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Multiannual Financial Framework agreement

Greens/EFA motion for a resolution

on the Review of the Irish Presidency, including the MFF agreement

tabled by **Rebecca Harms**, **Daniel Cohn-Bendit**, **Helga Trüpel**, **Isabelle Durant**, **François Alfonsi** on behalf of the Verts/ALE Group

The European Parliament,

- having regard to Articles 295, 310, 311, 312 and 323 of the Treaty on the Functioning of the European Union (TFEU),

– having regard to the Communication from the Commission of 29 June 2011 on a Budget for Europe 2020 (COM(2011)0500),

– having regard to the Commission proposal of 29 June 2011 for an Interinstitutional Agreement between the European Parliament, the Council and the Commission on cooperation in budgetary matters and sound financial management (COM(2011)0403),

– having regard to the Commission proposal of 29 June 2011 and the amended Commission proposal of 6 July 2012 for a Council regulation laying down the multiannual financial framework for the years 2014-2020 (COM(2011)0398 and COM(2012)0388),

- having regard to its resolution of 29 March 2007 on the future of the European Union's own resources

– having regard to its resolution of 8 June 2011 entitled 'Investing in the future: a new Multiannual Financial Framework (MFF) for a competitive, sustainable and inclusive Europe'(1) ,

– having regard to its resolution of 13 June 2012 on the Multiannual Financial Framework and own resources(2) ,

– having regard to its resolution of 23 October 2012 in the interests of achieving a positive outcome of the

Multiannual Financial Framework 2014-2020 approval procedure(3) ,

– having regard to the conclusions of the European Council adopted on 8 February 2013,

- having regards to the draft Council regulation laying down the multiannual Financial framework for the years 2014-2020 as proposed by the Irish Presidency at the summit held on the 27 June 2013

– having regard to Rule 110(2) of its Rules of Procedure,

A. whereas, pursuant to Article 312(2) of the Treaty on the Functioning of the European Union (TFEU), the Council, acting in accordance with a special legislative procedure, shall adopt a regulation laying down the Multiannual Financial Framework (MFF), acting unanimously, after obtaining the consent of Parliament; whereas, pursuant to Article 312(2) TFEU, the European Council may, unanimously, adopt a decision authorising the Council to act by a qualified majority when adopting the regulation laying down the MFF;

B. whereas, pursuant to Article 310(1) TFEU, all items of revenue and expenditure of the Union must be shown in the budget;

C. whereas, pursuant to Article 295 TFEU, the European Parliament, the Council and the Commission shall consult each other and by common agreement make arrangements for their cooperation, and, whereas to this end, an interinstitutional agreement should be adopted to improve the functioning of the annual budgetary procedure and cooperation between the institutions on budgetary matters;

D. whereas, pursuant to Article 311 TFEU, the Union must provide itself with the means necessary to attain its objectives and carry through its policies, and is to be financed wholly from own resources; whereas the Council is required to consult Parliament before it adopts a new decision on the reform of own resources and, furthermore, the Council must obtain the consent of Parliament before adopting a regulation on measures to implement the own-resources system;

E. whereas this will be the first time that an MFF regulation is adopted under the new provisions of the Treaty of Lisbon, entailing in consequence new cooperation arrangements between the institutions aimed at reconciling efficient decision-making with respect for Treaty prerogatives;

F. whereas the Treaty of Lisbon confers significant new prerogatives on the European Union in fields such as external action (Article 27(3) TEU), sport (Article 165 TFEU), space (Article 189 TFEU), climate change (Article 191 TFEU), energy (Article 194 TFEU), tourism (Article 195 TFEU) and civil protection (Article 196 TFEU);

G. whereas in its resolution of 8 June 2011, adopted by an overwhelming majority, Parliament established its general political priorities for the next MFF, in both legislative and budgetary terms;

H. whereas in its resolution of 13 June 2012, adopted by an overwhelming majority, Parliament expressed its general priorities for the next MFF in budgetary terms in both the expenditure and the revenue side

I. whereas in its resolution of 23 October 2012, adopted by an overwhelming majority, Parliament renewed its general priorities in the interests of achieving a positive outcome of the Multiannual Financial Framework 2014-2020 in budgetary terms in both the expenditure and the revenue side

J. whereas in its resolution of 13 March 2013, adopted by an overwhelming majority, Parliament expressed its pre-conditions and conditions in order to give its consent on the MFF.

GENERAL CONSIDERATIONS

Outcome

1. Rejects the final political agreement on the Multiannual Financial Framework for the years 2014-2020 as proposed by the Irish Presidency and agreed by the European Parliament President at the meeting held on the 27 June 2013 pursuant the article 324 of the TFEU; is strongly convinced that political agrement does not allow the Union to fulfill its obligations at both political and budgetary levels.

2. Considers that the overall package on both the Multiannual Financial Framework (MFF) and InterInstitutionnal Agreement (IIA) is far from the initial EP's negotiating position and fails to respond to any of the key EP's demands set out in the its resolution adopted by an overwhelming majority on 13 March 2013 such as a substantial increase in the future-oriented policies, a compulsory and comprehensive revision, a maximum overall flexibility and an agreement on own resources.

3. Calls on the continuation of the negotiations on the MFF; therefore reminds that if no MFF has been adopted by the end of 2013, the ceilings and other provisions corresponding to 2013 will be extended until such time as a new MFF is adopted; signals that, in this eventuality, Parliament would be ready to reach a swift agreement with the Council and Commission to adapt the internal structure of the MFF to reflect the new political priorities as well as to adopt all legislative basis.

Negotiating process

4. Reminds that the negotiations have been led by the 3 big groups, especially during trilogues, excluding de facto the 4 other groups of the European Parliament.

5. Stresses that the negotiation team kept on refusing to properly negotiate the MFF ceilings per heading and per year while the resolution voted by an overwhelming majority of the Parliament on 13 March 2013 states that the MFF ceilings as agreed by the European Council was rejected and rejects the agreement.

6. Is firmly determined to exercise fully its legislative prerogatives as set out in the Treaty of Lisbon; states once more that negotiations on elements falling under the ordinary legislative procedure cannot be pre-empted by the European Council's conclusions on the MFF, which must be taken as no more than political recommendations to the Council; warns the Council against any attempt to reduce the legislative power of the European Parliament, especially concerning the reforms of the Cohesion policy and the Common Agriculture Policy (CAP).

7. Considers that the process through which the final political agreement has been made between the 3 EU institutions, especially concerning the representative of the European Parliament, is unacceptable and constitutes a breach of trust as it has been done behind closed doors and in a non-transparent manner.

Pre-conditions

8. Reiterates its strong opposition to the current accumulation and rollover of outstanding payment claims in the EU budget, and expresses its firm opposition to a financial framework that might lead the EU budget into a structural deficit, against the provisions of the Treaty (Articles 310 and 323 TFEU);

9. Is therefore determined to prevent any further shifts of payments from 2013 to the next MFF; recalls the declaration annexed to the EU Budget 2013 calling for the Commission to present, at an early stage in the year 2013, a Draft Amending Budget devoted to the sole purpose of covering all unpaid payment

claims for 2012; emphasises that it will not conclude these negotiations before the final adoption by Council and Parliament of this Amending Budget;

SPECIFIC CONSIDERATIONS

Overall amount

10. Rejects firmly the overall amount of the MFF ceilings, both in commitments and payments, as agreed in the political agreement as this would add even more austerity at the EU level to the austerity already being implemented at the member states' level while a sustainable green development plan is urgently needed to respond to the crises.

11. Is strongly convinced that the level of commitments appropriations (€ 960 bn) laid down in the political agreement on the Multiannual Financial Framework which is the copy-past of the European Council conclusions is far too low to allow the Union to fulfil its obligations laid down in the Treaty, to finance properly its new tasks and competencies transferred by the Lisbon Treaty and to fulfil the EU2020 strategy targets,

12. Underlines, therefore, that this level of commitments represents just 1,00% of the EU GNI down from 1,12% of the EU GNI in the current financial perspectives; Reminds that the own resources ceiling allows the Union to have a budget in commitments representing up to 1,29% of the EU GNI.

13. Recalls that the overall amount in commitments appropriations for the MFF 2014-2020 represents a € 85 billion cut compare to the initial Commission proposal which represented already a freeze over the 7 years at the 2013 level.

14. Stresses that according to the political agreement on the MFF for the first time the Union's Multiannual Financial Framework budget will shrink by -8 % compare to the level of 2013 while its competencies, objectives and targets have steadily grown over the past years.

15. Is absolutely convinced that the level of payments appropriations (€ 908,4 bn) laid down in the political agreement on the Multiannual Financial Framework which is the copy-past of the European Council conclusions is far too low to allow the Union to fulfil its obligations laid down in the article 323 of the TFEU; Points out consequently that the level of the RAL by the end of 2020 will be even bigger than at the end of the current MFF.

16. Underlines that the overall amount in payments appropriations for the MFF 2014-2020 represents a € 91 billion cut compared to the initial Commission proposal which represented already a freeze over the 7 years at the 2013 level.

17. Underlines, therefore, that this level of payments represents just 0,95% of the EU GNI down from 1,06% of the EU GNI in the current financial perspectives; Reminds that the own resources ceiling allows the Union to have a budget in payments representing up to 1,23% of the EU GNI.

18. Stresses that the level of the RAL by the end of 2012 which is estimated at € 217 billion will keep on growing according to the political agreement on the MFF; Warns the EP that by accepting the political agreement on the MFF it will endorse the continuation of the growing trend of the RAL and will take responsibility on future payment problems.

Own resources

19. Considers that the political agreement on the MFF concerning the Own resources is unacceptable; Points that the agreement on own resources is based on a non-binding written declaration which mentions any political roadmap nor objective nor targets;

20. Reminds, therefore its negotiating position expressed in its resolution voted on 13 June 2012 and repeated in its interim report adopted on 23 October 2012 that it was not prepared to give its consent to the next MFF regulation without a reform of the own resources system.

21. Calls on having an EU budget wholly financed by own resources system as stated in the art 311 of the TFEU putting an end to rebates and correction mechanisms and phasing out the GNI-based contribution; insists on reducing the GNI-based contribution by increasing the revenues coming genuine own resources, thus, facilitating the annual budgetary procedures at the EU level as well as the fiscal consolidation at national level

22. Welcomes there again the legislative proposals tabled by European Commission on own resources, especially the Financial Transaction Tax, which shall be the basis for a true reform of the own resources system; calls on the Commission to come up with additional own resources proposals as soon as possible taking into account the outcome of the European elections.

Post-electoral revision

23. Considers the revision as laid down in the political agreement has non-binding nature as the European Commission is not forced to present a revision of the MFF regulation after the European elections; Stresses, therefore, that in case the new European Commission decides to table a revision of the MFF, the unanimity clause makes almost impossible the possibility to react to new political, economic, social and environmental situation.

24. Firmly believes that, in order to ensure full democratic legitimacy, the next European Parliament and Commission – that will come into office following the 2014 European elections – should be in a position to carry out a revision of the MFF 2014-2020; underlines, therefore, its position in favour of a compulsory and comprehensive revision of the MFF, or possibly a sunset clause; considers that the revision should be legally binding, enshrined in the MFF Regulation and decided by qualified majority in the Council, making full use of the passerelle clause of Article 312(2) of the TFEU

Flexibility

25. Is convinced that the political agreement on MFF does not cover the maximum overall flexibility as requested by the EP in its resolution voted on 13 March 2013 as well as in its resolution voted on 23 October 2012 which states that "in order to have a viable and effective MFF, a 7-year period requires a maximum level of flexibility".

26. Points that the flexibility on payments proposed in the political agreement on the MFF is not a maximum overall flexibility as it establishes as of 2018 a capping on the automatic carry-over of unused payments from N-1, Is of the opinion that such capping creates a potential risk that unused payments cannot be carried over to the next year budget endangering the full mobilization of the MFF ceilings on payments.

27. Considers that the establishment of any capping on the automatic carry-over of unused payments limits in itself to the principle of the maximum overall flexibility as well as it creates an incentive from certain member states to under-budget the EU budget in payments in order to avoid the use of the payment ceilings to the fullest extent.

28. Points that the flexibility on commitments proposed in the political agreement on the MFF is not a maximum and overall flexibility as it establishes a limit on time by not authorizing the automatic carry-over of unused commitments to the next year's budget as of 2017.

29. Considers that the establishment of a limit on the automaticity of the cary-over of unused commitments is a limit in itself to the principle of the maximum overall flexibility as well as it creates a certainty that the MFF ceilings in commitments will never be mobilized to the fullest extent.

30. Points out that the mobilization of the Contingency margin which was foreseen as a last-resort instrument to go, by QMV, over and above the MFF ceilings up to 0,03 % of the EU GNI, will be weakened by the political agreement on the MFF as it will be introduce the principle of compulsory full offsetting against current and future financial years; is therefore convinced that the EP will reduce the overall flexibility on the MFF by accepting to water down the use and the scope of the Contingency margin.

31. Underlines that the special instruments, which are over and above the MFF ceilings, are specific instruments which facilitates the annual budgetary procedure while does not represent a binding commitment as it is foreseen for unforeseen events; is therefore convinced that due to this particularity the envelope of the special instruments should not be reduced compare to the initial Commission proposal but their flexibility should be extended in order to roll over unused appropriations to the rest of the MFF.

Frontloading of programme

32. Underlines that the frontloading is not spending more but spending earlier; insists therefore that any frontloading, beside its important political impact, shall not be seen as an overall increase of this budget but rather than as a way to spend sooner than expected.

33. Considers that the flexibility in commitments allows the Union to reload the budget lines which might be frontloaded for political reasons; however points that due to the limited margin available below the MFF ceilings in commitments there is a risk at not carrying over anything after 2015 unless the budgetary authorities decides to reduce even further the EU budget to allow the carry-over of unused commitments.

34. Stresses that by refusing to modify the profile of the MFF ceilings per year and per headings, the Council forces the Commission to back loading some funds in order to finance the frontloading, thus, demands that the Commission identifies publicly the budget lines which will be back loaded in order to compensate the frontloading of some others.

35. Welcome the frontloading of the fund for the Youth Employment Initiative (YEI) to the 2014 and 2015 budgets; however points the risk at fully consuming the YEI budget (€ 6 billion of which 3 billion comes from the ESF) by 2015; urges the European Commission to come up with a new YEI regulation aiming at increasing the financial envelope for the YEI to make it efficient and permanent.

36. Points out that € 6 billion over the 2 first year of the MFF will be far from sufficient to tackle the rocketing youth unemployment rate across the Union.

37. Appreciates the possibility to frontload the budget for Horizon2020 budget; considers however as irrelevant the amount frontloaded (€ 200 million for 2014 and 2015 out of € 70,2 billion) which will not prevent the Union's R&D budget to shrink in 2014 and 2015 compare to 2013 while the Heads of State and governments agreed, on 8 February 2013, on ensuring that the Horizon 2020 budget will represent a real growth compared to 2013 level; points furthermore that this will not prevent the programme from the cuts made by the Heads of state and government and laid down in the indicative MFF breakdown made by the European Commission (-12%);

38. Welcomes the frontload of the Eramsus + budget; considers however that the frontloading is a cosmetic change (€ 150 million for 2014 and 2015 out of € 13 billion) compare to the overall envelope of the programme; points however that this will not prevent the programme from the cuts made by the Heads of state and government and laid down in the indicative MFF breakdown made by the European Commission (-14%);

39. Appreciates the frontloading for COSME programme; considers however that the frontloading is a symbolic change (€ 50 million for 2014 and 2015 out of € 2 billion) compare to the overall envelope of the programme; points however that this will not prevent the programme from the cuts made by the Heads of state and government and laid down in the indicative MFF breakdown made by the European Commission (-15%);

Fund for the Most deprived persons

40. Appreciates the increase by € 1 billion for the fund for the most deprived persons keeping the financial envelope at the 2013 level; however stresses that the increase will be done on a voluntary basis making the increase hypothetic and will consequently reduce funding for other projects financed by the European Social Fund; underlines, furthermore, that the intensity of the aid for the most deprived persons will be reduced due to the fact that the fund will be made accessible for all member states as of 2014;

Duration

41. Reiterates its position that a 5-year period would better align the MFF's duration with that of the institutions' terms of office, thereby enhancing democratic accountability and responsibility; considers therefore, that the outgoing European Parliament shall not bind the next Parliament and the next Commission with a 7-years MFF unless there is a binding post-electoral revision clause by QMV.

42. Is convinced that a non-agreement of the MFF will allow the EU citizens to take over the political debate during the next European elections and to better align the next financial perspective until the end of the decade and the political cycle.

MFF CEILINGS

EU 2020 strategy

43. Is convinced that the added-value of MFF ceilings is to finance a political project delivering predictability and certainty to the institutions and stakeholders; considers that the EU2020 has been adopted by all EU institutions as the EU strategy for the rest of the decade and thus commits all EU institutions and Member states to finance properly the common agreed political agenda; regret therefore the lack of ambition of the EU2020 strategy but considers its objectives as a bare minimum; considers however that the reduction of the MFF ceilings by 85 billion compare to the Commission proposal, which was a freeze at the 2013 level, is in full contradiction with the EU2020 agenda.

44. Reminds the social objective of the EU2020 strategy which is to have 75% of the 20-64 year-old employed by 2020; worries that the available funds under the MFF ceilings would not be sufficient to overcome form the crisis and reduce sufficiently the unemployment rate by 2020.

45. Reminds the objective of the EU2020 strategy to invest at least 3% of the EU's GDP in R&D; is strongly convinced that the sharp cut made in R&D and SMEs-related programmes is in opposition with the agreed objectives

46. Considers that the EU budget should play a key role to finance the EU2020 climate and energy targets

(the so-called 20-20-20 objective); regrets that the EU2020's climate and energy targets lack ambitions and are not necessarily binding; believes therefore that the leverage effect of the MFF should be targeted for additional measures linked to the climate mainstream.

47. Agrees that climate action is mainstreamed in the appropriate instruments. Through this mainstreaming into different policies, at least 20% of the next MFF should be climate related expenditure; regrets however that the mainstream for the climate action is not stronger.

48. Firmly believes that the education targets set out in the EU2020 strategy are essential to ensure a fair and equal chance to all EU citizens; strongly rejects the reduction made in programmes related to culture and education in the MFF; believe that it will weakens the EU in

49. Is strongly convinced that any solidarity within the EU should be targeted firstly to the poorest; considers that the fight against poverty and the social exclusion should be strengthened in budgetary terms in all relevant sectorial policies in order to ensure that the EU2020 poverty targets are fulfilled.

Heading 1a

50. Points that the Heading 1a, which is focused on research and innovation, SMEs, Youth, education and large infrastructures, has been the most heavily cut (-24% compare to the Commission proposal) by the political agreement on the MFF;

51. Considers this heading as a key priority for a forward-looking and modern budget; Is strongly convinced that there is a high risk that the EU2020 strategy will fail as the Lisbon strategy if the MFF ceilings of the H1a are not substantially increased;

52. Points out that the large-scale projects, which have a high of overruns especially ITER and COPERNICUS, have been integrated into the H1a adding potential risks to the others programmes in the H1a in case of overruns; reiterates its supports to the Commission proposal to put the large-scale projects over and above the MFF ceilings to avoid any risks in case of overruns.

Heading 1b

53. Points that the Heading 1b, which finances the Cohesion policy and the YEI, has been reduced by 4% compare to the Commission proposal while it represented already a significant reduction of the heading due to the reform of the Structural funds.

54. Stresses that 50% of the YEI will be financed by the European Social Fund (ESF) and 50% by a separate line; Welcomes again the frontloading on the YEI but reiterates its concerns about the financing and the possibility to end with a dried up budget line by the end of 2015.

55. Reiterates its concerns about the back loading of certain programmes within H1b; demands on the Commission to clarify which programme will be backload to compensate the frontloading.

Heading 2

56. Points that the Heading 2, which funds mainly the CAP, the Common Fishery Policy and LIFE + programme, has been cut by 4% compare to the Commission proposal while it represented already a significant reduction of the heading due to the reform of the CAP.

57. Reiterates its concerns about the Council trying to limit the legislative power of the EP by refusing to negotiate on chapter already covered by the European Council conclusions of 8 February 2013, especially

concerning the flexibility among pillar and the capping of direct payments.

Heading 3

58. Underlines that the Heading 3, which is focused security, home affairs and citizenship, has been slashed by 17% compare to the Commission proposal, thus making almost impossible to finance properly certain programme such as Creative Europe and the Asylum and Migration Fund; reiterates its firm position to finance properly the citizenship programmes which have demonstrated their significant European added-value.

Heading 4

59. Points that the Heading 4, which finance the external action of the Union, has been the heavily cut by 16% compare to the Commission proposal making almost impossible the objective of the Union to become a global actor.

60. Points out that the sharp reduction in the Heading 4 -as well as in the European Development Fund (EDF)- put in danger the objective of the Millennium Development Goal to spend 0,7% of the EU GDP by 2015; reiterates its conviction that the European development policy has an important European added-value making the Union the first international actor in the field of the development aid; believes therefore that the sharp cuts in the heading 4 is in full contradiction with EU's international commitments.

Heading 5

61. Points that the Heading 5, which finances the EU administrations, has been reduced by 2% compare to the Commission proposal; considers that in time of economic difficulty across the EU institutions shall act with responsibility and shall demonstrate a certain understanding towards the EU citizens; therefore considers that some additional savings can be made in the H5 without endangering the quality of the EU public service, reducing the ecological footprint and respecting a social and sustainable fairness among EU staff.

European Development Fund (EDF)

62. Points that the EDF, which finance the development programmes in the world's poorest, has been reduced by 11% compare to the Commission proposal; reiterates its concerns about the risk that the objective of the Millennium Development Goal to spend 0,5% of the EU GDP by 2015 will not be reached by accepting such reduction.

63. Demands on the Commission to budgetize the EDF under the MFF ceilings, adjusting the ceilings accordingly, as soon as possible and a the latest as of 2021;

64. Instructs its President to forward this resolution to the European Council, the Council, the Commission, the Governments and Parliaments of the Member States, and the other institutions and bodies concerned.

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