to adopt its position and lay down its priorities on the MFF post 2020;
- C. whereas on 2 May 2018, the Commission presented a set of legislative proposals on the 2021-2027 MFF and Union Own Resources, followed by legislative proposals for the setting-up of new Union programmes and instruments; whereas this proposal entailed an overall MFF ceiling of EUR 1 134.6 billion in 2018 prices, or 1,11 % of the pre-crisis EU-27's GNI² (including 0,03 % from the European Development Fund), which entailed a significant reduction compared to the estimated 1,16 % of the 2014-2020 MFF in relation to the EU-27's GNI, with the stated objective to provide a basis for a swift negotiation to be concluded before the Parliament elections of 2019;
- D. whereas on 14 November 2018, Parliament adopted its interim report with detailed figures, amounting to an overall MFF ceiling of EUR 1 324,1 billion in 2018 prices (1,3 % of the EU-27's GNI), and amendments constituting its negotiating mandate and has stood ready, since then, to enter into negotiations with the Council in the interest of reaching an agreement in a timely manner; whereas that negotiating mandate was reconfirmed on 10 October 2019;
- E. whereas between November 2018 and April 2019, Parliament adopted negotiating mandates or first reading positions at record speed on almost all sectoral programmes, and agreed to negotiate several partial agreements and common understandings with the Council in order not to delay the process of setting up the new programmes; whereas the Council's methodology of preparing MFF negotiating boxes, that include a significant number of sectoral provisions falling under the ordinary legislative procedure, has prevented the Council from negotiating with Parliament on key aspects of the sectoral legislative acts as well as on the rule of law proposal;
- F. whereas, the European Council has already extended the timeframe for reaching a political agreement on the MFF several times, thereby reducing *de facto* the possibility of ensuring a smooth transition from the 2014-2020 MFF to the 2021-2027 MFF;
- G. whereas first figures were only submitted by the Finnish Presidency of the Council to the General Affairs Council and to the European Council in December 2019, that is more than 18 months after the Commission proposals; whereas the proposal of the Finnish Presidency fully disregarded Parliament's position;

¹ OJ L 123, 12.5.2016, p. 1.

² Gross National Income as forecast at the time of presentation of the MFF proposal on 2 May 2018, not taking into account subsequent and upcoming evolutions notably as a result of the Covid-19 crisis.

- H. whereas the special European Council meeting on the MFF of 20-21 February 2020, convened by the President of the European Council, failed to reach its conclusions;
- I. whereas, following the failure of the special summit, the European Council is now well behind the 2013 timeframe for negotiations on the 2014-2020 MFF, when the European Council reached its political agreement on 8 February 2013; whereas, following the subsequent negotiations between Council and Parliament, the MFF and the sectoral legislative acts were adopted at a very late stage, resulting in serious setbacks for the transition to the 2014-2020 MFF and the launch of the Union programmes to the detriment of beneficiaries and citizens, notably in shared management programmes;
- J. whereas, in light of the succession of delays and regardless of when the European Council will finally reach its conclusions, there is now a tangible risk that the next MFF will not be agreed in time to enter into force on 1 January 2021 and there will be no smooth transition from the 2014-2020 MFF to the 2021-2027 MFF, considering also the risk of widely diverging positions between Parliament and Council and the need for intense interinstitutional negotiations in the framework of both the consent procedure and the ordinary legislative procedure;
- K. whereas the Covid-19 outbreak, despite highlighting the importance and the potential of a strong Union budget to ensure a comprehensive and immediate Union response, has further delayed the negotiations and agreement on the next MFF in the European Council and is affecting the conditions in which interinstitutional negotiations could be carried out;
- L. whereas, should a new MFF not be adopted on time, Article 312(4) TFEU provides for a safety net to protect the beneficiaries of Union programmes in the form of an automatic and temporary extension of the ceilings and other provisions of the last year of the present framework, which would result in an overall ceiling of EUR 162 243 million in 2018 prices or EUR 172 173 million in current prices, in 2021, which would be the equivalent of 1,15 % of the GNI of the EU27;
- M. whereas the basic acts of a considerable number of the current expenditure programmes however contain expiry dates that, together with lack of operational preparedness, might undermine the safety net provided by the TFEU; whereas those expiry dates would have to be extended or lifted in order to be brought into consistency with the principles underpinning Article 312(4) TFEU and to avoid a shutdown of the concerned programmes, which would be to the detriment of its beneficiaries and of the Union as a whole, especially in times of crisis;
- N. whereas Parliament consequently urged the Commission in its resolution of 10 October 2019 to start preparing an MFF contingency plan, with the aim of protecting beneficiaries and ensuring the continuity of funding, to be presented in the beginning of 2020 to facilitate a swift adoption by Parliament and the Council;
- O. whereas the Commission has already acknowledged the risks posed by the potential expiry or non-adoption of certain legislative acts for the next MFF, namely by proposing a transitional regulation which aims at providing certainty and continuity for the final beneficiaries;
- P. whereas Parliament has been prepared well in advance and repeatedly warned against the shutdown of Union programmes while declaring its intention not to be forced into accepting a bad MFF agreement due to time pressure;

- Q. whereas the health crisis resulting from the Covid-19 outbreak and the unprecedented socio-economic impacts on citizens' lives make an even more compelling case to eliminate any risk of discontinuity or disorderly extension of the current MFF and programmes; whereas it has become increasingly important to guarantee that the Union will be able to carry out its operations and to provide an ambitious crisis response and recovery strategy despite the uncertain date of the entry into force of the new MFF; whereas the Commission should deliver to stakeholders an unequivocal message in that respect;
- R. whereas the 2021 Union budget should continue to address the immediate social and economic consequences of the Covid-19 emergency; whereas an ambitious, responsible and solidarity-oriented MFF contingency plan could provide a better basis than a late and inadequate MFF for delivering the Union's crisis response, recovery strategy and political priorities, building on the existing programmes with the appropriate readjustments, reorientations, and flexibilities as well as the positive measures already taken under the 2020 budget; whereas negotiations on the next MFF would remain urgent, also considering the time subsequently needed to launch the new programmes, to modify and ratify the new Own Resources decision;
- S. whereas it is now an imperative for the Commission to put forward the relevant necessary legislative proposals and operational provisions, in its capacity as guardian of the Treaties and holder of the right of initiative, and in line with the oral and written commitment taken on 16 July 2019 by the President-elect of the Commission, to respond with a legislative act when Parliament, acting by a majority of its members, adopts resolutions requesting that the Commission submits legislative proposals;
1. Requests that the Commission submit, by 15 June 2020, based on the relevant legal bases for each expenditure programme¹ and in the light of Article 312(4) TFEU, a proposal for an MFF contingency plan to provide a safety net to protect the beneficiaries of Union programmes, following the recommendations set out in the Annex hereto;
 2. Requests the MFF contingency plan to:
 - lift or extend the time limits laid down in the basic acts of all relevant MFF expenditure programmes;
 - where legally necessary, notably under shared management programmes, update the relevant financial amounts on the basis of a technical prolongation of the 2020 levels;
 - revise the rules and objectives governing the relevant expenditure programmes so that they can be temporarily refocused on addressing and mitigating the immediate economic and social consequences of the Covid-19 outbreak and on helping in the recovery;
 - allow for targeted reinforcements to this end, building on the positive measures already taken under the 2020 budget; and for the setting-up of the most urgent new instruments and initiatives as part of the post-Covid-19 reconstruction and

¹ Articles 19(2), 21(2), 33, 42, 43(2), 46(d), 77(2), 78(2), 79(2), 79(4), 81(1), 81(2), 82(1), 84, 87(2), 91(1), 100(2), 113, 114, 149, 153(2)(a), 164, 165(4), 166(4), 167(5), 168(4)(b), 168(5), 169, 172, 173(3), 175, 177, 178, 182(1), 182(4), 183, 188, 189(2), 192(1), 194(2), 195(2), 196, 197, 203, 207(2), 209(1), 212(2), 214(5), 325, 338(1), 349, 352 of the TFEU and Articles 7(1) and 203 of the Euratom Treaty.

recovery package;

3. Instructs its President to forward this resolution and the accompanying recommendations to the Commission and the Council.

ANNEX TO THE MOTION FOR A RESOLUTION

RECOMMENDATIONS AS TO THE CONTENT OF THE PROPOSAL REQUESTED

A. PRINCIPLES AND AIMS OF THE PROPOSAL

1. The MFF contingency plan aims at providing a safety net to protect the beneficiaries of the Union programmes in the event that the 2021-2027 MFF could not be agreed in time to enter into force on 1 January 2021. The MFF contingency plan should ensure a satisfactory degree of predictability and continuity in Union budget implementation. Furthermore, it should enable the Union to provide a response to the immediate social and economic consequences of the Covid-19 outbreak and to work on the recovery;
2. The MFF contingency plan shall include one or several legislative proposal(s) to lift or extend the time limits laid down in the basic acts of all concerned expenditure programmes and, where legally necessary notably under shared management programmes, update the relevant financial amounts on the basis of a technical prolongation of the 2020 levels. The legislative proposal(s) should also include a temporary refocusing of the objectives of all the relevant expenditure programmes, so that they can best address the immediate consequences of the Covid-19 outbreak. For the same purpose, wherever relevant, the proposal(s) should include a re-adjustment of the rules to allow for maximum flexibility in the implementation notably of shared management programmes, including the extension and follow-up of all legislative measures introduced in 2020 to support Member States and beneficiaries in mitigating the impact of Covid-19 outbreak;
3. The MFF contingency plan should allow for targeted reinforcements of the relevant expenditure programmes in the 2021 budget and for the setting-up of the most urgent new legislative instruments, measures and programmes, as part of the reconstruction and recovery package needed after the Covid-19 outbreak;
4. The MFF contingency plan should be tabled by 15 June 2020 at the latest, unless the MFF negotiations between the European Parliament and the Council lead to a political agreement before that date. This timeframe for tabling the contingency plan will address a double necessity: a) to ensure that the budgetary procedure for the year 2021 starts with all the necessary information as regards contingency planning; b) to ensure that the relevant legislative proposals can be adopted by the co-legislators before the conciliation on the 2021 budget. This will be the time when the budgetary authority will have to take a final decision on next year's Union budget either on the basis of a new 2021-2027 MFF or on the basis of an extension of the 2020 ceilings;
5. The measures necessary for the implementation of the contingency plan shall be financed through the annual budget, within the limits of the MFF ceilings for 2020 and of the flexibility provisions of the 2014-2020 MFF as extended in accordance with Article 312(4) TFEU, on the basis of a technical prolongation of the amounts already agreed by the budgetary authority in 2020, increased by the 2% deflator and by the additional amounts necessary for the implementation of the post-Covid-19 reconstruction and recovery package. This technical prolongation should also determine the national envelopes under the shared management programmes.

B. ACTION TO PROPOSE

1. One or several legislative proposal(s) to:

- lift or extend the time limits laid down in the basic acts of all relevant MFF expenditure programmes and,
- where legally necessary notably under shared management programmes, update the relevant financial amounts on the basis of a technical prolongation of the 2020 levels,
- revise the rules and objectives governing the relevant expenditure programmes so that they can be temporarily refocused on addressing and mitigating the immediate economic and social consequences of the Covid-19 outbreak and on helping in the recovery, including the extension and follow-up of all legislative measures introduced in 2020 for this purpose.

LETTER OF THE COMMITTEE ON AGRICULTURE AND RURAL DEVELOPMENT

Mr Johan Van Overtveldt
Chair
Committee on Budgets
BRUSSELS

Subject: Opinion on a safety net to protect the beneficiaries of EU programmes: setting up an MFF contingency plan (2020/2051(INL))

Dear Mr Van Overtveldt,

Under the procedure referred to above, the Committee on Agriculture and Rural Development has been asked to submit an opinion to your committee. On 27 March 2020, the committee decided to send the opinion in the form of a letter by written procedure.

The Committee on Agriculture and Rural Development considered the matter by written procedure on 27 March 2020. It decided to call on the Committee on Budgets, as the committee responsible, to incorporate the following suggestions into its motion for a resolution.

Yours sincerely,

(signed) Norbert Lins

SUGGESTIONS

- having regard to the Proposal for a Regulation of the European Parliament and of the Council of 31 October 2019 laying down certain transitional provisions for the support by the European Agricultural Fund for Rural Development (EAFRD) and by the European Agricultural Guarantee Fund (EAGF) in the year 2021 and amending Regulations (EU) No 228/2013, (EU) No 229/2013 and (EU) No 1308/2013 as regards resources and their distribution in respect of the year 2021 and amending Regulations (EU) No 1305/2013, (EU) No 1306/2013 and (EU) No 1307/2013 as regards their resources and application in the year 2021¹,
- A. whereas the Commission has already proposed, on 31 October 2019, a regulation laying down certain transitional provisions for the support of the European Agricultural Fund for Rural Development (EARFD) and by the European Agricultural Guarantee Fund (EAGF)

¹ COM(2019)581.

in the year 2021 and amending other relevant regulations;

- B. whereas the transitional measures proposed for the EARFD and EAGF are set to guarantee payments to beneficiaries after the period covered under the current MFF, and taking into account it contains specific provisions that have to be decided by the co-legislators;
- C. whereas this proposal could serve as a basis for similar transitional provisions for other programmes, not just in a sense of technical solutions but also as an example of positive effects such proposals have on the stability of the sectors concerned;
- D. whereas in the proposal for the transitional measures for the CAP, the Commission followed the principle of extending the current rules and allowing the opportunity to use new money, without introduction of new rules, which could prove crucial for timely adoption of the transitional measures;
- E. whereas during the transitional period the agri-food sector will be expected to fulfil all existing requirements, therefore, the current level of CAP funding should be maintained as a minimum.

ANNEX TO THE MOTION FOR A RESOLUTION

RECOMMENDATIONS AS TO THE CONTENT OF THE PROPOSAL REQUESTED

A. PRINCIPLES AND AIMS OF THE PROPOSAL

1. The MFF contingency plan shall take into consideration the precedent set for the financing of the CAP after 2020, where the Commission already proposed transitional measures for the EARDF and the EAGF, notably by extending current rules and without introducing elements from the negotiations of new sectorial programmes, unless absolutely necessary.

INFORMATION ON ADOPTION IN COMMITTEE RESPONSIBLE

Date adopted	4.5.2020
Result of final vote	+: 37 -: 1 0: 3
Members present for the final vote	Rasmus Andresen, Clotilde Armand, Robert Biedroń, Anna Bonfrisco, Olivier Chastel, Lefteris Christoforou, David Cormand, Paolo De Castro, José Manuel Fernandes, Eider Gardiazabal Rubial, Valentino Grant, Elisabetta Gualmini, Francisco Guerreiro, Valerie Hayer, Eero Heinäluoma, Niclas Herbst, Monika Hohlmeier, Mislav Kolakušić, Moritz Körner, Joachim Kuhs, Zbigniew Kuźmiuk, Ioannis Lagos, Hélène Laporte, Pierre Larrourou, Janusz Lewandowski, Margarida Marques, Siegfried Mureşan, Victor Negrescu, Andrey Novakov, Jan Olbrycht, Dimitrios Papadimoulis, Karlo Ressler, Bogdan Rzońca, Nicolae Ştefănuţă, Nils Torvalds, Nils Ušakovs, Johan Van Overtveldt, Rainer Wieland, Angelika Winzig
Substitutes present for the final vote	Damian Boeselager, Petros Kokkalis

FINAL VOTE BY ROLL CALL IN COMMITTEE RESPONSIBLE

37	+
ECR	Zbigniew Kuźmiuk, Bogdan Rzońca, Johan Van Overtveldt
GUE/NGL	Dimitrios Papadimoulis, Petros Kokkalis
ID	Hélène Laporte
NI	Ioannis Lagos
PPE	Lefteris Christoforou, José Manuel Fernandes, Niclas Herbst, Monika Hohlmeier, Janusz Lewandowski, Siegfried Mureşan, Andrey Novakov, Jan Olbrycht, Karlo Ressler, Rainer Wieland Angelika Winzig
RENEW	Clotilde Armand, Olivier Chastel, Valerie Hayer, Moritz Körner, Nicolae Ştefănuţă, Nils Torvalds
S&D	Robert Biedroń, Paolo De Castro, Eider Gardiazabal Rubial, Elisabetta Gualmini, Eero Heinäluoma, Pierre Larrourou, Margarida Marques, Victor Negrescu, Nils Ušakovs
VERTS/ALE	Rasmus Andresen, Damian Boeselager, David Cormand, Francisco Guerreiro

1	-
NI	Mislav Kolakušić

3	0
ID	Anna Bonfrisco, Valentino Grant, Joachim Kuhs

Key to symbols:

+ : in favour

- : against

0 : abstention