Resolution on the conclusions of the extraordinary European Council meeting of 17-21 July 2020

2020/2732(RSP) - 23/07/2020 - Text adopted by Parliament, single reading

The European Parliament adopted by 465 votes to 150, with 67 abstentions, a resolution tabled by the EPP, S&D, Renew, Greens/EFA and GUE/NGL groups on the conclusions of the extraordinary European Council meeting of 17-21 July 2020.

Members welcomed the EU Heads of State and Governments' acceptance of a recovery fund to kick-start the economy, as proposed by Parliament in May 2020, which represents a historic move for the EU. However, they regretted the reduction of the grant component in the final agreement as well as the legal basis chosen to set up the recovery instrument which does not give a formal role to elected Members of the European Parliament.

The next Multiannual Financial Framework (MFF) needs to be improved

Parliament challenged the political agreement on the MFF 2021-2027, deploring the proposed cuts to health and research programmes, in education, digital transformation and innovation, in programmes to support the transition of carbon-dependent regions and in asylum, migration and border management.

Members also stated that EU heads of state and government have failed to tackle the issue of the recovery instrument repayment plan recalling that the creation of new own resources was the only repayment method acceptable to Parliament.

Stressing that it will not be forced to accept an unsatisfactory agreement, Parliament said it was prepared to withhold its consent for the MFF until a satisfactory agreement is reached in the upcoming negotiations between Parliament and the Council.

Parliament's priorities in view of an overall agreement

The rule of law

Members regretted that the European Council significantly weakened the efforts of the Commission and Parliament to uphold the rule of law, fundamental rights and democracy in the framework of the MFF and the Next Generation EU (NGEU) instrument. They called on the co-legislator to complete its work on the Commission's proposed mechanism to protect the EU budget where there is a systemic threat to the values enshrined in Article 2 of the TEU, and where the financial interests of the Union are at stake.

Own resources

Members reiterated that Parliament will not give its consent for the MFF without an agreement on the reform of the EU's own resources system, including the introduction of a basket of new own resources by the end of the 2021-2027 MFF, which should aim to cover at least the costs related to the Next Generation EU instrument.

While the plastics contribution only represents a first partial step, Parliament intends to negotiate a legally binding calendar to be agreed by the budgetary authority for the introduction of additional new own

resources in the course of the first half of the next MFF, such as: (i) the EU Emissions Trading System; (ii) the Carbon Border Adjustment Mechanism; (iii) a digital tax; (iv) the Financial Transaction Tax and (v) the Common Consolidated Corporate Tax Base.

Parliament called for the MFF mid-term revision to be used to add, if necessary, additional own resources in the second half of the 2021-2027 MFF to ensure that the objective will be reached by the end of the 2021-2027 MFF.

EU flagship programmes

Parliament highlighted that flagship programmes are now at risk of experiencing an immediate drop in funding from 2020 to 2021. As of 2024, the EU budget as a whole will be below 2020 levels, jeopardising the EU's commitments and priorities, notably the Green Deal and the Digital Agenda.

Members called for targeted increases for programmes relating to the climate, the digital transition, health, youth, culture, infrastructure, research, border management and solidarity the European Defence Fund as well as relevant EU agencies and the European Public Prosecutor's Office.

Cross-cutting issues

Members insisted on including in the MFF regulation and the regulation on the Next Generation EU instrument:

- horizontal principles such as the UN sustainable development goals, the pursuit of the Union's long-term competitiveness objectives, a fair and socially inclusive transition and a legally binding climate-related spending target of 30 % and a biodiversity-related spending target at 10 %;

- gender mainstreaming and gender impact obligations.

Mid-term review

Parliament called for a review of the MFF by the end of 2024 at the latest. This review should cover the ceilings for the period 2025-2027, the redistribution of the non-committed and decommitted appropriations of the Next Generation EU instrument, the introduction of additional own resources and the implementation of the climate and biodiversity targets.

Recovery and Resilience Facility and democratic principle

Deploring the massive cuts to the grant components, Parliament urged the Council to justify the massive reductions in the budgets of ReactEU, Horizon Europe, EU4health and the NDICI in the context of the pandemic and the budgets of InvestEU and the Just Transition Fund in the context of the Green Deal.

Opposing the position of the European Council on the governance of the Recovery and Resilience Facility, which is based on a intergovernmental approach, Parliament called the full participation in the Recovery Instrument, in accordance with the Community method.

A safety net for beneficiaries of EU programmes or 'contingency plan'

According to Parliament, any political agreement on the next MFF would need to be reached by the end of October at the latest, in order not to jeopardise the smooth start of the new programmes as of 1 January 2021. However, in the event that the new MFF is not adopted on time, Members recalled that Article 312

(4) of the TFEU provides for the temporary extension of the ceiling of the last year of the present framework (2020) and that this would be fully compatible with the recovery plan and the adoption of the new MFF programmes.