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## TEXTS ADOPTED

*Provisional edition*

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### **P8\_TA-PROV(2016)0412**

#### **The MFF mid-term revision**

#### **European Parliament resolution of 26 October 2016 on the mid-term revision of the MFF 2014-2020 (2016/2931(RSP))**

*The European Parliament,*

- having regard to Articles 311, 312 and 323 of the Treaty on the Functioning of the European Union,
- 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>, and in particular Article 2 thereof,
- having regard to Council Regulation (EU, Euratom) 2015/623 of 21 April 2015 amending Regulation (EU, Euratom) No 1311/2013 laying down the multiannual financial framework for the years 2014-2020<sup>2</sup>,
- having regard to the Interinstitutional Agreement (IIA) 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>3</sup>,
- having regard to its resolution of 6 July 2016 on the preparation of the post-electoral revision of the MFF 2014-2020: Parliament's input ahead of the Commission's proposal<sup>4</sup>,
- having regard to the Commission proposal of 14 September 2016 for a Council Regulation amending Regulation (EU, Euratom) No 1311/2013 laying down the multiannual financial framework for the years 2014-2020 (COM(2016)0604) and the accompanying document SWD(2016)0299,
- having regard to the Commission proposal of 14 September 2016 for an amendment of 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 COM(2016)0606,

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

<sup>2</sup> OJ L 103, 22.4.2015, p. 1.

<sup>3</sup> OJ C 373, 20.12.2013, p. 1.

<sup>4</sup> Texts adopted, P8\_TA(2016)0309.

- having regard to the statement by the Commission of 25 October 2016 on the mid-term revision of the MFF,
  - 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. Stresses the European Parliament’s constant concern regarding the insufficiency of resources available under the current multiannual financial framework (MFF); points to the number of new crises and priorities that have emerged over the past years, notably the migration and refugee crisis, external emergencies, internal security issues, the crisis in agriculture, the funding of the European Fund for Strategic Investments (EFSI) and the persistent high level of unemployment, especially among young people; points also to the recent ratification by the EU of the agreement on climate change;
  2. Underlines, after conducting a review of the functioning of the MFF in the first half of this programming period as presented in its resolution of 6 July 2016, that an adequate response to those challenges requires a substantial amount of additional funding from the EU budget that could not have been fully provided in the first years of the current perspective owing to the scarce financial resources available under the current MFF; stresses that the EU budget must match the political commitments and strategic objectives of the European Union; recalls in this context Article 311 TFEU, which states that ‘the Union shall provide itself with the means necessary to attain its objectives and carry through its policies’;
  3. Believes that the revision of the multiannual financial framework provides a unique opportunity to respond to the budgetary difficulties currently jeopardising the credibility of the European Union; calls on the Council, therefore, to assume its responsibility to align words and deeds, and to ensure a realistic, credible, coherent and sustainable EU budget for the remaining years of the current perspective; considers that the revision must aim to ensure a balance between fulfilling long-term political priorities of the Union and responding to the new emerging challenges; reiterates its position of principle that new political initiatives should not be financed to the detriment of existing programmes and policies; highlights the need for an EU budget that is more transparent and accessible for European citizens, in order that they may regain trust in the European project;

***Framework for prompt negotiations on the MFF revision***

4. Recalls that a compulsory post-electoral revision of the MFF was one of Parliament’s key demands in the negotiations on the establishment of the current financial framework; welcomes, therefore, the Commission’s decision to propose a revision of the MFF Regulation and of the IIA, after conducting a review of the functioning of the 2014-2020 MFF, as provided for in Article 2 of the MFF Regulation; believes that this proposal represents a good starting point for negotiations;
5. Reaffirms that its MFF resolution of 6 July 2016 constitutes its mandate for the upcoming MFF negotiations, including all aspects of the MFF mid-term revision, as well as important elements relating to the post-2020 MFF;
6. Stresses the necessity for all modifications agreed on during this revision to be implemented without delay and integrated already into the EU budget 2017; urges the

Council to respond constructively and swiftly to the Commission proposal and to provide its presidency with a negotiating mandate without further delay; is ready to engage promptly in meaningful negotiations with the Council on the MFF mid-term revision in the context of the conciliation procedure on the Budget 2017, and on the basis of a commonly agreed calendar and specific negotiation modalities; regrets that, while the budgetary conciliation is about to start, the Council is not yet ready to open negotiations on the MFF; reaffirms its intention to reach agreement on both files before the end of 2016;

***Parliament's response to the Commission proposal: towards an ambitious agreement on the MFF revision***

7. Takes a positive stance towards the proposed modifications of the MFF package, notably on flexibility; regrets, however, that the Commission did not propose an upwards revision of the current MFF ceilings, which would provide a clear and sustainable solution to the financing of the estimated needs of EU policies until the end of this period; stresses Parliament's position that the ceilings of Headings 1a (Competitiveness for Growth and Jobs), 1b (Economic, Social and Territorial Cohesion), 3 (Security and Citizenship) and 4 (Global Europe) are insufficient and should be revised upwards if the Union is to confront the challenges and fulfil its political objectives;
8. Recalls, in particular, Parliament's demands on a full offsetting of the EFSI-related cuts affecting Horizon 2020 and Connecting Europe Facility, a continuation of the Youth Employment Initiative at the same level of appropriations annually as in 2014 and 2015, and a sizeable increase in the resources available to tackle the migration and refugee crisis under Headings 3 and 4; views positively the overall package of additional targeted reinforcements proposed by the Commission, which can be financed within the margins available until the end of this period, but stresses that this proposal falls short of meeting Parliament's expectations in the areas in question;
9. Notes that the Commission proposal relating to figures and estimated at EUR 12,8 billion includes different components; highlights especially the top-ups of Horizon 2020 and CEF-Transport (EUR 0,4 billion each), Erasmus+ and COSME (EUR 0,2 billion each) and the Youth Employment Initiative (EUR 1 billion), which amount to a total of EUR 2,2 billion in fresh appropriations; notes that a number of legislative proposals presented by the Commission in parallel with the MFF mid-term revision (extension of EFSI, External Investment Plan including the migration partnership framework, and Wifi4EU) amount to a further EUR 1,6 billion; recalls that, when presenting the Draft Budget 2017, the Commission already incorporated a EUR 1,8 billion reinforcement for migration and updated its financial planning by EUR 2,55 billion in Heading 3 as a result of ongoing legislative procedures; points furthermore to the fact that part of the proposed financial reinforcements in Heading 1a and Heading 4 are already reflected in Amending Letter 1/2017; notes, finally, that the technical adjustment of cohesion policy envelopes amounting to EUR 4,6 billion is the result of a technical exercise by the Commission and has already been granted as part of the technical adjustment of the financial framework for 2017;
10. Believes that mobility of young people is essential in increasing European consciousness and identity, especially against the threats of populism and the spread of misinformation; regards as a political imperative the need to further invest in European youth through the EU budget; advocates the implementation of new initiatives such as the recently proposed

programme ‘18<sup>th</sup> birthday interrail pass for Europe’, which would consist in granting every European citizen a free interrail pass when turning 18; requests that, in the context of the MFF mid-term revision, the appropriate funding for this proposal be secured;

11. Is determined to settle in an unequivocal way the issue of budgeting the payments of the MFF special instruments; recalls the unresolved conflict of interpretation between the Commission and Parliament on the one hand, and the Council on the other, which has been in the forefront of all annual budgetary negotiations in the current MFF; reiterates its conviction that payment appropriations resulting from the mobilisation of special instruments in commitment appropriations should also be counted over and above the annual MFF payment ceilings; considers that, on the basis of the Commission’s analysis and forecast, the current MFF payment ceilings can only be sustained if the matter is resolved along these lines;
12. Expresses its serious concern over the current delays in implementing EU programmes under shared management, as demonstrated notably in the DAB 4/2016, which reduces the budgeted payment level for 2016 by EUR 7,3 billion; expects that such delays will lead to a major accumulation of payment requests towards the end of the current MFF; recalls that, in the budgetary year 2015, outstanding commitments returned to their previous high levels, and that amounts to be funded from future budgets rose to EUR 339 billion; firmly believes that every effort should be made to avoid building up a backlog of unpaid bills and a new payment crisis like the one that was observed during the previous period; strongly advocates, for this purpose, a new, binding payment plan for the period 2016-2020, to be developed and agreed between the three institutions; considers, moreover, that the full use of the Global Margin for Payments, deprived of any annual capping, is an absolute prerequisite for facing this challenge;
13. Reiterates its longstanding position that any surplus resulting from the under-implementation of the EU budget or from fines should be budgeted as extra revenue in the EU budget with no corresponding adjustment of the gross national income (GNI) contributions; regrets that the Commission did not include this element in its proposal for the MFF mid-term revision;
14. Stresses that flexibility provisions proved to be essential in the first years of the current MFF to finance the response to the migration and refugee crisis and the new political initiatives beyond what the strict MFF ceilings could allow; welcomes, therefore, the Commission proposal to further extend these provisions; supports, in particular, the removal of the limitations in size and scope of the Global Margin for Commitments, as requested also by Parliament; notes that the new annual amounts proposed for the Flexibility instrument and for the Emergency Aid Reserve are close to the actual levels reached in 2016 as a result of carry-overs, while Parliament’s request amounted to twice as much (EUR 2 billion and EUR 1 billion respectively);
15. Emphasises that the effective execution of the EU budget represents the highest priority for Parliament; particularly welcomes the Commission’s proposal to make available again in the EU budget decommitted appropriations resulting from the non-implementation of the actions for which they were originally earmarked, and stresses that this was one of the main demands of Parliament in its MFF resolution of 6 July 2016; underlines that these decommitments are actually appropriations that have already been authorised by the budgetary authority with the intention of being fully executed and that they cannot therefore be looked upon as a new or additional burden for national treasuries;

16. Endorses the Commission's proposal for the establishment of an EU Crisis Reserve as an instrument to react rapidly to crises, as well as to events with serious humanitarian or security implications; considers that the mobilisation of this special instrument in the event of a crisis will provide a clear and effective solution to the additional financing needed; agrees with the Commission proposal to use decommitted appropriations, but argues that these cannot constitute the only source of financing for this instrument;
17. Reiterates the core principle of the unity of the EU budget, which is undermined by the multiplication of multinational funds; asks, therefore, for this principle to be quickly applied and, in the meantime, for Parliament to be enabled to exercise the necessary parliamentary control over these funds;
18. Considers that the ongoing revision of the IIA provides an excellent opportunity to ensure that the voting requirements for mobilisation of the MFF special instruments are harmonised and aligned with those that apply to the adoption of the general budget of the Union; requests that the relevant provisions be modified accordingly;

### *Parallel legislative proposals*

19. Fully shares the Commission's intention of simplifying the financial rules and considers this element to be an important part of the MFF mid-term revision; notes, to this effect, the Commission proposal for a full revision of the Financial Regulation, as well as modifications to 15 sectorial Regulations; stresses that the simplification should aim at improving and rationalising the implementation environment for beneficiaries; commits to work towards a successful outcome in this spirit, in an appropriate timeframe;
20. Notes that the legislative proposals on the extension of EFSI, the External Investment Plan (including the migration partnership framework) and the Wifi4EU, which were presented by the Commission at the same time as the proposals on the MFF mid-term revision, will be decided by Parliament and Council under the ordinary legislative procedure;

### *Towards the post-2020 MFF*

21. Points out that the MFF mid-term revision should also be the start of a consensus-building process leading to the post-2020 MFF; stresses that firm commitments should be taken in that context, notably to address the reform of the own-resources system, including the introduction of new own resources that can significantly reduce the share of GNI contributions to the EU budget, and the phasing-out of all forms of rebate, as well as to align the duration of the MFF with the political cycles of the institutions;
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22. Calls on the Commission to provide the budgetary authority with all relevant information on the budgetary implications for the current MFF of the UK referendum of 23 June 2016 and, subsequently, the withdrawal of the United Kingdom from the European Union, without prejudice to the outcome of the upcoming negotiations between the two parties;
  23. Emphasises that peace and stability are core values that need to be maintained by the Union; considers that the Good Friday Agreement, which has proved vital to peace and reconciliation, must be protected; underlines the need for specific measures and

programmes to ensure support for the regions particularly affected in the event of a negotiated exit from the EU upon the invocation of Article 50 of the Treaty of Lisbon;

24. 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.