2018 budget: guidelines, Section III - Commission

2016/2323(BUD) - 08/03/2017 - Committee report tabled for plenary, single reading

The Committee on Budgets adopted the report by Siegfried MUREAN (EPP, RO) on the general guidelines for the preparation of the 2018 budget, Section III – Commission.

A budget for sustainable growth, jobs and security: Members underlined that only a strong and **targeted EU budget with genuine European added value will benefit all Member States and EU citizens alike**. They expect the Commission to put forward a draft 2018 budget that enables the EU to continue to generate prosperity through growth and jobs and ensures the **safety of its citizens**.

Members stressed that **research, infrastructure and SMEs are key enablers of growth and jobs** and that jobs are created mainly by the private sector. Adequate budgetary support is therefore needed to boost investment in both private and public sectors, with special attention to SMEs. Consequently, they called for particular importance to be given to Heading 1a.

As regards innovation: Members called for an appropriate level of appropriations to be ensured for Horizon 2020, while continuing with its simplification agenda. They stressed the importance of strengthening the COSME programme in the new MFF in order to provide SMEs with more substantial support from the EU.

Members underlined the important role and potential of the European Fund for Strategic Investments (EFSI) in reducing the investment gap which still exists in Europe. They welcomed the Commission proposal for extending the EFSI until 2020 and called on it to regularly analyse the added value of EFSI.

Education and youth employment – prerequisites for the success of the younger generation: according to Members, education is a prerequisite for sustainable, well-paid and stable jobs. They called, in this context, for the **funding for the Erasmus+ programme to be further increased in 2018**.

The report noted that youth unemployment is one of the main concerns at European level and noted the proposal to launch an "**18th Birthday Interrail Pass for Europe**" which has the potential to boost European consciousness.

Traditional EU budget priorities as investment policies: Members showed support for economic, social and territorial cohesion and the agricultural sector. They called on the Commission to continue to support farmers across Europe in coping with unexpected market volatility and in securing safe and quality food supplies.

Internal challenges: Members are convinced that the EU budget has proven to be insufficient to deal with the effects of the migratory and refugee crisis and corresponding humanitarian challenges or with the challenges in the security area such as increasing international terrorism. They underlined that, on this basis, a sustainable solution must be found to this issue, as it has been demonstrated by the repeated mobilisation of special instruments such as the flexibility instrument that **the EU budget was not initially designed to address crises of such magnitude**. A coherent strategy for tackling the migratory and refugee crisis, including clear, measurable and comprehensible objectives, has to be adopted. They called for adequate budgeting in the coming years for the Internal Security Fund (ISF) and the Asylum, Migration and Integration Fund (AMIF). They reiterated the importance of the principle of **burden-sharing among Member States** in financing the efforts needed to adequately provide for refugees.

They underlined that the current budget of the ISF (approximately EUR 700 million in commitments) is not sufficient for tackling the security challenges stemming from international terrorism and called for reinforced financial resources.

Members also called for:

- strengthened management of its borders;
- enhanced cooperation between law enforcement agencies and national authorities and fighting terrorism, radicalisation and serious and organised crime;
- strengthened cooperation in the field of defence;
- support for the fulfilment of the objectives of the Paris Agreement and tackling climate change.

External challenges: recalling the need to tackle the root causes of the current migratory and refugee crisis and the corresponding humanitarian challenges, Members called on the Commission to design a roadmap to **tackle the migratory crisis in an effective way**. They noted that the current trend on the Commission's part to resort to satellite budgetary mechanisms such as the Facility for Refugees in Turkey, trust funds and other similar instruments has **not proved a success in all cases**. They expressed concern that the establishment of financial instruments outside the Union budget undermines the transparent management of the budget and **hampers the right of Parliament to exercise effective scrutiny** of expenditure. They maintain their position that the *ad hoc* external financial instruments which have emerged in recent years must be incorporated into the EU budget, with Parliament having full scrutiny over the implementation of these instruments.

Members also called on the Commission to ensure that priority is given to investment in the EU Neighbourhood.

Sufficient payment appropriations resulting in increased credibility for the EU: Members reiterated their previous calls for providing the EU budget with an adequate level of payment appropriations in order to allow it to fulfil its main purpose as an investment budget. However, they stressed that delays in the implementation of the 2014-2020 programmes under shared management led to a drop in payment claims for 2016 and 2017.

They underlined that, despite a final agreement on the MFF mid-term revision not yet having been reached, several positive elements of the revision that are currently under negotiation – notably in terms of increased flexibility – might prove to be instrumental in preventing and responding to a future payment crisis.

They reiterated their long-standing position that the payments of special instruments must be counted over and above the MFF payment ceiling.

Consequences of the UK's decision to leave the EU: Members called for the establishment of the new financial framework and a reformed and more efficient EU budget taking account of the UK's decision to leave the EU. They drew attention to the fact that the UK's withdrawal from the EU will provide an opportunity to address the long-standing issues which have prevented the EU budget from reaching its real potential, especially as regards the revenue side, in order to **phase out all rebates and correction mechanisms**.

They reaffirmed their position in favour of an in-depth reform of EU own resources.