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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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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 (A7-0000/2014),
- A. whereas the agreement on the MFF 2014-2020 was the outcome of long and strenuous negotiations that lasted two and a half years; whereas the final political agreement could only be reached at the highest political level between Parliament, the Council Presidency and the Commission;

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.

- B. whereas the overall level of the next MFF (960bn EUR in commitments, 908bn EUR 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, well below the own-resources ceiling of 1.29 % of EU GNI for commitments and 1.23% of EU GNI for payments, as decided in 1992;
- D. whereas, faced with the impossibility of changing the overall MFF figures decided by the European Council, Parliament successfully negotiated the inclusion of several key 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 fully used; whereas these provision concern, in particular, the new arrangements relating to the MFF revision, flexibility, own resources, and the unity and transparency of the EU budget;
- E. whereas 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 bn 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 at overcoming the stalemate caused by the lack of a genuine own resources system;
- 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 fell short of Parliament's increased role and prerogatives, as set out in 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;

Political considerations

- 2. Acknowledges that the fiscal consolidation that Member States are currently facing did not facilitate a more ambitious agreement on the MFF 2014-2020; deeply regrets, however, the fact that, as a result of these negotiations, the role of the EU budget as an important and common policy instrument for overcoming the current economic and social crisis and coordinating and enhancing national efforts to regain growth and generate employment in the whole EU has been largely disregarded;
- 3. Is deeply concerned at the fact that any budgetary debate in the Council has been for many years poisoned by the logic of 'fair returns'; 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; 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 agriculture and cohesion policy, were determined at that moment; deplores, in particular, the list 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;
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 and a catalyst for growth and jobs across the Union; considers it regrettable, therefore, that some Member States seem to regard national contributions to the EU budget purely as a cost to be minimised;
6. 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 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 legislator;
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 and operational 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 return to a system of genuine, clear, simple and fair own resources; stresses that this should lead to the introduction of one or several new own resources that will considerably reduce the share of GNI-based contributions to the EU budget and, accordingly, the burden on national treasuries; reiterates its strong commitment to any process leading to the reform of the current unfair, non-transparent and complex system of own resources;

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; considers that this report provided effective 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; points to the obvious advantages for Parliament of an early preparation for any negotiations on the MFF;

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 but, regrettably, had no impact on the spirit, calendar or content of the negotiations within the Council; regrets the fact that its positions remained widely neglected or misunderstood among Council delegations;
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 Parliament’s prerogatives under co-decision, in clear contradiction with the Treaties;
13. Notes that genuine negotiations on the MFF Regulation and the IIA were launched only in March 2013, while Council negotiators considered the MFF agreement by the European Council as the only point of reference, with no margin for any discussion; stresses that this attitude led to the unacceptable attempt to exclude certain topics from the negotiations, forcing Parliament to struggle, including at the highest political level, in order to engage in ‘codecision type’ negotiations on every article of the MFF Regulation / IIA;
14. Points out 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. 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; considers that this can be achieved by using the 'passerelle' clause under Article 312 and that this issue should be further considered on the occasion of any future Treaty revision;

MFF 2014-2020: the way forward

19. 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;
20. 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;
21. 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; stresses the need for the next Parliament to identify in good time political priorities, for which more investments will be deemed necessary in the second half of the next MFF;
22. 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;

23. 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 this review/revision clause and engaging in a genuine and deep political dialogue on its content;
24. 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;
25. 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;
26. Instructs its President to forward this resolution to the Council, the Commission and to 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 fixed since 1992 (EU 12) at 1,23 % of EU GNI (in payments) and has not been revised since.

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

24/05/2012: 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)

23/11/2013: No agreement reached during the November 2012 special meeting of the European Council

08/02/2013: European Council conclusions on the MFF

13/03/2013: EP resolution on EC conclusions, followed by inter-institutional negotiations

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

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 **4 major points** for the negotiations: 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 2014-2020 MFF proposed ceilings 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 2014-20 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' (INSERT LINK)

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 COM estimates	To avoid across the board and / or arbitrary cuts disconnected from the reality of budget implementation and forecasts of expenditures provided by Member States

	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 11.2bn, 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