

Interim report on MFF 2021-2027 – Parliament's position in view of an agreement

2018/0166R(APP) - 07/11/2018 - Committee report tabled for plenary, single reading

The Committee on Budgets adopted the interim report on the multiannual financial framework for the period 2021-2027 - Parliament's position for an agreement - by co-rapporteurs Jan OLBRYCHT (EPP, PL), Isabelle THOMAS (S&D, FR), Gérard DEPREZ (ALDE, BE) and Janusz LEWANDOWSKI (EPP, PL).

Members stressed that the 2021-2027 MFF must guarantee the **Union's responsibility for and ability to meet emerging needs, additional challenges and new international commitments**, and attain its political priorities and objectives. They considered that the Commission proposals on the 2021-2027 MFF and the Union's Own Resources system represent the starting-point for the upcoming negotiations but that the **proposed level of the MFF will not allow the Union to deliver on its political commitments** and respond to the important challenges ahead.

Members expressed **opposition to any reduction in the level of long-standing EU policies** enshrined in the Treaties, such as cohesion policy and the common agricultural and fisheries policies and rejected the cuts proposed for the Cohesion Fund or for the European Agricultural Fund for Rural Development as well as the proposal to reduce the European Social Fund Plus (ESF+).

The report called for the mainstreaming of the **Sustainable Development Goals** in all EU policies and initiatives of the next MFF and for all programmes under the next MFF to be in line with the **Charter of Fundamental Rights**. It highlighted the importance of delivering on the European Pillar of Social Rights, on the elimination of discrimination and integrating into annual budgetary procedures the overall impact of the Union's policies on gender equality.

Members expect, therefore, that the MFF will be placed at the top of the Council's political agenda, and regretted that no significant progress has been observed so far. They called for a **good agreement to be reached prior to the 2019 European Parliament elections**, in order to avoid serious setbacks for the launch of the new programmes due to the late adoption of the financial framework, as has been experienced in the past.

They stressed that all elements of the MFF and own resources package, including MFF figures, must remain on the **negotiating table until a final agreement is reached**.

MFF-related requests: Members reconfirmed their formal position that the level of the 2021-2027 MFF should be set at **EUR 1 324.1 billion in 2018 prices**, representing 1.3 % of the EU-27 GNI. They confirmed the following priorities:

- increase the budget for Horizon Europe to reach EUR 120 billion in 2018 prices;
- increase the allocation for the InvestEU Fund;
- increase the level of funding for transport infrastructure through the Connecting Europe Facility programme (CEF-Transport);
- double the specific funding for SMEs (compared to COSME) in the single market programme;
- maintain the financing of cohesion policy for the EU-27 at the level of the 2014-2020 budget in real terms;
- double the resources for tackling youth unemployment in the ESF+ (compared to the current Youth Employment Initiative);

- triple the current budget for the Erasmus+ programme;
- maintain the financing of the common agricultural policy (CAP) for the EU-27 at the level of the 2014-2020 budget in real terms while budgeting the initial amount of the agricultural reserve;
- introduce a specific allocation (EUR 4.8 billion) for a new Just Energy Transition Fund to address societal, socio-economic and environmental impacts on workers and communities adversely affected by the transition from coal and carbon dependence;
- reinforce the instrument(s) in support of neighbourhood and development policies (EUR 3.5 billion) to further contribute to the financing of an investment plan for Africa;
- secure a sufficient level of funding on the basis of the Commission proposal for ‘Migration and Border Management’ (heading 4) and ‘Security and Defence’ including Crisis Response (heading 5);
- secure a sufficient level of funding for a strong, efficient and high-quality European public administration at the service of all Europeans.

Mid-term revision: the report called for a **compulsory and legally binding mid-term revision**, following a review of the functioning of the MFF, and taking into account an assessment of the progress made towards the climate target, the mainstreaming of the Sustainable Development Goals and gender equality, and the impact of simplification measures on beneficiaries. The relevant Commission proposal shall be to be presented no later than 1 July 2023.

Flexibility: while stressing that the Commission’s proposals on flexibility represent a good basis for the negotiations, Members called for a higher allocation for the Flexibility Instrument, the Emergency Aid Reserve, the European Union Solidarity Fund, and the Contingency Margin, the latter without compulsory offsetting.

Outstanding commitments: Members considered that the overall payment ceiling must take into account the unprecedented volume of outstanding commitments at the end of 2020, the estimated size of which is constantly growing due to major implementation delays, and which will need to be settled under the next MFF.

Own resources: Members requested, in line with the Commission proposal, the programmed introduction of a basket of **new Own Resources** which, without increasing the fiscal burden for citizens, would correspond to essential strategic objectives of the EU, the European added value of which is evident and irreplaceable:

- the proper functioning, consolidation and strengthening of the single market, in particular by the implementation of a **common consolidated corporate tax base (CCCTB)**, as a basis for a new Own Resource through the setting of a uniform levy rate on the revenue from the CCCTB and the taxation of large companies in the digital sector profiting from the single market;
- the fight against climate change and the acceleration of energy transition, through measures such as a **share of the emission trading scheme income**;
- the fight to protect the environment through a **contribution based on the quantity of non-recycled plastic packing**.

In addition, Members called for the extension of the list of potential new Own Resources, which should include an Own Resource based on a **Financial Transaction Tax (FTT)** and the introduction of a **carbon border adjustment mechanism** as a new Own Resource for the EU budget. They expressed strong approval of the abolition of all rebates and other correction mechanisms, accompanied, should the need arise, by a limited phasing out period.