



TEXTS ADOPTED

P8_TA(2017)0401

Reflection paper on the future of EU finances

European Parliament resolution of 24 October 2017 on the Reflection Paper on the Future of EU Finances (2017/2742(RSP))

The European Parliament,

- having regard to Articles 311, 312 and 323 of the Treaty on the Functioning of the European Union (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, and in particular Article 2 thereof,
- 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,
- having regard to its resolution of 6 July 2016 on ‘Preparation of the post-electoral revision of the MFF 2014-2020: Parliament’s input ahead of the Commission’s proposal’³,
- having regard to the Commission’s Reflection Paper on the Future of EU Finances of 28 June 2017,
- having regard to the Commission statement of 4 July 2017 on the Reflection Paper on the Future of EU finances,
- having regard to its resolution of 16 February 2017 on budgetary capacity for the euro area⁴,
- having regard to the motion for a resolution of the Committee on Budgets,
- having regard to Rule 123(2) of its Rules of Procedure,

¹ OJ L 347, 20.12.2013, p. 884.

² OJ C 373, 20.12.2013, p. 1.

³ Texts adopted, P8_TA(2016)0309.

⁴ Texts adopted, P8_TA(2017)0050.

1. Is convinced that a debate on the future financing of the European Union cannot happen without taking into account the lessons learnt from the previous multiannual financial frameworks (MFF) and particularly the 2014-2020 MFF; points to the severe deficiencies of the current MFF, which was stretched to its limits in order to provide the necessary resources for the Union to confront a number of serious crises and new challenges and finance its new political priorities; stresses its conviction that the low level of the current MFF proved insufficient to match the actual needs and political ambitions of the Union;
2. Welcomes the Commission's presentation of its Reflection Paper on the Future of EU Finances; notes that the Commission translates into budgetary terms the five scenarios for the future model of the European Union, as presented in its White Paper on the Future of Europe of March 2017, while addressing a number of basic characteristics and principles of the EU budget; agrees with the proposed methodology and takes a positive stance towards the Commission's statement that the future MFF must be underpinned by a clear vision of Europe's priorities; trusts that this paper sets a clear structure for the discussions and opens a much-needed political debate on the orientation, purpose and level of the EU budget in the light of the fundamental objectives and future challenges of the Union; calls on the Member States to consult citizens and to assume an active and constructive role in laying down their vision for the future of the EU budget;
3. Regrets, however, the fact that four out of the five presented scenarios ('Carrying on', 'Doing less together', 'Some do more' and 'Radical redesign') signify an effective decline in the Union's ambitions and envisage the reduction of two long-standing EU policies and cornerstones of the European project enshrined in the Treaties – the common agricultural policy and cohesion policy; stresses its long-standing position that additional political priorities should be coupled with additional financial means and not be financed to the detriment of existing EU policies; considers the fifth scenario ('Doing much more together') a positive and constructive starting point for the ongoing discussion on the future of EU finances and consequently the future model of the European Union; encourages the Commission to develop a scenario which takes into account Parliament's recommendations in order to respond to the current and future challenges, and in order to define the new set of priorities;
4. Recalls that pursuant to Article 311 TFEU, the Union shall provide itself with the means necessary to attain its objectives; believes that the shortcomings of the current MFF and the scale of the new priorities, as well as the impact of the United Kingdom's withdrawal, all point to the same conclusion: the need to break the ceiling for expenditure of 1 % of the EU's Gross National Income (GNI) and, therefore, to significantly increase the Union's budget in order to respond to the challenges ahead; opposes, in this context, any nominal decrease in the volume of the EU budget in the next MFF, and therefore believes that the next MFF should be set at the level of at least 1,23 % of the EU's GNI; advocates a discussion among the Member States on the matter;
5. Regrets the fact that the EU budget is predominantly financed from national contributions based on GNI instead of genuine own resources, as provided for in the EU Treaties; reiterates its commitment to a fully-fledged reform of the EU own resources system, with simplicity, fairness and transparency as guiding principles, and in line with the recommendations of the High Level Group on Own Resources; stresses that any such system should include a balanced basket of new EU own resources designed to

support EU policy objectives that should be introduced progressively to provide fairer and more stable EU finances; highlights, moreover, that the United Kingdom's withdrawal from the Union provides an opportunity to put an end to all rebates; expects the Commission to submit ambitious legislative proposals to that effect and points out that both the expenditure and the revenue side of the next MFF will be treated as a single package in the upcoming negotiations;

6. Is convinced that, unless the Council agrees to significantly increase the level of its national contributions to the EU budget, the introduction of new EU own resources remains the only option for adequately financing the next MFF to a level that corresponds to the actual needs and political ambitions of the Union; expects, therefore, the Council to take a political stance on this matter, considering that a de facto blockage of any reform of the EU own resources system can no longer be envisaged; recalls in this regard that the report of the High Level Group on Own Resources was adopted unanimously by all of its members, including those members appointed by the Council;
7. Welcomes the Commission's intention to design the future EU budget on the basis of the principles of EU added value, a focus on performance, accountability, greater flexibility within a stable framework and simplified rules, as presented in the reflection paper;
8. Stresses, in this context, the importance of a thorough evaluation of the efficiency and effectiveness of current EU policies, programmes and instruments; looks forward, in that respect, to the results of the ongoing spending review and expects them to be taken into account in the design of the post-2020 MFF; underlines, in particular, the need to ensure the success rate of highly oversubscribed EU programmes on the one hand, and to determine the reasons for under-implementation on the other; considers it important to achieve synergies between the EU budget and the national budgets, and to provide for the means to monitor the level and performance of spending at national and EU level;
9. Acknowledges that the search for European added value is a fundamental question to be addressed, and agrees that the Union budget should serve, inter alia, as a tool for achieving the Treaty objectives and providing for European public goods; points out, however, the multi-faceted character of the concept of European added value and its multiple interpretations, and warns against any attempt to use its definition to call into question the relevance of EU policies and programmes on purely quantitative or short-term economic considerations; believes that there is a clear added value when an action at European level:
 - goes further than national, regional or local efforts could (spillover effect),
 - incentivises actions at national, regional or local level to fulfil EU Treaty objectives which would not otherwise be realised,
 - supports actions that can only be financed by pooling resources at EU level because of their very high financing requirements, or
 - contributes to the establishment and support of peace and stability in the EU's neighbourhood and beyond;

encourages the Commission to further develop the concept of European added value,

while taking into account territorial specificities; calls on the Commission to propose the appropriate performance indicators for this purpose;

10. Considers that the structure of the next MFF should render the EU budget more readable and understandable to EU citizens and allow for a clearer presentation of all areas of EU expenditure; recalls, at the same time, the need to facilitate both planning continuity and flexibility within headings; believes that the overall MFF structure should reflect the political debate on the main pillars and orientation of EU spending, including sustainable development, growth and innovation, climate change, solidarity, security and defence; is convinced, therefore, that an adjustment to the current MFF headings is necessary;
11. Believes that the EU budget must be transparent and democratic; recalls its firm commitment to the notion of the unity of the EU budget and questions the necessity and added value of creating additional instruments outside the MFF; reiterates its long-standing position that the European Development Fund, alongside other instruments outside the MFF, should be integrated into the Union budget; stresses that such integration should entail the respective financial envelopes of those instruments being added on top of the current MFF ceilings, in order not to jeopardise the financing of other EU policies and programmes;
12. Points out that, after exhausting all available margins, the budgetary authority approved the substantial mobilisation of the flexibility provisions and special instruments included in the MFF regulation in order to secure the additional appropriations needed to respond to crises or finance new political priorities during the current MFF; underlines the fact that during the MFF mid-term revision, several barriers to the MFF flexibility mechanisms were removed, in order to allow for greater flexibility under the current financial framework;
13. Underlines, in this context, that the next MFF should provide directly for the appropriate level of flexibility that will enable the Union to respond to unforeseen circumstances and finance its evolving political priorities; believes, therefore, that the MFF flexibility provisions should allow for all unallocated margins, as well as de-committed appropriations, to be carried over without any restrictions to future financial years and mobilised by the budgetary authority, for any purpose deemed necessary, in the context of the annual budgetary procedure; calls, moreover, for the significant reinforcement of MFF special instruments, which should be counted over and above the MFF ceilings for both commitments and payments, as well as for the creation of a separate crisis reserve that should allow resources to be mobilised immediately in the event of an emergency;
14. Advocates a real and tangible simplification of implementation rules for beneficiaries and a reduction of the administrative burden; encourages the Commission, in this context, to identify and eliminate overlaps between instruments offered by the EU budget which pursue similar objectives and serve similar types of actions; is of the opinion, however, that such simplification should not result in the replacement of grants by financial instruments and must not lead to a sectorialisation of EU programmes and policies, but should guarantee a cross-cutting approach with complementarity at its heart; calls for a far-reaching harmonisation of rules with the aim of creating a single rulebook for all EU instruments;

15. Recognises the potential of financial instruments as a complementary form of funding to subsidies and grants; cautions, however, that they are not appropriate for all types of actions and policy fields, as not all policies are entirely market-driven; calls on the Commission to simplify the rules governing the use of financial instruments and to encourage the possibility of a combination of various EU resources under harmonised rules by creating synergies and avoiding any competition between different forms of funding; expresses its concern regarding the option of a single fund that would integrate EU-level financial instruments and provide loans, guarantees and risk-sharing instruments in different policy windows, as presented in the reflection paper in this context, and will examine this proposal thoroughly;
16. Reiterates its position that the duration of the MFF should be aligned with the political cycle of both Parliament and the Commission and should ensure long-term programming; stresses, in this context, that the duration of the MFF should take full account of the need for longer-term predictability in the implementation of European Structural and Investment Fund (ESIF) programmes under shared management, which cannot operate without the stability of at least a seven-year commitment; proposes, therefore, that the next MFF should be agreed for a period of 5+5 years with a mandatory mid-term revision;
17. Notes the Commission President's announcement in his State of the Union address of an upcoming proposal for a dedicated euro area budget line; calls on the Commission to come up with additional and more detailed information in that respect; recalls that Parliament's resolution of 16 February 2017 calls for a specific euro area budgetary capacity which should be part of the EU budget over and above the current ceilings of the MFF and financed by euro area and other participating members via a source of revenue, which should, for its part, be agreed between participating Member States and considered to be assigned revenue and guarantees;
18. Expects the Commission to present its proposals on both the future MFF and own resources by May 2018; states its intention to present in due time its own position on all related aspects, and expects Parliament's views to be fully incorporated into the forthcoming Commission proposals;
19. Expresses its readiness to engage in a structured dialogue with the Commission and the Council, with a view to reaching a final agreement on the next MFF before the end of the current parliamentary term; is convinced that an early adoption of the MFF Regulation will enable the subsequent adoption of all sectoral legislative acts in time for the new programmes to be in place at the beginning of the next period; stresses the detrimental effects of the late launching of the programmes under the current MFF; urges the European Council, in this context, to use the 'passerelle' clause of Article 312(2) TFEU, which allows qualified majority voting on the MFF in Council;
20. Instructs its President to forward this resolution to the Council, the Commission, the other institutions and bodies concerned, and the governments and parliaments of the Member States.