



*Committee on Industry, Research and Energy
The Chair*

14.10.2022

Mr Johan Van Overtveldt
Chair
Committee on Budgets
Brussels

Subject: Opinion on Upscaling the 2021-2027 Multiannual Financial Framework: a resilient EU budget fit for new challenges (2022/2046(INI))

Dear Mr Chair,

Under the procedure referred to above, the Committee on Industry, Research and Energy has been asked to submit an opinion to your committee. At its meeting of 17 May 2022, the committee decided to send the opinion in the form of a letter.

The Committee on Industry, Research and Energy considered the matter at its meeting of 13 October 2022. At that meeting, 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,

Cristian-Silviu Buşoi

SUGGESTIONS

Insists that the MFF revision should address the direct and indirect challenges arising from Russia's aggression against Ukraine; calls for investments reinforcing EU's open strategic autonomy and defence, but also for addressing secondary consequences as the all-time high energy prices; stresses in this respect the need to mobilise adequate and timely funding for the REPowerEU plan;

Stresses that the guiding principles in the revision of the MFF has to be that new initiatives get fresh funding; warns against the risk of overburdening existing programmes with new policy priorities; expresses concern over the impact of higher-than-expected inflation on operational lines of key programmes; insists that any revision of the MFF should take inflation trends in account and guarantee that the objectives of the programmes under ITRE remit are not compromised;

Stresses the need to mobilise adequate and timely funding for all new legislative proposals in support of the energy and environmental and digital transitions; Insists that initiatives like the European Chips Act, New European Bauhaus and Secure Connectivity should be allocated additional budget or should get a completely new budget lines; reminds that investments in socio-economic recovery after the pandemic remains crucial and calls for an increase in the budget of relevant joint undertakings, such as clean hydrogen, key digital technologies, notably with regard to support for sectors most hit by the pandemic as well as activities contributing to climate neutrality; proposes to establish a European Fellowship Scheme for Researchers at Risk in view of the dire conflict landscape.

Energy

Calls for fresh resources and a new RRF to finance the environmental and energy transition; reminds of the European Commission's estimate of €300 billion needed for the phase out of energy dependency by 2030 without the additional funding needed in response to the consequences of the war in Ukraine; reminds that the high ambition in the current legislative proposals (notably EED and RED targets and the new target on the production of bio methane) require massive investments, estimated by the EC at €200 billion per year, which Member States cannot afford on their own; stresses the need to further protect all European citizens and notably vulnerable households from the volatile and high energy prices, and to reinforce research and innovation initiatives, including those rooted in social and behavioural sciences; reminds of the financial envelopes needed to cover new actions such as "missing links", i.e. gas projects which are not PCIs and are meant to close existing bottlenecks; reminds that existing financial means cannot be used for these investments.

European Chips Act

Reminds that in order to fund the European Chips Act, the Commission proposes to cut €450 million from Cluster 3 and Cluster 5 of Horizon Europe, to provide additional funding to Cluster 4; furthermore, €400 million of Cluster 4 gets cut to provide additional funding to Digital Europe Programme. Firmly rejects cuts proposed and insists on alternative solutions; stresses that the budget needed to implement the European Chips Act should be added to the Horizon Europe and Digital Europe Programme budget lines.

New European Bauhaus

Reminds that in order to deliver on the objectives of the New European Bauhaus initiative, a Bauhaus Mission receiving €500 million, should be launched under Horizon Europe; stresses that since this is a new priority, the funds, should be covered by a fresh budgetary increase of €500 million to the Horizon Europe budget line.

Space

Welcomes the new initiative on Secure Connectivity as strategic asset for EU's resilience and underlines the role of the GOVSATCOM component in the architecture of this new programme, but deplores the way the funding of this initiative is constructed; draws attention to the fact that the margins in the component of the EU Space programmes are already under stress due to the war in Ukraine and the loss of Russian supported launching capabilities. In the context of the mid-term review of the Multiannual Financial Framework 2021-2027, asks for new adequate resources for the initiative; in the framework of the Secure Connectivity initiative EUSPA is required to undertake additional activities. Therefore adequate human, administrative and financial resources shall be made available;

Reiterates its calls for increased new financing of space infrastructure and on space technologies through EU funding, particularly the EU Space Programme and Horizon Europe; suggests to this end, for the current multiannual financial framework (MFF), the mobilisation of unused funds under the Recovery and Resilience Facility and calls on the Commission to plan a successor EU space programme for the MFF 2028-2034, with reinforced funding;

Stresses that EU space data and services are a key enabler for achieving the objectives of the Union, and especially the EU Green Deal, the digital transition and enhancing EU resilience and security; highlights the strategic value of the space domain in the changing geopolitical context and the role of space to support achieving the climate targets and security and defence, and calls for actions to exploit synergies between space and security and defence sector; calls for instruments to reinforce the resilience of EU space assets, including through and efficient and autonomous access to space and EU SST capabilities, and the resilience and non-dependence of the EU space supply chain including Critical Raw Materials.

Defence

Reminds that the European Parliament has always called for an ambitious funding to match the objectives of the 2018 Commission proposal for the European Defence Fund, and has supported the Commission in its assessment that a budget of €11.5 billion (in constant 2018 prices) for the period 2021-2027 is the minimum required; recalls with regret that the Member States agreed to allocate just over €7 billion in constant 2018 prices for the European Defence Fund until end-2027, while expecting it to deliver the same objectives as outlined in the 2018 Commission proposal; points out that the European Defence Fund accounts for less than 1% of the total Multiannual Financial Framework budget, which squarely falls short of the Union's ambition to face up to its security responsibilities, let alone at a time when we witness the return of war to Europe;

Notes that the budget allocated to the European Defence Fund is used at speed, with the 2022 budget for calls for proposal, which totals €924 million, already drawing on as much as €255.5 million from the planned 2023 budget; stresses that if the current rate of drawing upon next year's budgets continues, the European Defence Fund will be fully depleted well before end-2027, leaving the Union and its defence industry with a gap in financing; calls for fresh funds to be allocated in the frame of the revision of the MFF, bringing the total for 2021-2027 period to at least €11.5 billion (in constant 2018 prices); reminds in this respect, of the unprecedented interest in the funding demonstrated in 2022, as well as the radical change in the security environment, which requires the Union to develop a more synergetic and less bureaucratic support for the European Defence Technological and Industrial Base to invest in, modernise and ramp up our defence capacities; reminds in this respect to urgently address the entire life-cycle of military capabilities at EU level from collaborative R&D and joint procurement to joint maintenance, training and security of supply.

Joint undertakings

Joint undertakings should get an increase of the budget coming from the Union using the additional contributions coming from the Union's budget pursuing Article 13 of Horizon Europe, Article 5 of the MFF Regulation and Article 15(3) of the Financial Regulation.

Researchers at Risk

Europe is in dire need for more and better coordinated funding to support researchers at risk. To this end, a European Fellowship Scheme for Researchers at Risk should be established under Horizon Europe, starting at the latest in 2025. This Programme should receive €60 million annually, which would mean €180 million over the last three years of Horizon Europe. The Programme should be funded through the budget line 01 02 04 02 'Reforming and enhancing the European R&I system'. To allocate additional funds to this budget line the Horizon Europe budget line should be increased by €180 million.

InvestEU and the Social investment and skills window (SISW)

Recommends further strengthening of the coordination between the InvestEU and other programmes such as Horizon Europe and CEF, in order to support innovation, sustainability and optimise the use of budgetary resources;

Insists on an increased financing for the Social investment and skills window (SISW) which covers both the demand and supply side of skills, targeting students and learners, SMEs and mid-caps as well as providers of training; reminds the need of training and upskilling in order to achieve the targets of the Green Deal, especially with regards to renovating and decarbonising the European building sector.