2018 budget: guidelines, Section III - Commission

2016/2323(BUD) - 15/03/2017 - Parliament's opinion on budgetary estimates/guidelines

The European Parliament adopted by 445 votes to 134, with 101 abstentions, a resolution on the general guidelines for the preparation of the 2018 budget, Section III – Commission.

A budget for sustainable growth, jobs and security: Parliament stressed that decent, quality and stable jobs, particularly for young people, economic growth and socio-economic convergence, migration, security and tackling populism, as well as climate change, are the main concerns at EU level and that the EU budget remains part of the solution to these issues. It stated that, while maintaining budget discipline, the EU budget must be equipped with the tools to enable it to respond to **multiple crises simultaneously**, a certain level of flexibility thus being required.

While growth and jobs continue to remain the core priorities of the EU budget, obtaining sustainable progress and development in these fields has to be accomplished in parallel to addressing EU citizens' concerns regarding safety and security; reiterates its call for thematic concentration when setting priorities for the 2018 EU budget.

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

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

Parliament underlined the important role and potential of the European Fund for Strategic Investments (EFSI) in reducing the investment gap which still exists in Europe. It 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 Parliament, education is a prerequisite for sustainable, well-paid and stable jobs. It called, in this context, for the **funding for the Erasmus+ programme to be further increased in 2018**.

The resolution 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: Parliament showed support for economic, social and territorial cohesion and the agricultural sector. It 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: Parliament is 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. It 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. It called for adequate budgeting in the coming years for the Internal Security Fund (ISF) and the Asylum, Migration and Integration Fund (AMIF). It also reiterated the importance of the principle of **burden-sharing among Member States** in financing the efforts needed to adequately provide for refugees.

Parliament 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.

Parliament stressed that the EU budget is also an **instrument of external solidarity**, providing urgent assistance in humanitarian and civilian crises by offering support to countries in need. It reiterated the EU' s commitment to contributing to the achievement of the Sustainable Development Goals (SDGs) and to achieving the 0.7 % ODA/GNI target within the time frame of the post-2015 agenda. It highlighted that, in the long-term, development aid yields a return on investment in the form of increased trade and GDP growth in Europe.

Parliament 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, Parliament called on the Commission to design a roadmap to tackle the migratory crisis in an effective way. It 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. It 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. It maintained its 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.

Parliament 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: Parliament reiterated its 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, it 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.

It 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.

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

Plenary noted that regretted that corporate tax fraud and tax avoidance have caused huge losses of tax income for Member States, and therefore a reduction in their contributions to the EU budget. Parliament considered that 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.

Consequences of the UK's decision to leave the EU: Parliament 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. It 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.

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

Lastly, it called on the **Council to live up to its political statements** and cooperate to ensure that the EU is equipped with an adequate budget.