2017 general budget: all sections

2016/2047(BUD) - 13/10/2016 - Budgetary report tabled for plenary, 1st reading

The Committee on Budgets adopted the joint report by Jens GEIER (S&D, DE) (Section III – Commission) and Indrek TARAND (Greens/EFA, EE) (other sections) on the Council position on the draft general budget of the European Union for the financial year 2017.

Members stressed that Parliament's reading of the 2017 budget fully reflects the **political priorities** adopted by an overwhelming majority in its resolution of 9 March 2016 on general guidelines and its resolution of 6 July 2016 and the Europe 2020 objectives. They reiterated that, in the current context, initiatives such as the suspension of the ESI funds by the European Commission, are not only unfair and disproportionate, but also politically unsustainable.

They emphasised that peace and stability are core values that need to be maintained by the Union. The Good Friday Agreement, which has proven vital to peace and reconciliation in Northern Ireland, must be protected. They also underlined the need for specific measures to ensure support for the regions which will be particularly affected by 'Brexit.'

New challenges for the EU: Members stressed that the Union is currently facing a number of **serious emergencies** and new challenges, and were convinced that increased financial resources need to be deployed from the Union budget, in order to meet the political challenges and allow the Union to deliver answers and effectively respond to those crises as a matter of utmost urgency. Accordingly, they considered that a **strong political commitment** is needed to secure fresh appropriations in 2017 and until the end of the programming period.

Members recalled the need to meet the needs of the **migration and refugee challenge** and slow **economic growth** as well as investment in research and fighting youth unemployment.

On the issue of migration, the committee noted that the Heading 3 ceiling is vastly insufficient to provide for appropriate funding. It underlined the need for adopting a human rights-based approach linking migration with development and guaranteeing the integration of migrant workers and asylum seekers and refugees, as well as priority programmes, such as culture programmes. This requires the full use of the Flexibility Instrument, as well as the substantial mobilisation of the Contingency Margin, which was accepted by the Council.

No detriment to other Union action: Members reiterated that requests for additional funding needed for addressing the current refugee and migratory challenge **should not be deployed to the detriment of the Union's existing external action, including its development policy.** They stressed that the setting-up of the Facility for Refugees in Turkey (FRT), Trust Funds, and any other ad-hoc instruments cannot be financed by cuts to other existing instruments. Members strongly questioned whether the Heading 4 ceiling (Global Europe) is sufficient to provide an effective response to the current external challenges, including the current refugee and migratory challenges.

Members reiterated their conviction that the Union budget should find ways of financing new initiatives that are not to the detriment of existing Union programmes and policies. They were concerned that the preparatory action for defence research, which will amount to EUR 80 million in the next three years will be squeezed under the current budget of the MFF. They were also convinced that with an already underfinanced Union budget, additional efforts for operations, administrative costs, preparatory actions and pilot projects in relation to the common security and defence policy also need additional financing by Member States, who should consider this in the current MFF mid-term review.

Restoration of sums in the draft budget: under these circumstances, the committee **restored all cuts proposed by the Council to the draft budget.** It stated that it failed to understand the reasoning behind the proposed cuts and contested Council's declared intention to recreate artificial margins in some headings such as subheading 1a (Competitiveness for Growth and Jobs) and Heading 4 (Global Europe), particularly considering that margins would in any way be too small to react to unforeseen circumstances or crises. Members recalled that the Union's ratification of the COP 21 agreement required financial resources to respect the international commitments. They encouraged the Commission to pursue this track in line with the commitment to mainstream climate action in the budget.

Members went on to note that the Council's reading failed to predict the actual execution of the Union budget for the last five years and that considerably more funds were needed in each of the final budgets. They therefore called on the Council to adjust its position in the conciliation committee in order to provide adequate funding for the 2017 budget.

Mobilise all available margins: Members announced that, for the purpose of adequately financing those pressing needs, and considering the very tight MFF margins in 2017, they would call on Parliament to finance the reinforcements above the draft budget by the **exhaustion of all margins available** and an increased recourse to the Contingency Margin.

They also decided to compensate in full all cuts related to the European Fund for Strategic Investments (EFSI) in the Connecting Europe Facility (CEF) and Horizon 2020 for a total of EUR 1 240 million in commitments for 2017 via new appropriations to be obtained through the mid-term revision of the MFF. They increased the Youth Employment Initiative by an additional EUR 1 500 million in commitment appropriations. Appropriate additional financing for these important Union programmes should be decided in the framework of the mid-term revision of the MFF.

The committee expected that the Council would share this approach and that an agreement would easily be reached in conciliation, allowing the Union to rise to the occasion and effectively respond to the challenges ahead;

It set the overall level of appropriations for 2017 at EUR 161.8 billion and EUR 136.8 billion in commitment and payment appropriations respectively.

Members went on to make a series of observations and recommendations under each sub-heading of the budget and each Union institution, in line with their general budgetary views.