OPINION

of the Committee on Constitutional Affairs

for the Committee on Budgets


Rapporteur for opinion: Fabio Massimo Castaldo
SUGGESTIONS

The Committee on Constitutional Affairs calls on the Committee on Budgets, as the committee responsible, to incorporate the following suggestions into its report:

A. whereas under Article 8 of the Treaty on the Functioning of the European Union (TFEU) the EU is committed to promoting equality between men and women and ensuring gender mainstreaming in all of its actions;

1. Considers that reform of the revenue side should go hand in hand with reform of expenditure and of rebates and corrections, in order to increase the European added value of EU expenditure by ensuring a visible link between expenditure and EU policies and priorities, and by supporting EU policies in the key areas of EU competence which demonstrate high potential for European added value, such as protection of fundamental rights, the single market, migration and asylum policies, regional and social cohesion policy, the common agricultural policy, environmental protection and climate action, energy union, common security and defence policy, the promotion of gender equality, research, technological development and the reduction of fiscal heterogeneity in the single market, as recommended in the Monti report;

Multiannual Financial Framework

2. Recalls that EU spending should be given the appropriate flexibility and be the subject of proper democratic scrutiny and accountability, which necessitates the full involvement of Parliament in every phase of the Multiannual Financial Framework (MFF) Regulation decision-making process in respect of its prerogatives as co-legislator; given that the sectoral legislation sets up the vast majority of EU programmes, calls for a move to qualified majority voting in the Council and for closer dialogue between the Council and Parliament when negotiating the next MFF before the Council formally submits for Parliament’s consent its proposal for the MFF Regulation, and warns against the European Council’s usual top-down approach of setting the overall ceilings per heading rather than assessing the actual needs of the programmes first;

3. Underlines the fact that any revision of the MFF should ensure the full involvement of Parliament and safeguard its prerogatives as an equal arm of the budgetary authority; welcomes the Commission’s proposal for a mid-term review to be presented before 1 January 2024, but regrets the fact that it did not propose a legally-binding and compulsory mid-term revision, with a specific procedure including a binding calendar ensuring Parliament’s full involvement; insists that fully-fledged negotiations between Parliament and the Council will need to take place in view of the MFF mid-term revision;

4. Recalls the fact that it has, on several occasions, called for the alignment of the future MFFs with the duration of its legislative term and the mandate of the Commission; regrets the fact that the Commission has not drawn up a clear proposal setting out the methods for the practical implementation of a 5+5 financial framework in the future;

5. Stresses that the next MFF provides an opportunity for the Union to demonstrate that it

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1 Final report and recommendations of the High-Level Group on Own Resources on the future financing of the EU, adopted in December 2016.
stands together and is able to address political developments such as Brexit, the rise of populist and nationalist movements and changes in global leadership; underlines that divisions in the EU are not an answer to global challenges and to citizens’ concerns; considers that the Brexit negotiations, in particular, show that the benefits of being a Union member greatly outweigh the cost of contributing to its budget;

6. Considers that the unanimity requirement for the adoption of the MFF Regulation represents a true impediment to the process; calls on the European Council, in this regard, to activate the passerelle clause provided for in Article 312(2) TFEU so as to allow for the adoption of the MFF Regulation by qualified majority; recalls, moreover, that the general passerelle clause set out in Article 48(7) of the Treaty on European Union (TEU) can also be deployed, in order to apply the ordinary legislative procedure; stresses that a shift towards qualified majority voting for the adoption of the MFF Regulation would be in line with the decision-making process for the adoption of virtually all EU multiannual programmes, as well as with the annual procedure for adopting the EU budget;

7. Welcomes the potential inherent in the Commission’s approach to linking payments from the EU budget to compliance with the rule of law as a fundamental value of the European Union, considers that suspending EU spending in a Member State should only happen as a last resort measure, and reiterates its intention to closely examine all elements of the proposal concerning the rule of law conditionality clause and to introduce the necessary provisions to guarantee that the final beneficiaries of the Union budget can in no way be affected by breaches of rules for which they are not responsible;

8. Recalls that gender equality is enshrined in the Treaties and should be included in all EU activities so as to deliver equality in practice; stresses that gender budgeting must become an integral part of the MFF by including a clear commitment in the MFF Regulation;

9. Stresses that the next MFF should take full account of the commitments made by the EU in the context of COP 21;

10. Invites the Commission to explore the possibility of drawing up a conditionality clause linking the suspension of budgetary commitments and payments concerning Union funds to Member States’ failure to meet obligations under EU law based on the principle of solidarity among Member States in the field of the European asylum policy and on the Charter of Fundamental Rights of the European Union; requests that the necessary provisions be introduced to guarantee that the direct beneficiaries of the Union budget can in no way be affected by breaches of the rules for which they are not responsible;

Own resources

11. Recalls that while the third subparagraph of Article 311 of the TFEU requires that Parliament only needs to be consulted for a decision on the Union’s system of own resources to be adopted, the procedure for adopting the implementing measures for this system, as stated in the fourth subparagraph, requires that it give its consent; calls on the Council to closely involve Parliament in all stages of the procedure for the adoption of own resources;

12. Recalls that Article 311 TFEU states that: ‘The Union shall provide itself with the means necessary to attain its objectives and carry through its policies. Without prejudice to other
revenue, the budget shall be financed wholly from own resources’; stresses, therefore, that the legal requirement to provide the EU budget with genuine own resources derives directly from the Treaty;

13. Welcomes the fact that the Commission’s proposed new own resources categories are linked to policies with a high European added value, with the aim not of increasing the overall tax burden for citizens, but of reducing the burden on national treasuries and generating an awareness, among citizens, of an autonomous EU budget which demonstrates the added value of European integration; regrets the lack of ambition of these proposals, leading to the impossibility of reaching the stated objective of increasing the share of genuine own resources, and calls on the Commission to complete its proposals by introducing different own resources in fields such as tax justice and the fight against tax avoidance;

14. Following the conclusions of the High-Level Group on Own Resources, recalls that, when the UK withdraws from the EU, the UK correction will become obsolete; recalls that, consequently, all corrections linked to the financing of the UK correction should be immediately terminated after the UK’s withdrawal from the EU;

15. Considers that the context of Brexit is also an occasion to consider the suppression of all other correction mechanisms granted to some Member States, which are no longer justified, and believes that this will allow perfect equality of treatment of Member States to be restored with regard to their contribution to the Union’s budget.
Modifications

Modification 1

Proposal for a Council regulation laying down the multiannual financial framework for the years 2021 to 2027

Recital 1

Text proposed by the Commission

(1) Taking into account the need for an adequate level of predictability for preparing and implementing medium-term investments, the duration of the Multiannual Financial Framework (MFF) should be set at seven years starting on 1 January 2021.

Modification

(1) Taking into account the need for an adequate level of predictability for preparing and implementing medium-term investments, the duration of the Multiannual Financial Framework (MFF) should be set at seven years starting on 1 January 2021; whereas the Commission should draw up in due course a clear proposal setting out the methods for the practical implementation of a 5+5 financial framework in the future.

Modification 2

Proposal for a Council regulation laying down the multiannual financial framework for the years 2021 to 2027

Recital 9 a (new)

Text proposed by the Commission

(9a) Article 8 TFEU lays down the principle of gender mainstreaming in all EU activities, which requires the allocation of adequate resources and transparency in the budget allocations dedicated to promoting gender equality and to combating gender discrimination.

Modification
Modification 3
Proposal for a regulation laying down the multiannual financial framework for the years 2021 to 2027
Recital 10 a (new)

Text proposed by the Commission

Modification

(10a) No later than 1 January 2023, the Commission should present an assessment of the implementation of the MFF, accompanied by proposals for a compulsory revision, with a specific procedure that includes a binding calendar ensuring Parliament’s full involvement.

Modification 4
Proposal for a regulation laying down the multiannual financial framework for the years 2021 to 2027
Recital 14

Text proposed by the Commission

Modification

(14) It is necessary to provide for general rules on interinstitutional cooperation in the budgetary procedure.

(14) It is necessary to provide for general rules on interinstitutional cooperation in the budgetary procedure, respecting the budgetary powers of the institutions as laid down in the Treaties.

Modification 5
Proposal for a regulation laying down the multiannual financial framework for the
Article 3a (new)

Gender budgeting

The European Parliament, the Council and the Commission shall incorporate a gender perspective at levels of the budgetary procedure for each year concerned and restructure revenues and expenditures in order to promote gender equality.

Modification 6

Proposal for a regulation laying down the multiannual financial framework for the years 2021 to 2027

Article 16

Before 1 January 2024, the Commission shall present a review of the functioning of the MFF. This review shall, as appropriate, be accompanied by relevant proposals.

No later than 1 January 2023, the Commission shall present an assessment of the implementation of the MFF, accompanied by proposals for a compulsory revision.

The Council, acting in accordance with the legislative procedure laid down in Article 312 TFEU and after obtaining the consent of the European Parliament, shall revise this Regulation.
# PROCEDURE – COMMITTEE ASKED FOR OPINION

<table>
<thead>
<tr>
<th>Title</th>
<th>Interim report on the Multiannual Financial Framework 2021-2027 – Parliament’s position with a view to an agreement</th>
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<td>Date announced in plenary</td>
<td>13.9.2018</td>
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<td>Rapporteur</td>
<td>Fabio Massimo Castaldo</td>
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<td>Date appointed</td>
<td>20.6.2018</td>
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| Result of final vote | +: 20
-: 3
0: 0 |
| Members present for the final vote | Gerolf Annemans, Mercedes Bresso, Elmar Brok, Fabio Massimo Castaldo, Richard Corbett, Pascal Durand, Danuta Maria Hübner, Diane James, Ramón Jáuregui Atondo, Alain Lamassoure, Maite Pagazaurtundúa Ruiz, Paulo Rangel, Helmut Scholz, György Schöpflin, Claudia Ţapardel, Josep-Maria Terricabras, Kazimierz Michal Ujazdowski |
| Substitutes present for the final vote | Enrique Guerrero Salom, Jérôme Lavrilleux, Jasenko Selimovic |
| Substitutes under Rule 200(2) present for the final vote | John Howarth, Sven Schulze, Adam Szejnfeld |
## FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

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**Key to symbols:**
- + 20 in favour
- - :3 against
- 0 :0 abstention