



*Committee on Industry, Research and Energy
The Chair*

20.3.2020

Mr Johan Van Overtveldt
Chair
Committee on Budgets
BRUSSELS

Subject: Opinion on Guidelines for the 2021 Budget - Section III (2019/2213(BUD))

Dear Mr Chair,

Given the exceptional situation we are currently facing, ITRE coordinators decided to submit the ITRE opinion on the guidelines for the 2021 budget in form of this letter, based on the work already carried out in committee.

The Committee on Industry, Research and Energy calls on the Committee on Budgets, as the committee responsible, to incorporate the following suggestions into its motion for a resolution,

Yours sincerely,

Cristian-Silviu Buşoi

SUGGESTIONS

1. Regrets that the Member States have so far not managed to reach an agreement on the Multiannual Financial Framework (MFF) 2021-2027 and the reform of the own resources system, which puts at risk the timely start and functioning of the new programmes and thus the Union's ability to achieve its political priorities, including the European Green Deal and thus contributing to reducing greenhouse gas emissions to net-zero by 2050; notes that the MFF is the basis for the annual budget and that, in the absence of an MFF regulation, guidelines on the 2021 budget can only reflect Parliament's general position on the MFF;
2. Stresses that the 2021 budget must enable the Union to meet its obligations under the Paris Agreement, including the principle of 'do no harm', and align with the objective of limiting global warming to under 1.5°C; in this regard insists that the next budget should focus on sustainable development, energy transition, job creation and reversing biodiversity loss; recalls that climate change spending efforts need to be stepped up to at least 25% of EU expenditure over the new MFF period, and to 30% as soon as possible, while respecting higher specific targets in other programmes such as the 35% agreed in Horizon Europe;
3. Adds that one of the main political priorities is to ensure competitiveness and sustainability of EU industries, which includes reducing administrative burden, including that of EU programmes and revising the current EU state aid rules without compromising the functioning of the internal market; believes that economic prosperity is directly linked with global industrial competitiveness and efficient climate policies; insists that significant investments in innovation, including in digital technologies and energy-intensive sectors will be needed to strengthen competitiveness, develop future skills and create jobs;
4. Underlines that the new Heading 1 ('Single Market, Innovation and Digital') will be instrumental for boosting innovation-led, sustainable economic growth and incremental and disruptive research and innovation with the aim of contributing to the transition towards a climate-neutral economy and society by 2050 in line with the Paris Agreement; highlights furthermore the importance of the new Heading 5 ('Security and Defence'), which includes the new European Defence Fund and funds for nuclear safety and decommissioning;
5. Recalls Parliament's position on the overall financial envelope for Horizon Europe of EUR 120 billion (in 2018 prices) as well as the continuous oversubscription of the programme over the course of the last MFF, which means that many more high-quality projects in the field of research and innovation could have been funded if sufficient Union funding had been provided; calls on the Commission to present the 2021 draft budget accordingly to ensure that research and innovation activities will be ambitiously funded without disruption, including in areas that are essential for the EU's strategic autonomy and international competitiveness, that support the transition to a climate-neutral economy by 2050 and the overall goals of the European Green Deal and to achieving the SDGs and benefit its citizens and society, such as digital transformation, mobility, energy, healthcare and space, and to support market deployment of innovative

products and services; recalls in this context the need for a balanced support for fundamental and applied research; calls for a reduction of regional imbalances of R&I capacities within the EU; reminds that research and innovation partnerships are effective means to foster collaborative research and engage industry in the programme, and should thus be strengthened; stresses furthermore the need to coordinate science and research activities beyond the European borders and therefore ensure a proper framework for international cooperation;

6. Underlines that all areas of the budget need to contribute to the overall goals of the European Green Deal and the UN Sustainable Development Goals; reiterates the considerable financing needs and additional investments required for the implementation for these objectives; recalls in this context the importance of the introduction of a Just Transition Fund to address societal, socio-economic, technological and environmental impacts on workers, sectors and communities adversely affected by the transition from coal and carbon dependence, and calls for solid financing of the fund and that the methodology on the allocation of funds needs to guarantee that no region of the EU is left behind in the energy transition; reiterates in this respect the Parliament's position that new instruments should be financed with fresh money rather than reducing other EU programmes;
7. Stresses the importance of the Connecting Europe Facility as a key instrument to reach the goals of the Energy Union and to facilitate the Union's commitment under the Paris Agreement and calls for adequate appropriations for the programme, in particular for its energy strand, and insists that the selection of priority energy infrastructure projects needs to be aligned with the European Green Deal; underlines the need to support a transformation of the European mobility sector in order to achieve sustainable, clean and competitive transport in the Union;
8. Underlines the need for an ambitious draft budget, in particular for new programmes such as the Digital Europe Programme, which aims to boost investments in vital future areas such as artificial intelligence, cybersecurity, supercomputing and advanced digital skills, which need to become operational as soon as possible in order to help make the EU more competitive and contribute to bridging the digital divide both with regard to the gender gap in the ICT sector and the geographical imbalance on digital readiness between Member States; calls furthermore for the use of all possible EU programmes to make Europe fit for the digital age and achieve digital sovereignty; strongly opposes any cuts as compared to the Commission proposal, especially in areas that aim at ensuring a human-centric digital society, underlines the crucial role of the digitalisation of public administrations and the interoperability of IT systems at all levels of government in the interest of citizens and businesses;
9. Underlines the importance of SMEs, micro enterprises and start-ups as an essential part of the EU economy, as they provide a high number of jobs, including the majority of new jobs in the EU and recalls that SMEs play a vital role in research and innovation as well as in the uptake of R&I results; calls for stronger support in the 2021 budget for SMEs as well as SME clusters and networks; urges the Commission to ensure adequate financing and smooth transition from COSME to the new Single Market Programme and from the European Fund for Strategic Investment (EFSI) and other financial instruments to InvestEU; stresses the need to facilitate access to finance for SMEs

throughout the entire research, development and innovation cycle and welcomes in this context the role of the European Innovation Council (EIC);

10. Recalls Parliament's position on the overall financial envelope of the space programme of EUR 15 billion (in 2018 prices); calls on the Commission in this regard to present the 2021 draft budget accordingly; warns of the risk of insufficient financing undermining existing flagship programmes like Galileo, EGNOS and Copernicus as well as the launch of important new programmes, namely GovSatCom and Space Situational Awareness (SSA), limiting the European leadership in relevant sectors such as security, defence, civil and environmental protection and public services; stresses the importance of the space programme to contribute to the goals of the European Green Deal and ensuring proper monitoring of its progress; regrets that the Commission in its proposal did not sufficiently increase the human and financial resources of the new European Union Agency for the Space Programme after the provisional inter-institutional agreement broadening the list of EUSPA's tasks;
11. Recalls the important role that EU agencies play in helping to achieve policy objectives set by the legislator; calls therefore for sufficient funding and staffing for all agencies in line with their tasks and responsibilities; underlines in particular the need to substantially reinforce the European Agency for the Cooperation of Energy Regulators (ACER), which has been underfunded and understaffed for many years, risking to jeopardise ACER's functioning and its ability to perform its tasks on monitoring and market transparency as well as the additional tasks conferred on it through recent legislation including the Clean Energy Package; insists that the Commission address this problem already in its draft budget; furthermore recalls the need for additional resources for the BEREC Office to match with its tasks enshrined in the BEREC Regulation and the European Electronic Communications Code.