2016 budget: guidelines, Section III - Commission

2015/2008(BUD) - 11/03/2015 - Parliament's opinion on budgetary estimates/guidelines

The European Parliament adopted by 484 votes to 188, with 36 abstentions, a resolution on general guidelines for the preparation of the 2016 budget, Section III – Commission.

Parliament stressed that as a consequence of the economic and financial crisis, the level of investment in the EU has significantly dropped, and the development gap between various regions of the EU has increased. Given the persistent economic and budgetary constraints at national level, the EU budget plays a key role in fostering competitiveness and increasing economic, social and territorial cohesion in the Union.

It highlighted that the EU budget cannot accomplish its mission if its soundness, fairness and credibility are put in question. Therefore, it is imperative that all commitments forming part of the Multiannual Financial Framework 2014-2020 are respected in full, and that a number of problems that have accumulated over the past years, notably the unprecedented amount of unpaid invoices at the end of 2014 are resolved without delay.

Back on track – the 'three Es': Employment, Enterprise and Entrepreneurship for smart, sustainable and inclusive growth in the EU: Parliament stressed the potential and added value of the EU budget for the creation of employment and the development of enterprises and entrepreneurship for smart, sustainable and inclusive growth across the Union. It also stressed, in this context, the EU budget's contribution to economic, social and territorial cohesion and to support for research and development, as well as the potential of energy transition and interconnection for generating new jobs and growth. It expects that the Commission will place such growth-orientated programmes and instruments at the heart of the Draft Budget 2016, in order to ensure that they are endowed with the necessary resources.

Parliament recalled that there are **more than 20 million SMEs in the EU and that they account for 99% of all businesses.** Therefore, a favourable business environment and the development of an entrepreneurial culture is needed. The creation and operation of start-ups should be facilitated. Parliament considered that, along with legislative simplification and reduction of red tape, available financial instruments under the COSME programme have to be used to their full extent to help and support SMEs along this path by facilitating in particular their access to markets and credits.

It is concerned about the funding of the **Youth Employment Initiative as from 2016**, given the **frontloading of the entire financial envelope of the programme in 2014 and 2015**. It stressed that the fight against youth unemployment needs to be further intensified and that all funding possibilities should be considered for this purpose.

Enhance internal EU cohesion: Parliament stressed that European Structural and Investment Funds form the biggest share of investment expenditure in the EU budget and are **instrumental in job creation, boosting growth, and enhancing competitiveness and innovation**. It called on the Commission and the Member States to make every effort to ensure the swift adoption of the remaining Operational Programmes in the coming months, so as to ensure that implementation will reach cruising speed in 2016.

The EU budget and the Investment Plan: Parliament welcomed as a first step the Investment Plan presented by the Commission, which can create the potential to mobilise EUR 315 billion of investment in infrastructure, education and research, as well as SMEs and mid-cap companies. It noted that the EU

budget is expected to provide the backbone of this investment plan by making available the guarantee fund of EUR 8 billion required in commitments and payments for the provisioning of the European Fund for Strategic Investments (EFSI).

Internal and external solidarity and a secure Europe: Parliament recalled that the EU budget is a tool of internal solidarity in that it supports economic, social and territorial cohesion, helps combat poverty, promotes social inclusion and helps minimise development disparities not only between Member States, but also between their regions; stresses that it is also an instrument of external solidarity, providing **urgent assistance in humanitarian and civilian crises by offering support to countries in need - such as Ukraine** - and by helping make the EU the biggest donor of development aid, with the aim of meeting the Union's poverty eradication commitments.

Parliament recalled that its support for reinforcement of the EU's means and for the **development of a culture of fair burden-sharing among Member States when it comes to the handling of asylum and migration**, with particular reference to action in the Mediterranean and at the south-east border of the EU. It invited the Commission to propose targeted reinforcements of the relevant programmes and instruments, thus demonstrating the EU's pledge to tackle these issues.

Respecting commitments: Parliament is convinced that the EU budget cannot reach its full potential without settling issues such as the recurrent problem of **unpaid invoices at year-end**, the question of budgeting the MFF special instruments, and the delay in implementing cohesion policy operational programmes. It considered that 2015 should be the ultimate limit for introducing tangible and sustainable solutions to these outstanding questions.

Payment issues: Parliament recalled the commitment to hold, in the course of this year, at least three interinstitutional meetings on payments, in order to take stock of payment implementation and revised forecasts. It expected the first of these meetings, in March 2015, to provide a first overview of the level of unpaid bills at the end of 2014 for the main policy areas.

It regretted that, as anticipated, at the end of 2014 this level reached the **unprecedented amount of EUR 24.7 billion, for 2007-2013** cohesion programmes alone and deplored the fact that this debt undermined the credibility of the EU and is in contradiction with the goals set at the highest political level for growth and employment.

Parliament attached the utmost importance to the **establishment and implementation of a sound payment plan** with the objective of **reducing the level of unpaid bills at year-end**. This plan should be agreed by the three institutions in due time before the presentation of the draft budget 2016. It reiterated their longstanding position that the payments of special instruments (Flexibility Instruments, 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.

The way forward: the Parliament urged the Commission to take due account of the above-mentioned political priorities when establishing its Draft Budget for 2016, so that the relevant EU programmes and actions are provided with the necessary means to fulfil those objectives. It called on the Commission to propose an **adequate level of payment appropriations in its Draft Budget, based on real forecasts and needs**, so as to give the EU resources to match its ambitions.

The Council is called upon to abandon the use of double standards and live up to the expectations raised by its own statements and decisions, whether they relate to the payment crisis, the MFF, the Europe 2020 strategy or the relaunch of investment. **Such political declarations and commitments are void unless coupled with sufficient budgetary resources to allow their implementation**.

Parliament underlined that the 2016 budget will be crucial, not only because 2016 will be the first year of implementation of the new MFF provision on the global margin for commitments, but also because it should serve as a **benchmark for the post-electoral MFF review and revision**, to be launched before the end of 2016. There is a need to establish political priorities and identify in good time the areas of proven added value of EU spending for which further investments will be deemed necessary in the second half of the MFF 2014-2020.

Lastly, Parliament reaffirmed its position in favour of an **in-depth reform of the system of EU own resources**, whose current shortcomings are causing severe impasses in budgetary negotiations. It attaches, therefore, the highest political importance to the work of the High Level Group on Own Resources under the chairmanship of Mario Monti.