2018 budget: mandate for trilogue

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The Committee on Budgets adopted the report by Siegfried MUREAN (EPP, RO) on the mandate for the trilogue on the 2018 draft budget.

Draft budget 2018: **delivering on growth, jobs and security results**: Members recalled that in the resolution of 15 March 2017 Parliament stated that sustainable growth, decent, stable and quality jobs, socio-economic cohesion, security, migration and climate change were the priorities of the 2018 budget.

Overall, the Commission's budget proposal is considered a good starting point for this year's negotiations, **but does not fully correspond to Parliament's call for action on climate change**.

Welcoming the Commission's decision to include in the draft budget the results of the mid-term review of the 2014-2020 multiannual financial framework (MFF) even before its formal adoption by the Council, Members called for investment in research, innovation, infrastructure, education and SMEs to foster growth and employment. They noted in this respect that the proposed allocation for the **COSME programme** is 2.9% lower than in the 2017 budget and indicated that they will call on Parliament to further strengthen this programme in the 2018 budget.

They also called for the extension of the European Fund for Strategic Investments (EFSI) and considered that it should not support entities established or incorporated in jurisdictions listed under the relevant EU policy on non-cooperative jurisdictions, or that do not effectively comply with EU or international tax standards on transparency and exchange of information.

They also called for the improvement of **competitiveness and innovation in the European defence industry**.

Members deplored the fact that the **Commission has not responded to Parliament's request to create an '18th Birthday Interrail Pass for Europe'** in order to boost European consciousness and identity. They await the Commission to make proposals along these lines.

They welcomed the proposal for an additional financial envelope for the Youth Employment Initiative (YEI), via the amending budget proposal No 3/2017, including EUR 500 million in commitment appropriations for the YEI.

They recalled that cohesion policy plays a key role in the development and growth of the Union and deplored the unacceptable delays in the implementation of the operational programmes at national level. In this regard, Members are particularly concerned about the possible reconstitution of a backlog of unpaid bills towards the end of the current MFF period.

Members also warned of the **detrimental effect that a new payment crisis** would have especially on the beneficiaries of the EU budget. The credibility of the EU is also linked to its ability to ensure an adequate level of payments.

At the same time, it underlined the importance of the Union meeting its commitment to achieve the goals set at COP21, in particular in the light of the recent decision by the US administration to withdraw from the agreement. Noting the modest increase of 0.1% in the budget allocated to **biodiversity**, Members reiterated their call for the development of a method for tracking biodiversity-related expenditure.

Members also highlight the fact that the unprecedented mobilisation of special instruments has shown that the **EU budget was not initially designed to deal with issues such as the current crisis of migrants and refugees**. Considering that it is still too early to move on to a post-crisis approach, **Members opposed proposals to reduce Heading 3** compared to the 2017 budget. Instead, they insisted on a more systemic and proactive approach in this area supported by the efficient use of the Union budget. Members stressed that addressing the root causes of the migrant and refugee crisis by investing in the countries of origin is essential, including through the European Sustainable Development Fund (EFSD). In this respect, Members deplored the cuts made in Heading 4.

Members further highlighted the limited margins under the MFF ceilings under Headings 1, 3 and 4. They also declared their intention to widely mobilise provisions related to fiscal flexibility as much as necessary.

Again, Members called for **genuine own resources** in the EU budget.

Letter of amendment: Members noted the numerous references made in the draft budget to the need for a letter of amendment which could partially undermine Parliament's position in the budgetary procedure. Instead of including them in the draft budget, the Commission announced that possible **new initiatives in the area of security and migration** and the possible extension of the **Facility for Refugees in Turkey** (FRT) could be proposed as part of a further letter of amendment. For Members, these potential initiatives should not disregard the requests and amendments presented by Parliament in the context of the budgetary procedure.

They also reaffirmed their support for the implementation of a results-based budgetary strategy and, in line with the foregoing, proposed a series of proposals for each budget heading, the main points of which:

- **Sub-heading 1a - Competitiveness for growth and jobs**: in addition to strengthening the COSME programme and extending the EFSI, Members recalled the importance of the new WiFi4EU initiative and the financing of future **European Solidarity Corps** (ESC);
- **Subheading 1b - Economic, social and territorial cohesion**: Members called for the full implementation of the 2014-2020 programmes, which must imperatively reach cruising speed. They also recalled the importance of the Fund for European Aid to the Most Deprived (FEAD) in combating poverty and social exclusion;
- **Heading 2 - Sustainable Growth**: n**atural resources**: Members noted that the increased volatility of agricultural markets as was the case in the dairy sector in the past might mean envisaging recourse to the margin left under this heading. They called on the Commission to ensure that the margin left under the ceilings is sufficient to address any crises that may arise. They also drew attention to the extension of exceptional support measures for certain fruits whose market situation is still difficult;
- **Heading 3 - Security and citizenship**: Members considered that the significant reductions in commitment appropriations (-18.9%) and payment appropriations (-21.7%) proposed for heading 3 compared to the 2017 budget are not justifiable by the delays in implementation of the agreed measures or in adoption of the new legal proposals. They therefore called for increased budgetary resources, in particular for security or border management, to be used to finance new information systems such as the European Travel Information and Authorisation System (ETIAS) and the entry /exit system (EES). They also deplored the fact that for the third consecutive year the Commission's proposal leaves no margin under the ceiling of Heading 3, which shows that the size of the smallest heading in the MFF no longer corresponds to reality. For Members, **the level of expenditure under this heading remains insufficient**;
- **Heading 4 – Global Europe**: in general, Members regretted the overall reduction under this heading. In particular, they called for an increase in the financial resources allocated to the peace process, financial assistance to Palestine and the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA). They also called on the Commission to **suspend pre-accession funds** to Turkey if the accession negotiations are suspended and, in this case, to use

these funds to directly support civil society in Turkey. They also lent their full support to the pledges made by the EU at the Brussels conference on Syria, confirming the previous London pledges;

- **Heading 5 - Administration**: Members noted that the number of retired European civil servants is expect to rise in the coming years and that consequently Heading 5's share of the EU budget has slightly increased to 6.0 % (in commitment appropriations) due to pensions.

Members also made a series of budgetary recommendations on EU agencies and bodies. They pointed out that EU agencies active in the field of justice and home affairs should be given **urgent and necessary means** in terms of operational expenditure and staffing in order to be able to carry out additional tasks and missions

Lastly, they recalled that **gender mainstreaming** is a legal obligation stemming directly from the Treaties and called for such integration to be made compulsory.