Next MFF: preparing the Parliament's position on the MFF post-2020

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The Committee on Budgets adopted an own-initiative report by Jan OLBRYCHT (EPP, PL) and Isabelle THOMAS (S&D, FR) on the next MFF: Preparing the Parliament's position on the MFF post-2020.

The report noted that the multi-annual financial framework (MFF) 2014-2020 quickly proved its **inadequacy** in meeting actual needs and political ambitions, as, from the outset, it was called upon to address a series of crises and new challenges in the areas of investment, migration and refugees, youth employment, security, the environment and climate change, which had not been anticipated at the time of its adoption.

As a result, the current MFF had already been pushed to its limits after only two years of implementation as available margins had been exhausted, flexibility provisions and special instruments had been mobilised to a substantial extent, existing policies and programmes had been put under pressure or even reduced, and some **off-budget mechanisms** had been created as a way of compensating for the insufficient level and flexibility of the EU budget.

The Commission will present its package of proposals on the post-2020 MFF, including future own resources, in May 2018.

Members adopted the present report in order to **outline Parliament's position on the post-2020 MFF**. They expect the Commission to present the legislative proposal for the next MFF together with a new draft interinstitutional agreement that takes into account Parliament's positions and suggestions. They aim to adopt, in parallel, a separate report to set out its position on the reform of the EU's own-resources system in line with the recommendations of the High Level Group on Own Resources.

Members called on the Commission to take due account of Parliament's position in preparing the legislative proposals on the EU's own resources, which should be ambitious in scope and presented together with the MFF proposals.

Priorities and challenges of the next MFF: Members stressed that the next MFF should be embedded in a broader strategy and narrative for the future of Europe and should enable the Union to provide solutions and emerge strengthened from the crises of the decade. Europe should offer prospects to the younger generation and is determined to substantially scale up two of its flagship programmes, namely the Research Framework Programme and Erasmus+, which cannot satisfy the very high demand involving top quality applications with their current means. Members stand firm in their support for a **substantial increase** in resources for the fight against youth unemployment and in support for small and medium-sized enterprises through the successor programmes of the Youth Employment Initiative and the programme for the Competitiveness of Enterprises and Small and medium-sized enterprises (COSME); also supports reinforcing the Connecting Europe Facility (CEF) 2.0. They also called on the EU to assume its role in three emerging policy areas with **internal and external dimensions**.

The report stated that a stronger and a more ambitious Europe can only be achieved if it is provided with **reinforced financial means**. It called in the light of the above mentioned challenges and priorities, and taking into account the UK's withdrawal from the Union, for a **significant increase in the Union's budget** . Members estimate the required MFF expenditure ceilings at **1.3 % of the GNI** of the EU-27, notwithstanding the range of instruments to be counted over and above the ceilings.

They are convinced that, unless the Council agrees to significantly increase the level of its national contributions to the EU budget, the introduction of **new genuine EU own resources remains the only option** for adequately financing the next MFF. Members stated that in this respect no agreement will be reached on the MFF without corresponding headway being made on own resources.

Alignment of the duration of the MFF: Members stated that the decision on the duration of the MFF should strike the right balance between two conflicting requirements, namely, on the one hand, the need for several EU policies – especially those under shared management, such as agriculture and cohesion – to operate on the basis of the stability and predictability that is ensured through a commitment of at least seven years, and, on the other hand, the need for democratic legitimacy and accountability that results from the **synchronisation of each financial framework with the five-year political cycle** of the European Parliament and the Commission.

They underlined the need for the MFF's duration to move progressively towards a 5+5 period with a mandatory **mid-term revision**. However, due to the timing of the next European Parliament elections in spring 2019 the 5+5 period may not apply, therefore it is proposed that the **next MFF should be set for a period of seven years** (2021-2027), including a mandatory mid-term revision, by way of a transitional solution to be applied for one last time.

Flexibility: the report underlined that, during the current MFF, the budgetary authority approved a substantial mobilisation of the **flexibility mechanisms and special instruments** included in the MFF Regulation, in order to secure the additional appropriations needed to respond to serious crises or finance new political priorities. These provisions have worked well but a **further reinforcement** of these provisions is still necessary in order to better cope with new challenges, unforeseen events and the evolving political priorities that arise during the implementation of a long-term plan, such as the MFF.

Members reiterated their long-standing position that the **European Development Fund**, alongside other instruments outside the MFF, **should be integrated into the Union budget** in order to increase its legitimacy as well as the efficiency and effectiveness of the Union's development policy.

Procedure and decision-making process: Members called for a decision-making procedure on the next MFF that **safeguards Parliament's role** and prerogatives as set out in the Treaties. They insisted that the MFF Regulation is not the appropriate place for changes to the EU Financial Regulation and urged the Commission to put forward a separate proposal for a revision of the EU Financial Regulation if need be. They also stressed that a shift towards **qualified majority voting** for the adoption of the MFF Regulation would be in line with the decision-making process for the adoption of virtually all EU multiannual programmes, as well as for the annual procedure for adopting the EU budget.

Lastly, the Commission is called on to propose a mechanism whereby Member States that do not respect the values enshrined in **Article 2 of the** Treaty on European Union (TEU) can be subject to **financial consequences** but not through the European Union budget, so that beneficiaries such as regions, organisations or citizens are not harmed financially.