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DRAFT 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

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(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 point 16 of the Framework Agreement on relations between the European Parliament and the European Commission⁶,
- having regard to point 10 of the Interinstitutional Agreement between the European Parliament, the Council of the European Union and the European Commission on Better Law-Making⁷,
- having regard to Rules 47 and 54 of its Rules of Procedure,
- having regard to the opinion 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

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 OJ L 304, 20.11.2010, p. 47.

⁷ OJ L 123, 12.5.2016, p. 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 1,11 % of the EU-27's GNI (including 0,03 % from the European Development Fund), which was already lower than 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 Parliament adopted on 14 November 2018 its interim report with detailed figures and amendments constituting its negotiating mandate and has stood ready, since then, to enter into negotiations with the Council;
- E. whereas between November 2018 and April 2019, Parliament adopted at record speed negotiating mandates or first reading positions on almost all sectoral programmes, and accepted 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 Finnish Presidency proposal fully disregarded Parliament's position;
- 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 now stands well behind the 2013 timeframe for negotiations on the 2014-2020 MFF, when the European Council reached a 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 between the 2014-2020 MFF and 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 has overshadowed the MFF-related debate and will further delay the European Council in reaching its conclusions;
 - 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;
 - 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 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;
 - P. 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. Instructs its President to forward this resolution and the accompanying recommendations to the Commission and the Council.

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.

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;
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;
3. 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;
4. 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, i.e. on the basis of a technical prolongation of the amounts already agreed by the budgetary authority in 2020, increased by the 2% deflator. 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.