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# **DRAFT REPORT**

on general guidelines for the preparation of the 2018 budget, Section III – Commission (2016/2323(BUD))

Committee on Budgets

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## MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

# 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 2014-2020<sup>1</sup>,
- 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 management<sup>2</sup> (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 1605/2002<sup>3</sup>
- having regard to Council Decision 2014/335/EU, Euratom of 26 May 2014 on the system of own resources of the European Union<sup>4</sup>,
- having regard to the general budget of the European Union for the financial year 2017<sup>5</sup> and the joint statements agreed between Parliament, the Council and the Commission annexed thereto,
- having regard to the Council Conclusions of 21 February 2017 on the 2018 budget guidelines (00000/2017),
- having regard to Rule 86a of its Rules of Procedure,
- having regard to the report of the Committee on Budgets (A8-0000/2016),
- A. whereas 2018 will mark the fourth 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

<sup>&</sup>lt;sup>1</sup> OJ L 347, 20.12.2013, p. 884.

<sup>&</sup>lt;sup>2</sup> OJ C 373, 20.12.2013, p. 1.

<sup>&</sup>lt;sup>3</sup> OJ L 298, 26.10.2012, p. 1.

<sup>&</sup>lt;sup>4</sup> OJ L 168, 7.6.2014, p. 105.)

<sup>&</sup>lt;sup>5</sup> OJ L xx, ....

hand with sustainable answers that invest in the Union's common future;

# A budget for 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 jobs, economic growth, migration, security and tackling populism are the main concerns at EU level and that the EU budget remains part of the solution to these issues; underlines that a strong EU budget will benefit Member States and EU citizens alike; expects that the Commission will put forward a draft 2018 budget that enables the EU to continue to generate prosperity and ensure the safety of its citizens;
- 2. Believes that the EU budget must be equipped with the tools to enable it to respond to multiple crises simultaneously; is of the opinion that, while growth and jobs continue to remain the core priorities of the EU budget, obtaining sustainable progress in these fields will not be possible should EU citizens feel unsafe or insecure;

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

- 3. Underlines that enhancing the competitiveness of the EU economy is key to ensuring economic growth and job creation; believes that the creation of socially sustainable, 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 supporting private sector investments; consequently, underlines the importance of Heading 1a, which delivers real added value for European citizens and business, and calls for an increase of its share in the global budget;
- 4. Stresses that investments in research and innovation represent a pre-condition for achieving genuine competitiveness in the EU; regrets the fact that, as a result of an alarmingly low success rate of applications, fewer high-quality projects in the field of research and innovation are receiving EU funding; calls in this respect for an adequate level of appropriations to be ensured for Horizon 2020;
- 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; calls in this respect for COSME appropriations to be maintained at least at the level approved for 2017, taking into account the success of this programme;
- 6. Strongly supports the further development and enhancement of inter-operability 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 in Europe, and recognises the positive results achieved so far; welcomes also the Commission proposal for extending the EFSI until 2020, which will serve to further improve its functioning, especially as regards the additionality principle and the geographical balance;

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

- 8. Considers education to be a prerequisite for well-paid, stable jobs; welcomes in this respect the role played by Erasmus+ in facilitating intra-European mobility of young students; calls, in this context, for the financing of this programme to continue to be increased in 2018;
- 9. Underlines that youth unemployment is one of the main concerns at European level and that it puts at risk an entire generation of young Europeans; stresses that, as part of the conciliation agreement for the 2017 EU budget, a EUR 500 million allocation will be granted to the Youth Employment Initiative through an amending budget in 2017; remains firmly committed to securing adequate funding for the continuation of the Youth Employment Initiative until the end of the current MFF, while at the same time improving its functioning and implementation;
- 10. Welcomes the proposal to launch an '18<sup>th</sup> birthday Interrail pass for Europe'; underlines that this project has the potential to become a key component in increasing European consciousness and identity, especially in the face of threats such as populism and the spread of misinformation; stresses, however, that such a project should not be financed at the expense of other successful EU programmes and should be as socially inclusive as possible; intends to secure adequate financing for the programme in the 2018 budget;

#### Traditional EU budget priorities as investment policies

- 11. Strongly supports regional policy as one of the main investment instruments of the EU budget that enables economic, social and territorial cohesion; underlines that this policy generates growth and jobs in all Member States; is concerned, however, about the unacceptable delays in implementation of operational programmes at EU level; calls on the Commission and the Member States to cooperate in order to ensure that the designation of managing and certifying authorities is concluded and implementation accelerates;
- 12. Recognises the importance of the European agricultural sector in maintaining food security in the European Union; expresses its full support to the farmers affected by the Russian embargo or the dairy sector crisis; calls on the Commission therefore to continue to support farmers across Europe in coping with unexpected market volatility;

#### Internal challenges

- 13. Is convinced that, under the current circumstances, where the ceiling in Heading 3 is too low, the EU budget has maximised its impact in dealing with the effects of the migratory and refugee crisis; points out, however, that a sustainable solution must be found to this issue, as it has been shown 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;
- 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 calls for adequate budgeting in the coming years for these funds; welcomes also the role of EU agencies in the area of justice and home affairs, such as Europol and the European Border and Coast Guard, and calls, in this context, for their mandate to be executed through adequate budgeting and staffing; is convinced that the EU needs to invest more in strengthening its borders, enhancing

cooperation between law enforcement agencies, fighting terrorism and radicalisation and ensuring sound return operations;

15. Strongly supports initiatives in the field of defence research with the aim of encouraging better cooperation between Member States; recalls that, while respecting provisions enshrined in the Treaties, strengthened cooperation in the field of defence is needed in order to meet the security challenges that the EU is facing, which are generated by prolonged instability in the EU neighbourhood and uncertainty regarding the commitment of certain EU partners towards NATO objectives;

# External challenges

- 16. Reaffirms its conviction that in order to tackle the root causes of the migratory and refugee crisis, the EU needs to step up its role through investments in the countries of origin of the refugees and migrants; notes that investments in infrastructure, housing, education, medical services and support for SMEs are part of the solution to tackle the root causes of migration; welcomes therefore the External Investment Plan as a coherent and coordinated framework to promote investments in Africa and the Neighbourhood countries;
- 17. Maintains its previous position that ad hoc external financial instruments which emerged in recent years must be incorporated into the EU budget, with Parliament having full scrutiny over the implementation of these instruments;
- 18. 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 investments in the EU Neighbourhood in order to support efforts to tackle the main issues that this area is facing: the migration and refugee crisis in the Southern Neighbourhood and Russian aggression in the Eastern Neighbourhood; reiterates that supporting countries which are implementing association agreements with the EU is key to facilitating political and economic reforms;

## Sufficient payment appropriations resulting in increased credibility for the EU

- 19. 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 does not deliver on its commitments, thus endangering its credibility;
- 20. Stresses that delays in the implementation of 2014-2020 programmes under shared management led to a drop in payment claims for 2016 and 2017; is particularly concerned about a 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 it needs to be duly updated every year, in order to allow the budgetary authority to take the necessary measures in time;
- 21. Underlines that, despite a final agreement on the MFF mid-term revision having not yet been reached, several positive elements notably in terms of increased flexibility might prove to be instrumental in responding to a future payment crisis;

22. Reiterates its longstanding 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 MFF mid-term revision, the 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 this matter was not unequivocally resolved;

#### Looking forward

- 23. Underlines that the Commission will put forward by the end of 2017 its proposals for the post-2020 MFF; attaches the utmost importance to the process leading up to the establishment of the new financial framework, and expects this to be commensurate to the challenges the Union is facing; calls for a swift conclusion to the ongoing MFF midterm revision;
- 24. Underlines that predictability and long-term sustainability of the EU budget is a prerequisite for a strong and stable European Union; draws attention to the fact that the United Kingdom'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 of the budget; 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 analyse the feasibility of implementing the recommendations of the HLGOR that would help make the EU budget more stable and predictable; welcomes the conclusion of the HLGOR 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';
- 25. Stresses the importance of Parliament being fully involved in all budgetary-related matters, as the sole institution democratically elected by EU citizens;
- 26. Calls on the Council to live up to its political statements and cooperate to ensure that the EU is equipped with an adequate budget;
- 27. Instructs its President to forward this resolution to the Council, the Commission and the Court of Auditors.