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Multiannual Financial Framework 2021-2027 and own resources: time to meet citizens' expectations

European Parliament resolution of 10 October 2019 on the 2021-2027 multiannual financial framework and own resources: time to meet citizens' expectations (2019/2833(RSP))

The European Parliament,

– having regard to Articles 310, 311, 312 and 323 of the Treaty on the Functioning of the European Union (TFEU),

– having regard to the Commission proposals of 2 May 2018 on the multiannual financial framework (MFF) for the years 2021 to 2027 and the system of own resources (OR) of the European Union,

– having regard to its resolutions of 14 March 2018 on the next MFF: preparing the Parliament’s position on the MFF post-2020¹ and on reform of the European Union’s system of own resources²,

– having regard to its resolution of 30 May 2018 on the 2021-2027 multiannual financial framework and own resources³,

– 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 the statements by the Commission and the Council of 10 October 2019 on the 2021-2027 multiannual financial framework and own resources: time to meet citizens’ expectations,

– having regard to Rule 132(2) of its Rules of Procedure,

1. Declares that it is time to meet EU citizens’ expectations and match the political commitments and ambitions of the EU with the necessary financial means; is

¹ OJ C 162, 10.5.2019, p. 51.
² OJ C 162, 10.5.2019, p. 71.
determined to secure a strong and credible MFF that will enable the EU to respond to important challenges effectively and attain its political objectives over the next seven-year period; believes that the 2019 European elections conferred renewed legitimacy on Parliament’s position and role in this process; declares its readiness to reject any Council position that does not respect Parliament’s prerogatives or take due account of its positions;

2. Adopts the present resolution to confirm and update its negotiating mandate both on the expenditure and revenue side of the next MFF; demands the launch of negotiations with the Council, without any further delay, in the interest of reaching a solid agreement in a timely manner and stresses that Parliament has been ready to do so since November 2018; requests that the Commission put forward an MFF contingency plan as a safety net intended to protect the beneficiaries of EU funding programmes, which would allow for the extension of the current MFF – in case the next MFF is not agreed in time;

Confirmed Parliament’s firm position

3. Confirms its negotiating mandate, as set out in its MFF interim report of 14 November 2018, on the MFF figures (per programme, heading and at global level), EU own resources, flexibility provisions, mid-term revision and horizontal principles, such as the mainstreaming of the UN Sustainable Development Goals, climate and gender equality across all policies and initiatives in the next MFF, as well as specific amendments to the proposed MFF Regulation and Interinstitutional Agreement;

4. Reiterates that the next MFF should be set at EUR 1 324.1 billion in 2018 prices, representing 1.3% of the EU-27’s gross national income (GNI); stresses that this global figure is the result of a bottom-up assessment of the required level of funding for each EU programme and policy; recalls, in this context, Parliament’s intention to boost flagship programmes (e.g. in the areas of youth, research and innovation, the environment and the climate transition, infrastructure, SMEs, digitalisation and social rights), to maintain the financing of existing EU policies in real terms (notably cohesion, agriculture and fisheries), and to match additional responsibilities (e.g. in the fields of migration, external action and defence) with additional financial means; firmly believes that European added value is brought about by pooling resources at EU level as a matter of efficiency, solidarity and global impact; stresses, in this context, the need to strengthen the focus of future spending on results;

5. Underlines that Parliament will not give its consent to the MFF without an agreement on the reform of the EU own resources system, including the introduction of a basket of new own resources that are better aligned with and incentivise progress in major EU policy priorities; recalls that the purpose of introducing new own resources is not only to mitigate the predominance of GNI-based contributions, but also to guarantee the appropriate level of financing of EU spending in the next MFF; reaffirms its position, as set out in the MFF interim report, regarding the list of potential candidates for new own resources (a common consolidated corporate tax base, digital services taxation, a financial transaction tax, income from the emissions trading scheme, a plastics contribution and a carbon border adjustment mechanism), the abolition of all rebates and corrections, the simplification of the VAT-based own resource, the reduction of national ‘collection costs’ withheld on customs duties, and the inclusion of other revenue in the form of fines and fees in the EU budget;
6. Reconfirms the necessity to put in place a new mechanism to protect the EU budget where the rule of law is not respected or where there is a systemic threat to the values enshrined in Article 2 of the Treaty on European Union (TEU), and where this affects or risks affecting the principles of sound financial management or the protection of the financial interests of the Union; underlines that such measures shall not affect the obligation of government entities or of Member States to make payments to final beneficiaries or recipients;

**Responding to new initiatives following the European elections**

7. Welcomes the political commitments on additional initiatives taken by the President-elect of the Commission upon her approval in July 2019 and expects their budgetary impact to be clarified without delay; underlines the fact that any new initiatives, some of which were already largely anticipated in Parliament’s interim report, should be calculated on top of the original Commission proposals for the next period, thus resulting in higher MFF ceilings than initially proposed; therefore expects the Commission to formally reflect the budgetary impact of those initiatives in its initial MFF proposal and to defend, alongside Parliament, the necessary level of funding in the upcoming MFF negotiations with the Council;

8. Calls for further legislative proposals for establishing new instruments to be tabled immediately by the new Commission, in order for their financing to be included in the agreement on the next MFF; expects any possible new initiatives that may be proposed after the adoption of the 2021-2027 MFF to be financed through fresh appropriations;

9. Welcomes, on the revenue side, the President-elect’s commitments to relaunch or extend a number of initiatives that should be part of the future basket of new own resources; calls on the Member States, in particular, to seize the opportunity of introducing a carbon border adjustment mechanism, which would be a fair way to respond to popular demands for decisive leadership in the fight against climate change, while ensuring a level playing field in international trade;

**A further step change towards climate transition**

10. Reaffirms its unambiguous support for the principle of climate mainstreaming; calls on the Commission to ensure that the next MFF fully complies with the Paris agreement and stresses the urgent need for another quantum leap in political and financial efforts in order to achieve its objectives, as well as a just transition towards a carbon-neutral economy based on the highest social justice criteria so that no one and nowhere is left behind; looks forward to a concrete proposal on the European Green Deal, as outlined in the political guidelines of the incoming Commission president; expects the budgetary means over the next financial programming period to be commensurate with this ambition, while stressing that a reduced MFF would obviously represent a step backwards;

11. Highlights the fact that common climate action at EU level yields substantive added value and should therefore be at the core of modernising the EU budget and its expenditure programmes; emphasises, therefore, that climate and biodiversity mainstreaming in the next MFF must go beyond the levels of targeted spending shares as set out in its interim report, but also in terms of integrating the climate and social dimension into the decision-making of all major programmes and throughout the entire
policy cycle; in this context, moreover, demands a more transparent, stringent and comprehensive methodology, including reformed performance indicators for defining and tracking climate and biodiversity-relevant expenditure, the prevention of financial support for harmful measures and the monitoring of the mid to long-term impact of climate mainstreaming for mitigation and adaptation; calls for Parliament to be closely involved in the conception of such a methodology;

Immediate launch of interinstitutional negotiations

12. Recalls that Article 312(5) of the TFEU stipulates that, throughout the procedure leading to the adoption of the MFF, the three EU institutions ‘shall take any measure necessary to facilitate its adoption’; underlines the fact that Parliament has stood ready to negotiate for almost a year on all aspects of the MFF and own resources package, while the Council has so far not accepted to engage in any meaningful talks beyond short and formalistic briefings and debriefings in the margins of the General Affairs Council (GAC); believes that such minimalist contacts cannot be considered as satisfactory interinstitutional cooperation and do not comply with what the Treaty explicitly requires;

13. Requests, therefore, the immediate intensification of interinstitutional talks on the MFF and own resources in order to pave the way for genuine negotiations, and calls on the Council to adopt its negotiating mandate without delay; considers, in the interest of securing Parliament’s consent, that the Council should already take due account of Parliament’s positions when deciding on its own position; expects, for this purpose, the Council presidency and the Commission to clearly communicate and explain Parliament’s views to the GAC, and requests the presence of Parliament’s negotiating team at all informal Council meetings dealing with the MFF; stresses the need to proceed with dedicated trilateral meetings, in order to deepen the discussion on the various aspects of the MFF and own resources proposals, which should supplement the existing GAC briefings and debriefings; expects, furthermore, high-level meetings between the Presidents of the institutions to be convened in line with Article 324 of the TFEU;

Safeguarding Parliament’s prerogatives

14. Takes note of the Council’s methodology for preparing MFF negotiating boxes; is wary of the fact, however, that it is also an attempt to confer a predominant role on the European Council in taking irrevocable decisions on several aspects of the next MFF, as was the case in the process leading to the adoption of the current MFF; stresses that Parliament will not rubber-stamp a fait accompli from the European Council and is prepared to withhold its consent until a satisfactory agreement is reached;

15. Underlines that these negotiating boxes not only include elements of the MFF Regulation, for which Parliament needs to give its consent, but also a significant number of legislative provisions relating to EU sectoral policies that are to be decided under the ordinary legislative procedure; considers, therefore, that such negotiating boxes reflect nothing more than an internal Council procedure that must in no way prevent Parliament from carrying out proper negotiations on all elements of the MFF package and sectoral legislation; urges the Council, therefore, to open negotiations with Parliament on all aspects of the sectoral legislation setting up the new EU programmes, as well as the rule of law proposal;
16. Recalls that European Council conclusions are political in nature and that Article 15(1) of the TEU prohibits the European Council from exercising legislative functions; therefore calls on the European Council to refrain from adopting detailed and purportedly binding conclusions based on the MFF negotiating box, as this would amount to direct interference in the legislative sphere; counts on the Commission, as an honest broker and guardian of the Treaties, to support Parliament in exerting its legislative prerogatives under both the consent and ordinary legislative procedures;

A safety net to protect the beneficiaries of EU programmes: setting up an MFF contingency plan

17. Regrets that the European Council has already extended the timeframe for reaching a political decision several times; fears that, should the Council and European Council run into further delays without engaging Parliament, there is a clear risk that such complex negotiations cannot be finalised successfully by the end of the current MFF; recalls the serious setbacks for the launch of EU programmes that resulted from the late adoption of the current MFF, as has been experienced in the past;

18. Recalls the fact that, should a new MFF not be adopted on time, Article 312(4) of the TFEU provides for a safety net in the form of a temporary extension of the ceilings and other provisions of the last year of the present framework; is concerned, however, that such a safety net could be undermined not only by a lack of preparedness at operational level, but also due to the expiry dates in force for some of the current EU programmes; warns, in this context, against the shutdown of EU programmes, and declares its intention not to be forced into accepting a bad agreement due to time pressure;

19. Urges the Commission, therefore, to immediately start preparing an MFF contingency plan with the aim of protecting beneficiaries and ensuring the continuity of funding in the event that it is necessary to extend the current MFF; asks for such a plan to be formally presented in the beginning of 2020, so as to be swiftly adopted by the Council and Parliament; requests this plan to include a horizontal legislative proposal to lift the time limits laid down in the relevant programmes, thereby ensuring consistency with Article 312(4) of the TFEU, and to include concrete operational provisions, in particular for the continuation of policies under shared management;

20. Instructs its President to forward this resolution to the Council, the European Council and the Commission.