2017 budget: guidelines, Section III - Commission

2016/2004(BUD) - 09/03/2016 - Budgetary text adopted by Parliament

The European Parliament adopted by 425 votes to 200, with 78 abstentions, a resolution on the general guidelines for the preparation of the 2017 budget, Section III – Commission.

Parliament 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, Parliament 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. Parliament reiterated its 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: Parliament strongly believes that boosting investment, including through a better coordinated increase in public and private investment with a focus on the Europe 2020 targets, is a proper policy response with a view to a more balanced economic policy. It believes that those two elements should be taken into consideration in the preparation of the draft budget for 2017 insofar as this should help identify priorities within an economic context.

It called, consequently, 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.

Parliament regretted that the Union budget has in recent years been a **collateral victim of Member States' duplicitous behaviour**, which has led them to consider their contribution to the Union budget as a burden and to treat it as an adjustment variable. For the Parliament, the EU budget is an investment budget which can bring particularly strong added value by boosting growth, competitiveness and job creation in the Member States. In this respect, it drew attention to the need for Member States' contributions to the Union budget not to be treated as an adjustment variable subject to macroeconomic conditions. It reiterated the added value of the Union budget in terms of synergies and economies of scale; emphasises the special situation of isolated and peripheral regions.

In parallel, it 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. Such unfair tax competition in some cases means GDP transfer from one Member State to another and GNI transfer to non-EU tax havens, thus reducing aggregate Member State contributions to the EU budget.

It underlined that the 2017 budget will be impacted by internal and external security challenges, which may also take the form of terrorist threats or extremism, and by the implementation of the shared agenda between the Union and the Member States aimed at securing an EU area of freedom, security and justice.

In this regard, Parliament stressed the importance of the EU budgetary instruments, such as the **Internal Security Fund (ISF),** in order to address the most crucial challenges, including through the strengthening of preventive measures as well as cross-border operational cooperation.

Funding programmes: Parliament 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), Parliament reiterated its commitment to continued funding for this programme with a view to scaling it up and thereby offering a greater number of young people, including young migrants entering the EU, the prospect of effectively entering the labour market by receiving a good quality offer of employment, continued education or apprenticeship. It regretted that during the negotiations on the EU budget for 2016 no new commitments were allocated to further finance the YEI, while youth unemployment remains at its highest rates in the EU.

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.

Migrant crisis: Parliament acknowledged that in spite of the mobilisation of significant budgetary means spread over 2015 and 2016 to address the migration and refugee crisis, **a solution has still not been found** , be it internally within the Union or externally in refugees' countries of origin. It stressed, however, that the budgetary means are insufficient and that **substantial additional financial means are required to address this crisis**. According to members, longer-term solutions should be sought, not only in the annual budgetary procedure, but also in the upcoming interim revision of the MFF.

Parliament urged Commission to present a medium- and long-term political and financial plan to deal with the migration crisis and its impact on the 2017 budget. It highlighted the need to address the **root causes of the migration phenomenon** and stressed that the financing of the migration and refugee crisis should not undermine or hinder the implementation of other important EU policies. In this light, Parliament underlined that **solidarity** is an underlying principle of the EU budget. It reiterated the call for the Commission to come up with a proposal as to how the EU budget can prompt Member States towards a more balanced approach to solidarity.

It also expressed its deep concern at the lack of adequate protection for unaccompanied minors all along the route to a safe place and calls for a thorough investigation into the case of the 10 000 missing children reported by EUROPOL.

Parliament 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, Parliament 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.

Parliament is 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. It recalled their longstanding position that unforeseen payment needs should be financed with fresh appropriations.

MFF revision: lastly, Parliament 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.

Parliament 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 its position in favour of the necessary in-depth reform of the system of Union own resources, Parliament stressed that if there is to be a completely independent EU budget, **genuine own resources** have to be put in place.