2017 budget: guidelines, Section III - Commission

2016/2004(BUD) - 23/02/2016 - Committee report tabled for plenary, single reading

The Committee on Budgets adopted the report by Jens GEIER (S&D, DE) on the general guidelines for the preparation of the 2017 budget, Section III – Commission.

The report stated that the 2017 budget should lay down the path towards economic growth and job creation. However, it is likely to be affected by the evolving migration and refugee crisis as well as coinciding with the mid-term revision of the multiannual financial framework (MFF).

Limited budget capacity: although the Union budget has proven to be a crucial resource in tackling recent crises and has responded to needs that had not been necessarily anticipated during the negotiation of the MFF 2014-2020, Members stressed that the **limited capacity of the Union budget** to tackle these crises is at this stage primarily the result of the use of all means available agreed on in the MFF negotiations, and particularly of the use of special instruments such as the flexibility instrument.

In this context, the Council is urged to reconsider its position on the question of **budgeting the MFF special instruments so as to alleviate the constraints** weighing on the Union budget. They reiterated the view that the payment appropriations for the special instruments (the flexibility instrument, the EU Solidarity Fund, the European Globalisation Adjustment Fund and the Emergency Aid Reserve) should be **calculated over and above the MFF ceilings**, as is the case for commitments.

Improved budgeting: Members strongly believe that boosting investment (public and private) is a proper policy response with a view to a more balanced economic policy. They called for more synergies between the Union dimension of the European Semester for economic policy coordination and the Union budget, which is also the cornerstone for a stable euro area.

Regretting that the Union budget has in recent years been a collateral victim of Member States' duplicitous behaviour, Members called for further flexibility regarding expenditures made by Member States in specific fields, such as investments in the framework of the European Fund for Strategic Investments (EFSI) and the fight against unemployment, poverty and inequality, also in the light of the need to deal with emerging security threats and the migrant and refugee crisis.

Members regretted the fact that corporate tax avoidance has caused huge losses of tax income for Member States, and therefore a reduction in their contributions to the EU budget.

The report stressed that the 2017 budget will be impacted by internal and external security challenges. Therefore, the importance of the EU budgetary instruments, such as the Internal Security Fund (ISF), was emphasised.

Funding programmes: Members reiterated the commitment to reinforce Horizon 2020 and the Connecting Europe Facility through the annual budgetary procedure and stressed the importance of Horizon 2020, COSME, programmes funding SMEs, Erasmus+, and programmes and policies that support the development of an innovation-friendly environment and contribute to the success of Europe 2020.

As regards the **youth employment initiative** (YEI), Members reiterated their commitment to continue funding for this programme. A permanent solution for the funding of YEI through new commitment appropriations up to 2020 will be part of the mid-term revision of the MFF.

The report also stressed the importance of enhanced financing for resettlement schemes, relocation procedures and return operations, notably under the Asylum, Migration and Immigration Fund (**AMIF**), in order to achieve an effective European asylum and migration policy while preventing and reducing irregular migration.

Payments: in the budgets for 2015 and 2016, the Commission refrained in any cases from asking for additional payment appropriations for a number of its crisis responses (frontloading of EUR 2 billion for Greece, first initiatives in the area of migration), instead of reverting to the redeployment of already existing resources. In this regard, Members stated that this has increased the burden on payment appropriations in 2016 and beyond. This has potentially re-created a situation where appropriations may not be sufficient to meet the actual needs of financial programmes across headings, impacting project leaders and citizens directly.

Members are concerned that this situation, added to the delay in starting the implementation of programmes under shared management, could re-create the conditions which led, at the end of the last MFF, to an unprecedented level of RALs and an unsustainable backlog of outstanding payment claims. They recalled their longstanding position that unforeseen payment needs should be financed with fresh appropriations.

MFF revision: lastly, the report recalled that the compulsory review of the MFF 2014-2020 should be accompanied by a legislative proposal for revision of the MFF by the end of 2016. The purpose of the review/revision is to assess the qualitative and quantitative functioning of the MFF and to address systemic shortcomings of the Union budget, as well as to ensure that the Union is granted sufficient resources to effectively address internal and external crises and finance evolving political priorities for the second half of the current MFF;

Members underlined that the Council should take on responsibility for ensuring that the necessary appropriations are made available to respond to the financing of new tasks and unforeseen circumstances, including through an **upward revision of the MFF ceilings**. Reiterating their position in favour of the necessary in-depth reform of the system of Union own resources, Members stressed that if there is to be a completely independent EU budget, **genuine own resources** have to be put in place.