



TEXTS ADOPTED

P8_TA(2017)0085

Guidelines for the 2018 budget – Section III

European Parliament resolution of 15 March 2017 on general guidelines for the preparation of the 2018 budget, Section III – Commission (2016/2323(BUD))

The European Parliament,

- having regard to Article 314 of the Treaty on the Functioning of the European Union,
- having regard to Article 106a of the Treaty establishing the European Atomic Energy Community,
- 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 Interinstitutional Agreement of 2 December 2013 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management² (hereinafter ‘the Interinstitutional Agreement’),
- having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002³,
- having regard to Council Decision 2014/335/EU, Euratom of 26 May 2014 on the system of own resources of the European Union⁴,
- having regard to the general budget of the European Union for the financial year 2017⁵ and the joint statements agreed between Parliament, the Council and the Commission annexed thereto⁶,
- having regard to the Council conclusions of 21 February 2017 on the 2018 budget guidelines (6522/2017),

¹ OJ L 347, 20.12.2013, p. 884.

² OJ C 373, 20.12.2013, p. 1.

³ OJ L 298, 26.10.2012, p. 1.

⁴ OJ L 168, 7.6.2014, p. 105.

⁵ OJ L 51, 28.2.2017.

⁶ Texts adopted of 1.12.2016, P8_TA(2016)0475.

- having regard to Rule 86a of its Rules of Procedure,
- having regard to the report of the Committee on Budgets (A8-0060/2017),
- A. whereas 2018 will mark the fifth year of the 2014-2020 multiannual financial framework (MFF);
- B. whereas the internal economic and social context as well as external challenges and political uncertainties are likely to uphold the pressure on the 2018 EU budget;
- C. whereas the budgetary reaction to immediate challenges and crises must go hand in hand with sustainable answers that invest in the Union's common future;

A budget for sustainable growth, jobs and security

1. Welcomes the important role played by the EU budget in delivering concrete answers to the challenges the EU is facing; stresses that decent, quality and stable jobs, particularly for young people, economic growth and socio-economic convergence, migration, security and tackling populism, as well as climate change, are the main concerns at EU level and that the EU budget remains part of the solution to these issues; stresses that solidarity must remain an underlying principle of the EU budget; underlines that only a strong and targeted EU budget with genuine European added value will benefit all Member States and EU citizens alike; expects the Commission to put forward a draft 2018 budget that enables the EU to continue to generate prosperity through growth and jobs and ensures the safety of its citizens;
2. Believes that, while maintaining budget discipline, the EU budget must be equipped with the tools to enable it to respond to multiple crises simultaneously, a certain level of flexibility thus being required; is of the opinion that, while growth and jobs continue to remain the core priorities of the EU budget, obtaining sustainable progress and development in these fields has to be accomplished in parallel to addressing EU citizens' concerns regarding safety and security; reiterates its call for thematic concentration when setting priorities for the 2018 EU budget;

Research, infrastructure and SMEs as key enablers of growth and jobs

3. Underlines that enhancing the competitiveness of the EU economy, infrastructure, well-funded research, support for developing skills and the continued commitment of the EU to strengthening investment are key to ensuring economic growth and job creation; believes that the creation of socially and environmentally sustainable and well-paid jobs must be one of the main priorities of the EU budget; argues that jobs are created mainly by the private sector, and that adequate budgetary support therefore needs to be devoted to boosting investment in both private and public sectors, with special attention to SMEs; consequently underlines the importance of Heading 1a, which delivers real added value for European citizens and businesses, and calls for an appropriate level of funding for this heading to be ensured;
4. Stresses that investment in research and innovation, including support for start-ups, represents a precondition for achieving genuine competitiveness in the EU and for ensuring an innovative and competitive EU economy on a global level; regrets the fact that, as a result of an inadequate EU funding in the field of research and innovation there is an alarmingly low success rate for applications, and that several high-quality

projects in the field of research and innovation are being left without EU funding; notes that many interested parties, including SMEs, are being deterred from submitting Horizon 2020 project proposals; calls in this respect for an appropriate level of appropriations to be ensured for Horizon 2020, while continuing with its simplification agenda; underlines that an enhanced budget for Horizon 2020 should not be at the expense of other research programmes;

5. Recognises the fact that SMEs remain the backbone of the European economy and will continue to play a decisive role in creating jobs and growth across the EU; considers also that SMEs are the main source of job creation and therefore need an appropriate access to finance; calls in this respect for COSME appropriations to be increased, taking into account the success of this programme; stresses the importance of strengthening the COSME programme in the new MFF in order to provide SMEs with more substantial support from the EU; believes that establishing synergies with other financial instruments would lead to better results;
6. Strongly supports the further development and enhancement of interoperability of European infrastructure networks; considers that the financing of the Connecting Europe Facility (CEF) is vital to achieving these objectives, and calls on the Commission to ensure an appropriate level of funding in 2018;
7. Underlines the important role and potential of the European Fund for Strategic Investments (EFSI) in reducing the investment gap which still exists in Europe, and recognises the positive results achieved so far; welcomes also the Commission proposal for extending the EFSI until 2020, which should aim to further improve its functioning, including application of the additionality principle and of geographical balance, for which further efforts are needed; underlines that the selection of projects financed through EFSI should be based on quality and demand-driven; welcomes the Commission's intention to reinforce the role of the European Investment Advisory Hub in terms of providing more targeted local technical assistance across the EU and also to enhance geographical balance; also calls on the Commission to regularly analyse the added value of EFSI through impact assessment of the effects of the fund;

Education and youth employment – prerequisites for the success of the younger generation

8. Considers education to be a prerequisite for sustainable, well-paid and stable jobs; underlines the importance of mobility as a means of enabling young Europeans to take advantage of people's variety of skills while expanding opportunities for education, training and employment; welcomes in this respect the role played by Erasmus+ in facilitating the intra-European mobility of young students, apprentices and volunteers; believes that, especially in times of rising nationalism and populism, it is important to facilitate natural interaction between different European nations and cultures in order to enhance European consciousness and identity; calls, in this context, for the funding for the Erasmus+ programme to be further increased in 2018;
9. Underlines that youth unemployment is one of the main concerns at European level, having a particularly high social impact, especially in the Union's poorest regions, and that it puts at risk an entire generation of young Europeans, undermining long-term economic growth; stresses that, as part of the conciliation agreement for the 2017 EU budget, an allocation of EUR 500 million will be granted to the Youth Employment Initiative (YEI), through an amending budget in 2017; considers YEI to be a

fundamental contribution to the Union's priority objective of jobs and growth, and remains firmly committed to securing adequate funding for fighting youth unemployment and continuing YEI up to the end of the current MFF, while at the same time improving its functioning and implementation; stresses in this respect the importance of the EU Youth Strategy;

10. Takes positive note of the proposal to launch an '18th Birthday Interrail Pass for Europe'; underlines that this project has the potential to boost European consciousness and identity; stresses, however, that the project should not be financed at the expense of other successful EU programmes, notably in the field of youth and culture, and should be as socially inclusive as possible and contain provisions for including residents of Europe's peripheral islands; asks the Commission to assess the potential cost and funding sources of this initiative and put forward relevant proposals;

Traditional EU budget priorities as investment policies

11. Strongly supports regional policy as one of the main investment instruments of the EU budget ensuring economic, social and territorial cohesion; underlines that this policy generates growth and jobs in all Member States; is concerned, however, at the unacceptable delays in implementation of operational programmes at EU level under the current MFF, which have led so far to lower investment that has failed to contribute sufficiently to growth and job creation or to reducing economic, social and territorial disparities within and between European regions; calls on the Commission to identify the causes of the delays and on the Member States to cooperate in order to tackle them, in particular so as to ensure that the designation of managing, auditing and certifying authorities is concluded and implementation is sharply accelerated;
12. Recognises the importance of the European agricultural sector in maintaining food security and managing biodiversity in the EU; expresses its full support for the farmers affected by the Russian embargo, avian flu, the dairy sector crisis and the meat crisis; calls on the Commission, therefore, to continue to support farmers across Europe in coping with unexpected market volatility and in securing safe and quality food supplies; requests that suitable attention be paid to small-scale farming and fisheries;

Internal challenges

13. Is convinced that, under the current circumstances, the EU budget has proven to be insufficient to deal with the effects of the migratory and refugee crisis and corresponding humanitarian challenges or with the challenges in the security area such as increasing international terrorism; underlines that, on this basis, a sustainable solution must be found to this issue, as it has been demonstrated by the repeated mobilisation of special instruments such as the flexibility instrument that the EU budget was not initially designed to address crises of such magnitude; points out that a coherent strategy for tackling the migratory and refugee crisis, including clear, measurable and comprehensible objectives, has to be adopted; recalls, however, that the need to mobilise supplementary means to face these challenges should not take precedence over other important Union policies, for example in the field of jobs and growth;
14. Welcomes the role played by instruments such as the Internal Security Fund (ISF) and the Asylum, Migration and Integration Fund (AMIF) in addressing the effects of the migratory and refugee crisis and corresponding humanitarian challenges, and calls for adequate budgeting in the coming years for these funds; reiterates the importance of the

principle of burden-sharing among Member States in financing the efforts needed to adequately provide for refugees; welcomes also the role of the EU agencies in the area of justice and home affairs, such as Europol, the European Border and Coast Guard, EASO, Eurojust, the Agency for Fundamental Rights and eu-LISA, and calls, in this context, for their mandate to be executed on the basis of enhanced budgeting and staffing; is convinced that the EU needs to invest more in the strengthening and the management of its borders, enhancing cooperation between law enforcement agencies and national authorities and fighting terrorism, radicalisation and serious and organised crime by improving integration measures and practices, ensuring the interoperability of information systems, and guaranteeing sound return operations for those not entitled to international protection while fully respecting the principle of non-refoulement;

15. Underlines that the current budget of the ISF (approximately EUR 700 million in commitments) is not sufficient for tackling the security challenges stemming from international terrorism; calls, therefore, for reinforced financial resources for bringing the security infrastructure up to a more adequate and modern level;
16. Recalls the importance of European agencies in ensuring the implementation of the European legislative priorities and thereby accomplishing EU policy objectives, such as those related to competitiveness, growth, employment and to managing the current migration and refugee crisis; insists, therefore, that adequate financial and human resources be provided for both administrative and operational expenditure in order to allow the agencies to fulfil their assigned tasks and deliver the best possible results; with regard to the increases in staffing and appropriations for agencies since the 2014 budget, underlines the fact that these are regarded as part of new policy developments and legislation which do not enter in the calculation of the 5 % staff reduction target; stresses, therefore, that the 2018 budget should not foresee any further reductions in the European agencies' establishment plans beyond the 5 % agreed on for each institution and body of the European Union in the framework of the Interinstitutional Agreement;
17. Strongly supports initiatives in the field of defence research aimed at encouraging better cooperation between Member States and achieving synergy effects in the area of defence; stresses, however, that this activity should be endowed with fresh resources, as it is a new political initiative with a significant impact on the EU budget; calls, moreover, for the exploration of all possibilities for the financing of a defence research programme with a dedicated budget within the next MFF; recalls that, while the provisions enshrined in the Treaties must be respected, strengthened cooperation in the field of defence is a necessary option in order to meet the security challenges that the EU is facing, which are generated by prolonged instability in the Union's neighbourhood and uncertainty regarding the commitment of certain of the EU's partners to the objectives of NATO; underlines, furthermore, the need for improved competitiveness and innovation in the European defence industry that can contribute to stimulating growth and job creation; calls on the Member States to ensure adequate budgeting in order to tackle external challenges in a more congruent way; takes note of the establishment of the European Defence Fund, with its research and capability windows;
18. Underlines that the EU budget must support the fulfilment of the objectives of the Paris Agreement and the EU's own long-term climate goals by achieving the 20 % climate spending target in the 2014-2020 MFF; notes with concern that the EU's 2020 biodiversity targets will not be met without substantial additional efforts; stresses,

therefore, the importance of mainstreaming biodiversity protection across the EU budget, with particular focus on the LIFE programme and the Natura 2000 network;

External challenges

19. Stresses that the EU budget is also an instrument of external solidarity, providing urgent assistance in humanitarian and civilian crises by offering support to countries in need; recalls that the challenges of poverty eradication and sustainable development have been confirmed as a key priority for the EU and its Member States; reiterates, in this context, the EU commitment to contributing to the achievement of the Sustainable Development Goals (SDGs) and to achieving the 0,7°% ODA/GNI target within the time frame of the post-2015 agenda; highlights that, in the long-term, development aid yields a return on investment in the form of increased trade and GDP growth in Europe;
20. Reaffirms its conviction that in order to tackle the root causes of the current migratory and refugee crisis and the corresponding humanitarian challenges, the EU needs to step up its role through investment in the countries of origin of the migratory flows; calls on the Commission in this regard to design a roadmap to tackle the migratory crisis in an effective way; stresses that greater strategic adjustment of all instruments of development policy is needed to ensure steady economic and social development while not undermining the implementation of the existing external policies; notes that investment in infrastructure, housing, education and medical services and support for SMEs, with a particular focus on job creation, social protection and inclusion, are part of the solution for tackling the root causes of migration; welcomes, therefore, as part of the solution to these challenges, the External Investment Plan (EIP), as a coherent and coordinated framework for promoting investment in Africa and in the Neighbourhood countries, keeping in mind that it needs to be fully aligned with and contribute to the achievement of the Sustainable Development Goals; expects that the EIP will promote sustainable development without compromising human rights, climate change mitigation or good governance, and that transparent management of the European Fund for Sustainable Development and its projects will be ensured;
21. Notes that the current trend on the Commission's part to resort to satellite budgetary mechanisms such as the Facility for Refugees in Turkey, trust funds and other similar instruments has not proved a success in all cases; is concerned that the establishment of financial instruments outside the Union budget undermines the transparent management of the budget and hampers the right of Parliament to exercise effective scrutiny of expenditure; maintains, therefore, its position that the ad hoc external financial instruments which have emerged in recent years must be incorporated into the EU budget, with Parliament having full scrutiny over the implementation of these instruments; stresses, however, that these instruments should not be financed at the expense of other existing external instruments; takes note of the divergence between Member States' promises and their actual contribution to these funds, and urges the Member States to stand by their promises to match the contributions of the EU;
22. Underlines that one of the conditions for preserving stability and prosperity in the EU is a stable EU neighbourhood; calls on the Commission, therefore, to ensure that priority is given to investment in the EU Neighbourhood in order to support efforts to tackle the main issues that this area is facing, namely the migratory and refugee crisis and corresponding humanitarian challenges in the Southern Neighbourhood, and Russian aggression in the Eastern Neighbourhood; reiterates that supporting countries which are

implementing association agreements with the EU is pivotal to facilitating political and economic reforms, but stresses that such support should apply as long as those countries meet the eligibility criteria, especially as regards the rule of law and enforcing democratic institutions;

Sufficient payment appropriations resulting in increased credibility for the EU

23. Reiterates its previous calls for providing the EU budget with an adequate level of payment appropriations in order to allow it to fulfil its main purpose as an investment budget; is convinced that this role cannot be fulfilled if the EU fails to deliver on its commitments and thus endangers its credibility;
24. Stresses that delays in the implementation of the 2014-2020 programmes under shared management led to a drop in payment claims for 2016 and 2017; is particularly concerned at the possible reconstitution of a backlog of unpaid bills towards the end of the current MFF period, and recalls the unprecedented level of EUR 24,7 billion reached at the end of 2014; welcomes the fact that the Commission, on the occasion of the MFF mid-term revision, provided for the first time a payment forecast until 2020, but stresses that this needs to be duly updated every year, in order to allow the budgetary authority to take the necessary measures in time;
25. Underlines that, despite a final agreement on the MFF mid-term revision not yet having been reached, several positive elements of the revision that are currently under negotiation – notably in terms of increased flexibility – might prove to be instrumental in preventing and responding to a future payment crisis; believes that if the implementation of cohesion policy were to accelerate as anticipated the increased flexibility might be needed already next year, in order to ensure an adequate level of payment appropriations in the EU budget in response, and to avoid the accumulation of unpaid bills under cohesion policy at the end of the year;
26. Notes and regrets the fact that corporate tax fraud and tax avoidance have caused huge losses of tax income for Member States, and therefore a reduction in their contributions to the EU budget; considers moreover that such unfair tax competition in some cases means GDP transfer from one Member State to another and GNI transfer to non-EU tax havens, thus reducing aggregate Member State contributions to the EU budget;
27. Reiterates its long-standing position that the payments of special instruments (the Flexibility Instrument, the EU Solidarity Fund, the European Globalisation Adjustment Fund and the Emergency Aid Reserve) must be counted over and above the MFF payment ceiling, as is the case for commitments; underlines, in the context of the ongoing MFF mid-term revision, the potential progress achieved on the issue of budgeting the payments of the MFF special instruments with the revision of the 2014 Contingency Margin decision, even if the matter was not unequivocally resolved;

Looking forward

28. Underlines that according to the MFF regulation, the Commission will put forward by the end of 2017 its proposals for the post-2020 MFF, which should take into account the decision of the United Kingdom to leave the EU which will impact on the post-2020 MFF; stresses that this decision makes it impossible to proceed with business as usual; attaches the utmost importance to the process leading up to the establishment of the new financial framework and a reformed and more efficient EU budget, and expects this to

be commensurate to the challenges the Union is facing and to the commitments it has already entered into; calls for a swift and positive conclusion to the ongoing mid-term MFF revision that can ensure both the necessary adjustment of the current financial framework and the degree of additional flexibility of the EU budget that is indispensable for attaining the Union's objectives;

29. Underlines that the predictability and long-term sustainability of the EU budget is a prerequisite for a strong and stable European Union; stresses the need to align the duration of the MFF with the political cycles of both Parliament and the Commission; draws attention to the fact that the UK's withdrawal from the EU will provide an opportunity to address the long-standing issues which have prevented the EU budget from reaching its real potential, especially as regards the revenue side, in order to phase out all rebates and correction mechanisms; reaffirms its position in favour of an in-depth reform of EU own resources, and welcomes in this respect the presentation of the final report of the High-Level Group on Own Resources (HLGOR); invites all involved parties to draw the appropriate conclusions from this report and to analyse the feasibility of implementing the recommendations of the HLGOR that would help make the EU budget more stable, simple, autonomous, fair and predictable; expects that any new own resources should lead to a reduction in Member States' GNI contributions; welcomes the conclusion of the HLGOR regarding the fact that the EU budget needs to focus on areas bringing the highest European added value and regarding the 'juste retour' approach, which should end, as it has been shown by the report that all Member States benefit from the EU budget, irrespective of their 'net balance';
30. Encourages the Commission to continue developing and implementing the 'EU budget focused on results' strategy; underlines, in this regard, the importance of simplifying rules, streamlining the monitoring process and developing relevant performance indicators;
31. Stresses that the principle of gender equality should be mainstreamed, wherever possible, as a horizontal policy objective in all titles of the EU budget;
32. Stresses the importance of Parliament being fully involved in all budget-related matters, as the sole institution democratically elected by EU citizens;
33. Calls on the Council to live up to its political statements and cooperate to ensure that the EU is equipped with an adequate budget;

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34. Instructs its President to forward this resolution to the Council, the Commission and the Court of Auditors.