

Resolution on the reflection paper on the future of EU finances

2017/2742(RSP) - 24/10/2017 - Text adopted by Parliament, single reading

The European Parliament adopted by 442 votes to 189, with 37 abstentions, a resolution presented by the Committee on Budgets on the reflection paper on the future of EU finances.

Members welcomed the Commission's presentation of its reflection paper on the future of EU finances. They welcomed the Commission's statement that the future multiannual financial framework (MFF) should be underpinned by a clear vision of Europe's priorities.

Parliament stressed that a debate on the future financing of the EU should **take into account the lessons learnt from previous multiannual financial frameworks** (MFFs), including the 2014-2020 MFF, whose resources proved insufficient to match the actual needs and political ambitions of the Union.

Members pointed to the **severe deficiencies of the current MFF**, which was stretched to its limits in order to provide the necessary resources for the Union to confront a number of serious crises and new challenges and finance its new political priorities.

Doing more together: Parliament regretted that four out of the five presented scenarios in the working document signify an effective decline in the Union's ambitions and envisage the reduction of two long-standing EU policies and cornerstones of the European project enshrined in the Treaties – the **common agricultural policy and cohesion policy**. It stressed its long-standing position that additional political priorities should be coupled with **additional financial means** and not be financed to the detriment of existing EU policies. It considered the fifth scenario ('Doing much more together') a positive and constructive starting point for the ongoing discussion on the future of EU finances.

Increasing the Union's budget: in light of the scale of the new priorities, as well as the impact of the United Kingdom's withdrawal, Parliament suggested **abolishing the ceiling for expenditure of 1 % of the EU's Gross National Income** (GNI) and, therefore, significantly increasing the Union's budget in order to respond to the challenges ahead. It opposed any nominal decrease in the volume of the EU budget in the next MFF, believing that the next MFF should be set at the level of at least 1.23 % of the EU's GNI.

Own resources: Parliament renewed its commitment to a fully-fledged reform of the EU own resources system. It is convinced that, unless the Council agrees to significantly increase the level of its national contributions to the EU budget, **the introduction of new EU own resources remains the only option for adequately financing the next MFF** to a level that corresponds to the actual needs and political ambitions of the Union. The Council should take a political stance on this matter.

Members also highlighted that the United Kingdom's withdrawal from the Union provides an opportunity to **put an end to all rebates**. They called on the Commission to submit ambitious legislative proposals to that effect and pointed out that both the expenditure and the revenue side of the next MFF will be treated as a single package in the upcoming negotiations.

Added value: while acknowledging that the search for European added value is a fundamental question to be addressed, Parliament warned against any attempt to use its definition to call into question the relevance of EU policies and programmes on purely quantitative or short-term economic considerations. It encouraged the Commission to further develop the concept of European added value and to propose the appropriate performance indicators for this purpose.

Members stressed that the next MFF should:

- **render the EU budget more readable and understandable** to EU citizens and allow for a clearer presentation of all areas of EU expenditure;
- **provide directly for the appropriate level of flexibility** that will enable the Union to respond to unforeseen circumstances and finance its evolving political priorities;
- **be aligned with the political cycle of both Parliament and the Commission** and should ensure long-term programming.

Parliament also called for:

- **integration into the EU budget of the European Development Fund**, as well as other instruments not covered by the MFF, without this integration jeopardising the financing of other EU policies and programmes;
- significant reinforcement of MFF special instruments, which should be counted over and above the MFF ceilings for both commitments and payments;
- **creation of a separate crisis reserve** that should allow resources to be mobilised immediately in the event of an emergency;
- **simplification of implementation rules for beneficiaries** and a reduction of the administrative burden; overlaps between instruments offered by the EU budget which pursue similar objectives and serve similar types of actions should be eliminated;
- **simplification of the rules governing the use of financial instruments**; combination of various EU resources under harmonised rules by creating synergies and avoiding any competition between different forms of funding.

Parliament expects the Commission to present its proposals on both the future MFF and own resources **by May 2018**. It is ready to engage in a structured dialogue with the Commission and the Council, with a view to reaching a final agreement on the next MFF before the end of the current parliamentary term.