

P7_TA-PROV(2012)0360

Multiannual financial framework for the years 2014-2020

European Parliament resolution of 23 October 2012 in the interests of achieving a positive outcome of the Multiannual Financial Framework 2014-2020 approval procedure (COM(2011)0398 – COM(2012)0388 – 2011/0177(APP))

The European Parliament,

- having regard to Articles 311 and 312 TFEU,
- 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 the Commission’s 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 communication from the Commission of 29 June 2011 on a Budget for Europe 2020 (COM(2011)0500),
- having regard to the Commission report of 27 April 2010 to the European Parliament and the Council on the functioning of the Interinstitutional Agreement on budgetary discipline and sound financial management (COM(2010)0185),
- having regard to its resolution of 29 March 2007 on the future of the European Union’s own resources¹,
- 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’²,
- having regard to its resolution of 13 June 2012 on the Multiannual Financial Framework and own resources³,
- having regard to the joint statement on MFF-related issues annexed to the revised financial rules applicable to the general budget of the Union,
- having regard to Rule 81(3) of its Rules of Procedure,
- having regard to the interim report of the Committee on Budgets and the opinions of the Committee on Foreign Affairs, the Committee on Development, the Committee on International Trade, the Committee on Budgetary Control, the

¹ OJ C 27 E, 31.1.2008, p. 214.

² Texts adopted, P7_TA(2011)0266.

³ Texts adopted, P7_TA(2012)0245.

Committee on Employment and Social Affairs, the Committee on the Environment, Public Health and Food Safety, the Committee on Industry, Research and Energy, the Committee on Internal Market and Consumer Protection, the Committee on Transport and Tourism, the Committee on Regional Development, the Committee on Agriculture and Rural Development, the Committee on Fisheries, the Committee on Culture and Education, the Committee on Legal Affairs, the Committee on Civil Liberties, Justice and Home Affairs, the Committee on Constitutional Affairs and the Committee on Women's Rights and Gender Equality (A7-0313/2012),

- 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 Article 312(5) TFEU calls on the European Parliament, the Council and the Commission to take any measure necessary to facilitate the adoption of the financial framework;
- E. 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;
- F. 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;
- G. 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);

- H. 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;
- I. 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;
- J. whereas the relevant parliamentary committees have carried out a full in-depth analysis of needs in order to identify political priorities, as evidenced in their annexed opinions;
- K. whereas the Cypriot Presidency-in-Office intends to submit a ‘negotiating box’, including ceiling figures (but also policy choices falling within the ordinary legislative procedure) to an Extraordinary European Council in November 2012;
- L. whereas the EU budget already provides guarantees for medium-term balance of payments financial assistance to non-eurozone Member States, for up to EUR 50 billion, as well as guarantees for the European Financial Stabilisation Mechanism (EFSM) for up to EUR 60 billion (total outstanding amount of loans);
- M. whereas it is necessary for the EU to have both a budget and a budgetary procedure which fully reflect the transparent and democratic essence of the parliamentary decision-making and control process, on the basis of respect for the general principles of unity and universality, which require that all revenue and expenditure be entered in full with no adjustment against each other, and that there be a parliamentary debate and vote on both revenue and expenditure in line with Treaty competences;

The EU budget as a key tool to deliver smart, sustainable and inclusive growth for the entire EU

1. Is fully aware that the negotiations on the MFF 2014-2020 are taking place in a very difficult social, economic and financial context, in which Member States are engaging in considerable efforts to make fiscal adjustments to their national budgets, with a view to the sustainability of public finances and the stability of the banking sector and the single currency; insists that the Union cannot be seen as adding an extra fiscal burden on taxpayers; is, however, convinced that the EU budget is a part of the solution to enable Europe to emerge from the current crisis by promoting investments in growth and jobs and helping Member States tackle, collectively and in concerted fashion and on a sustainable basis, the present structural challenges, in particular loss of competitiveness, rising unemployment and poverty;
2. Considers, however, that balanced structural reforms at both national and EU level represent an essential precondition for the sound and efficient implementation of EU funding, while recalling the importance of sound public finances;
3. Recalls that the European Council has, on numerous occasions, insisted on the need for a strengthened European economic governance and has endorsed the objectives set out in the EU 2020 strategy for smart, sustainable and inclusive growth, namely promoting employment, improving the conditions for – and public spending on – innovation, research and development,

meeting our climate change and energy objectives, improving education levels and promoting social inclusion, in particular through the reduction of poverty;

4. Recalls that the European Council itself adopted, in June 2012, a ‘Growth and Jobs Compact’, which acknowledges the leverage effect of the EU budget in terms of strengthening growth and employment and places major emphasis on its contribution to helping the entire Union overcome the current economic and financial crisis;
5. Considers that the Union has been particularly affected by the successive financial crises of the past four years partly because financial operators, international partners and public opinion have questioned the level of solidarity within the EU; believes that the EU budget should be at the heart of such solidarity; is convinced, therefore, that the decision on the next MFF will either have a significant positive impact on the efforts made by national governments to overcome the crisis or lead to a further recession in the EU;
6. Recalls that all the macroeconomic financial stabilisation measures taken since 2008 have not yet brought an end to the economic and financial crisis; believes, therefore, that in order to return to growth and generate employment in Europe, Member States should continue their efforts to unlock their potential for sustainable growth and that a well-targeted, robust and sufficient EU budget is needed to further help coordinate and enhance the national efforts;
7. Notes that the EU budget represents only some 2 % of total government expenditure in the Union, and is hence more than 45 times smaller than the sum of government expenditure in the Member States;
8. Recalls that, pursuant to Article 310 TFEU, the revenue and expenditure shown in the EU budget must be in balance and that, therefore, the budget cannot generate deficit and public debt;
9. Stresses that the EU budget is primarily an investment budget and that 94 % of its total returns are invested in the Member States themselves or for external priorities of the Union; emphasises that, for the regions and Member States, public investment would be minimised or impossible without the contribution of the EU budget; believes that any decrease of the EU budget would inevitably increase imbalances and hamper the growth and competitive strength of the entire Union economy, as well as its cohesiveness, and would undermine the principle of solidarity as a core EU value;
10. Underlines the fact that the Lisbon Strategy has failed to achieve its goals, owing inter alia to the insufficient coordination and commitments from all levels in both budgetary and legislative terms; strongly believes that, in order to be effective, the Europe 2020 strategy needs to be implemented now and not delayed any longer;
11. Recalls that delivering on the Europe 2020 strategy’s seven flagship initiatives will require a substantial amount of future-oriented investment, estimated at no less than EUR 1 800 billion up to 2020⁴; stresses that one of the main objectives of the Europe 2020 strategy, namely, to promote growth and high-quality

⁴ (COM(2010)0700).

employment for all Europeans, will only be achieved if the necessary investment in education, in favour of a knowledge society, and in research and innovation, SMEs, and green and new technologies, while promoting social inclusion, is made now and not delayed any longer; favours combining a twin-track approach of growth-friendly fiscal consolidation measures in order to reduce deficits and public debt with the promotion of such investments;

12. Considers that the alarming situation young people face across the EU, including an unprecedentedly high unemployment rate, increasing poverty and educational challenges, requires a particular effort, through mainstreaming measures, to keep the new generations committed to the EU values of peace, democracy and human rights, economic prosperity and social justice, and by providing adequate budgetary support programmes;
13. Stresses that a strong, diversified, competitive industrial base is key to achieving a smart, sustainable, inclusive European economy; underlines the importance of the industrial sector in supporting competitiveness and job creation in the EU and its resulting crucial contribution towards overcoming the economic crisis;
14. Strongly supports the Commission's proposal to mainstream measures to combat climate change with the aim of at least 20 % of expenditure being climate-related; considers it essential that the EU budget be able to mobilise investment for a sustainable and prosperous low-carbon economy, provide adequate support for achieving the EU 2020 targets for climate, energy, resource-efficiency and biodiversity, and benefit the EU's citizens by ensuring a more healthy environment;
15. Calls, therefore, on the Member States to consider synergies between the national consolidation effort and the added value of a well-prioritised EU budget, allowing the implementation of the political commitments already made at the highest level;

Level of expenditure

16. Stresses that since 1988 national budgets have grown on average more rapidly than the EU budget; notes that even since the start of the crisis in 2008 total government expenditure in the Member States has risen at an annual nominal rate of 2 %; draws the conclusion that this shrinkage of the EU budget with respect to the national budgets is in flagrant contradiction with the extension of competences and tasks conferred on the Union by the Treaty and with major political decisions taken by the European Council itself, notably the development of a strengthened European economic governance;
17. Emphasises that since 2000 the gap between the EU own resources ceiling (1.29 % of GNI in commitment and 1.23 % in payment appropriations) and the MFF ceilings has grown dramatically; furthermore notes that the MFF only sets maximum levels of expenditure, while the EU budget has always remained far below those levels;
18. Considers that the Commission proposal, which represents a freeze of the MFF 2014- 2020 ceilings at the level of the 2013 ceilings, will not be sufficient to

finance existing policy priorities linked to Europe's strategy for smart, sustainable and inclusive growth, the new tasks provided for by the Treaty of Lisbon, or unforeseen events, not to mention the political objectives and commitments set by the European Council itself;

19. Recalls its position, as stated on 8 June 2011, that without an adequate increase in the budget above the level of the 2013 ceilings, several EU priorities and policies will have to be revised downwards or even abandoned;
20. Warns the Council against any attempt to reduce further the level of EU expenditure as proposed by the Commission; firmly opposes any plea for linear, across-the-board cuts that would jeopardise the implementation and effectiveness of all EU policies, irrespective of their European added value, political weight or performance; instead, challenges the Council, in case it proposes cuts, to clearly and publicly identify which of its political priorities or projects should be dropped altogether;
21. Stresses the key role that the EU budget must play in achieving the jointly agreed EU 2020 Strategy objectives; strongly believes that EU funding, if well devised, can actually trigger and catalyse actions having clear Union added value which Member States are unable to carry out on their own, as well as creating synergies and complementarities with Member States' activities by helping them focus on key future-oriented investment;
22. Reaffirms, in this context, its position in favour of a significant increase in the funding available for the Union programmes in the fields of competitiveness, SMEs, entrepreneurship and sustainable infrastructures, which are at the heart of the Europe 2020 strategy; strongly believes that further cuts with respect to the Commission proposal will seriously jeopardise the EU's credibility and its political commitment in favour of growth and jobs;
23. Warmly welcomes the Commission's proposal on the Connecting Europe Facility (CEF) and its realistic financial allocation for the purpose of improving Europe's transport, energy and digital networks; urges, in this context, that the amount transferred from the Cohesion Fund to CEF should be spent – during the first years – in full accordance with the national allocations under this Fund;
24. Underlines the importance of research and innovation in accelerating the transition towards a sustainable, world-leading, knowledge-based economy which uses its natural resources efficiently and responsibly; calls on the EU institutions and the Member States to agree on a specific roadmap for achieving the 3 % GDP target of investment in research; points to the massive economic commitment that this target would entail, in terms of additional expenditure totalling EUR 130 billion, annually and funded from all sources; stresses, consequently, the need to enhance, stimulate and secure the financing of research and innovation in the Union via a significant increase in expenditure, and in EU research and innovation funding – notably through the Horizon 2020 programme;
25. Recalls that SMEs are key drivers of economic growth, competitiveness, innovation and employment, and recognises their important role in ensuring recovery and boosting a sustainable EU economy; welcomes, therefore, the

emphasis put by the Europe 2020 strategy on innovation and industrial policy; strongly rejects any attempt to further decrease the allocation for programmes, such as COSME, that are at the heart of European competitiveness and employment;

26. Considers that EU cohesion policy (structural funds and cohesion fund), is a strategic tool for investment, sustainable growth and competitiveness, and a main pillar of European solidarity, with an undisputed EU added value; notes also the significant spill-over effects of cohesion funding for all EU Member States; insists that, in order to effectively reduce macroeconomic imbalances within the EU and contribute to economic, social and territorial cohesion, it should be able to rely on a stable, solid and sustainable financial framework; reaffirms its position that cohesion policy funding, given the pressing need to secure public investment in growth and jobs, should be maintained at least at the level of the 2007-2013 period and continue to cover all EU regions, with a focus on the less developed regions; endorses the Commission proposal to earmark 25 % of the total cohesion policy allocation to the ESF;
27. Recalls its position that, given the wide array of tasks, challenges and objectives that the CAP is called on to respond to, the amounts allocated to the CAP in the budget year 2013 should be at least maintained during the next financial programming period; believes that the new CAP should aim at a more effective and efficient allocation of its budget, inter alia via a fair distribution of direct payments and rural development allocations between Member States, regions and farmers, in order to reduce the existing gap; stresses, in this context, the important role played by the second pillar of the CAP, which makes a significant contribution to investment and job creation in rural areas, to enhancing the effectiveness and competitiveness of the farming industry, particularly in the light of the new challenges referred to in the Europe 2020 strategy, as well as to managing environment and preserving biodiversity;
28. Emphasises that strengthening the well-targeted and effective Union programme for environment and climate is indispensable and that integrated spending on climate and environment should be actively supported within relevant Union funds;
29. Recognises the serious challenges that young people in the EU face with the economic crisis; considers that participation, employment, education, non-formal education, training, mobility and the social inclusion of young Europeans are issues of strategic importance for the development of the EU and European society; insists on mainstreaming and prioritising these issues in all relevant policies and programmes financed from the EU budget, alongside the necessary increase in the financing of the concrete youth-specific instruments proposed by the Commission, such as the introduction of a youth guarantee scheme to ensure that every young person in Europe not able to find a job is offered the possibility of further education and training;
30. Stresses the need to continue the programme for the most deprived persons; reminds the Commission of its commitment to submit, in good time, a legislative proposal in this regard in order to ensure continuity of the support for such a programme after 2013 on a new legal basis and with independent funding;

31. Takes the view that the overall amount dedicated by the Commission to the Area of Freedom, Security and Justice does not adequately reflect the strengthening of this area with the Treaty of Lisbon and its growing tasks and challenges; stresses that funded activities must have European added value and that a fair, balanced, transparent share of funding between the various objectives pursued by these programmes must be secured;
32. Recalls that the EU's education, youth, media and culture programmes are close to the citizens, enjoy extraordinarily high implementation rates, produce noticeable leverage and spillover effects including significant economic results, and generate clear and proven European added value by pooling resources, encouraging mobility and active citizenship, and enhancing cooperation among different sectors and stakeholders;
33. Reiterates its position that the new responsibilities conferred on the EU by the Treaties will require appropriate additional funding compared to MFF 2007-2013, so as to allow the Union to fulfil its role as a global actor whilst upholding the undertakings it has already given, notably the achievement of Member States' 0.7 % GNI spending targets for Official Development Aid and the fulfilment of the Millennium Development Goals by 2015; highlights the Union's role in promoting democracy, peace, solidarity, stability and poverty reduction in neighbourhood and partner countries; underlines the complementarity between the EU assistance and that provided by the Member States, and its catalyst effect in terms of intervening in regions where bilateral assistance is not delivered; is particularly supportive of joint programming between Member States and EU actions; stresses, therefore, that the Commission's proposals for 'Global Europe' and the European Development Fund must be considered the bare minimum needed to achieve Europe's ambition in the world; notes, in particular, the need to match the responsibilities of EEAS with adequate budgetary resources;

Large-scale projects

34. Underlines the strategic importance of large-scale infrastructure projects such as ITER, Galileo, and GMES for the future of the EU's competitiveness; rejects, consequently, any attempt to transform GMES into an intergovernmental programme;
35. Is of the firm opinion that the financing of these large-scale projects should be secured in the EU budget but, at the same time, ring-fenced, so as to ensure that possible cost overruns do not threaten the funding and successful implementation of other Union policies;
36. Welcomes the Commission's proposal to fix a maximum amount for Galileo in the MFF regulation, thereby ring-fencing the budgetary allocation for this project; believes, likewise, that the maximum amounts for ITER and GMES should also be fixed in the regulation; considers that the financial envelopes for these three projects should be allocated over and above the MFF ceilings, so as to make the provision of additional funding by Member States easier, if needed;

Better spending

37. Reiterates that achieving European added value and ensuring sound financial management - efficiency, effectiveness, economy - should be, now even more than ever, guiding principles of the EU budget; welcomes, in this respect, the Commission's set of legislative proposals on the new generation of multiannual programmes to be adopted under the ordinary legislative procedure; insists that synergies among EU support programmes and national investments must be maximised;
38. Believes that in the present context of public budgetary constraints, the leverage of other sources of funding is absolutely necessary in order to realise the long-term investments that are needed to achieve the goals of the EU 2020 strategy; strongly believes that Union added value is to be found notably in long-term investments that are beyond the reach of individual Member States; highlights, in this respect, the conclusions and recommendations of its resolution on innovative financial instruments in the context of the next Multiannual Financial Framework⁵;
39. Stresses the need to ensure coherence between sector-specific rules and the overall framework of the Financial Regulation and to strike a balance between simplification and sound financial management; takes note of the simplification scoreboard issued by the Commission, and confirms its determination to support the simplification agenda; is convinced of the need to further reduce the administrative burdens on beneficiaries, and calls for the implementation of thorough 'bureaucracy checks' on the new generation of multiannual programmes so as to prevent any additional administrative burden at EU and national level alike;
40. Believes that the effectiveness of EU expenditure depends on sound policy, regulatory and institutional frameworks at all levels; insists that, in accordance with Articles 310(5) and 317 TFEU, Member States must implement the budget in accordance with the principle of sound financial management; reminds Member States of their legal obligation to ensure that appropriations entered in the budget are used in accordance with this principle and that they must shoulder their share of responsibility in making EU funding more effective; recalls that 90 % of the errors detected by the European Court of Auditors have been in Member States, and that the majority of those errors could have been avoided; urges all Member States to issue national declarations of assurances signed at the appropriate political level;
41. Supports the introduction of ex ante conditionality provisions to ensure that EU funding, particularly in respect of the Cohesion Fund, the Structural Funds and the rural and fisheries funds, are better targeted to the achievement of the Europe 2020 objectives; believes that if their implementation is based, on the one hand, on a reinforced partnership principle through the stronger involvement of local and regional authorities and, on the other hand, on conditions which are relevant to the objectives of the different funds, these conditionality provisions could improve the legitimacy and effectiveness of EU support;

⁵ P7_TA-PROV(2012)XXXX(A7-0270/2012).

42. Calls for funding under the partnership agreements to be made subject to certain specific commitments predetermined in a dialogue between the Commission and the Member States; considers it fair for such conditions to include, in particular, full implementation of existing EU legislation (e.g. on price regulation, tendering procedures, transport, the environment and health) in order to prevent irregularities and ensure effectiveness; rejects, however, the imposition of conditions requiring Member States to undertake fundamental social and economic reform; all conditions should fully respect the principles of subsidiarity and partnership;
43. Stresses, however, that there is no direct relation between the regional policy performance and the macroeconomic performance of a Member State, and that the regions should not be punished for the failure of the national level to comply with procedures related to economic governance; believes that imposing additional penalties could thus exacerbate the problems of Member States already facing macroeconomic difficulties, and, therefore, that macroeconomic conditionalities are not acceptable;
44. Underlines the crucial work of the decentralised EU agencies in supporting the Union's objectives and the need to match their responsibilities with adequate budgetary resources;
45. Believes, at the same time, that the work of the decentralised EU agencies should result in significantly higher savings at national level; urges the Member States to assess the efficiency gains generated by these agencies at national level and to make full use of them, thus rationalising their national expenditure; calls, also, on the Member States to identify possible areas of duplication of work or reduced added value in relation to the agencies, with a view to streamlining their functioning;
46. Is convinced that the establishment of the European External Action Service (EEAS) should result in economies of scale at EU level and significant savings at national level, especially in the national diplomatic services in third countries;
47. Suggests that an independent assessment be conducted on the effectiveness of public spending at three levels – national, regional and European – in order to examine in depth added value and possibilities for pooling resources and for cost savings in areas such as defence, development policy, decentralised agencies, the European External Action Service, and scientific research by means not only of encouraging economies of scale at EU level, but also of respecting the subsidiarity principle; believes that this assessment should lead to cost savings; recalls that the assessment regarding decentralised agencies should take into account the relevant provisions of the Common Approach annexed to the Joint Statement of the European Parliament, the Council of the EU and the European Commission on decentralised agencies signed on 19 July 2012;
48. Agrees with the Commission's view on the need to rationalise administrative expenditure; stresses, however, that it is vital to strike a balance between making further savings and ensuring that the institutions can perform their tasks and duties in accordance with their obligations and powers under the Treaties, taking account of the difficult challenges posed by the current economic crisis;

49. Profoundly disagrees with the application of a linear staff reduction to all institutions, bodies and agencies, as their roles and responsibilities under the Treaties differ widely; stresses that, in order to treat the institutions individually, it should be left to each of them to decide where cuts can be introduced, and which cuts, so as to not hamper their proper functioning;
50. Points to the significant savings that could be made if the European Parliament were to have a single seat; urges the budgetary authority to raise this issue in the negotiations on the next MFF 2014-2020;

Duration

51. Takes the view that for the next MFF, a 7-year period set until 2020 should be considered as a transitional solution, given that it makes a clear link with the Europe 2020 strategy; believes, however, that a 5- or a 5+5-year period would better align the MFF's duration with that of the institutions' terms of office, thereby enhancing democratic accountability and responsibility; recalls that, in order to have a viable and effective MFF, a 7-year period requires a maximum level of flexibility;

Mid-term revision

52. Stresses the need for a mid-term revision to be enshrined in the MFF regulation, with a specific procedure including a binding calendar ensuring the full involvement of the next Parliament; considers that the Commission should table a legislative proposal enabling the revised MFF to be adopted in time for the 2018 budgetary procedure; stresses that the mid-term revision should not hamper the stability of investment prospects and should protect the beneficiaries and the stability of long-term programming and investments;

The need for a more flexible MFF

53. Is convinced as a matter of principle that changing political and economic circumstances, as well as unforeseen events, will require adjustments of the MFF over the 7-year period; insists that the next MFF must provide enhanced budgetary flexibility both within and across headings, as well as between financial years within the MFF, in order to ensure that the available budgetary resources can be used to the full;
54. Believes that 5 % flexibility is indispensable as regards the ceilings for the (sub)headings, to make it possible to adapt to new circumstances without increasing the overall amount and without requiring revision of the MFF;
55. Welcomes the Commission's proposal to increase the level of legislative flexibility (possibility of departing from a given amount for the entire duration of the programme concerned) from 5 % to 10 %;
56. Emphasises the need to make the best use of the ceilings set by the MFF; proposes to this end that the margins left under the commitment appropriations ceilings in one year's budget should be carried over to the next year and seen as constituting a global MFF margin, to be attributed in future years to the different headings in

line with their estimated needs and mobilised in the framework of the annual budgetary procedure;

57. Stresses, equally, the need to introduce a global MFF margin for payment appropriations, enabling the carry-over of margins left under the payment appropriations ceiling to following years and mobilised in the framework of the annual budgetary procedure;
58. Is particularly concerned about the current ever-growing level of outstanding commitments (RALs); calls for a joint interinstitutional strategy for keeping the level of RALs under control in the MFF 2014-2020 and for appropriate measures to be taken to that effect; encourages in this regard a discussion on how to make the level of payment appropriations more equally distributed over the MFF period to avoid, to the extent possible, the risk of hampering the implementation of EU programmes because of a lack of payment appropriations at the end of the financial framework;
59. Notes that each year the EU budget shows a surplus and that the Member States' contributions to the EU budget are lowered by this amount; at the same time deplores the Council's regular linear cuts to the Commission's estimations for payment appropriations, as entered in the draft budget, as well as the Council's repeated objection, over the last years, to providing the EU budget with the level of additional payments needed by the Commission, at the end of the budgetary year, to enable the EU to meet its financial commitments; is of the opinion that such an approach is not good budgeting, and that, while the returned surplus has no impact on the overall deficit level of Member States, this amount could make a clear difference to the EU's annual budget; recalls the commitment made by the institutions to revise the Financial Regulation in order to allow the carry-over of unused appropriations and of the budgetary balance;
60. Supports firmly the contingency margin, but emphasises that in order to be effective its mobilisation should not entail compulsory offsetting of ceilings, and should be adopted by qualified majority voting in Council;
61. Welcomes the Commission's proposal to increase the envelope of the Flexibility instrument and the utilisation of the annual amounts up to year n+3;
62. Underlines its strong support for the Commission proposal that the Emergency Aid Reserve, the European Union Solidarity Fund, the European Globalisation Adjustment Fund and the reserve for crises in the agriculture sector, given their non-programmable nature, should be entered in the budget over and above the ceilings for the relevant headings;
63. Points to the added value of the European Globalisation Adjustment Fund (EGF) as a crisis intervention instrument to help workers who have lost their jobs to re-enter the labour market; stresses that the EGF must be continued and upgraded after 2013 as an instrument available, on equal terms, to all categories of workers; stresses as well the need for a simplified and accelerated procedure for the payment of grants in order to improve its efficiency;

Unity of the budget

64. Recalls that the EU budget covers all revenue and expenditure resulting from decisions taken by the EU institutions within the framework of their competences, and that it takes into account separately the Union's financial operations in the form of lending, borrowing and guarantees;
65. Urges the Commission and Council to list in a separate annex the budgetary or financial commitments and guarantees undertaken by the Union or by some of Member States in the framework of the European stabilisation mechanisms (EFSM, EFSF, ESM) in accordance with the provisions of Articles 122(2), 136(3) and 143 TFEU, as well as direct bilateral financial aid to other Member States or other projects related to the 'banking union';
66. Stresses that all decisions related to the strengthening of the economic and monetary union should be taken on the basis of the Treaties and involve the relevant institutions; emphasises that any departure from the community method and increased use of intergovernmental agreements will only divide and weaken the European Union, including the euro area;
67. Expresses its firm conviction that any new fiscal capacity for eurozone Member States aiming at adjustments to country-specific asymmetric shocks and structural reforms and whose fiscal functions are not covered by the MFF must be developed within the Union framework and must be subject to proper democratic accountability through the existing institutions; recalls that, as laid down in the Treaties, any new budgetary capacity must be part of the EU budget, thereby respecting its unity; believes, moreover, that in order to improve visibility and ensure the additionality of such a new budgetary capacity, a special new heading of the MFF should be created; strongly rejects any attempt to reduce the ceilings of the Commission's proposal on the MFF in order to secure resources for this new capacity;
68. Strongly requests the Member States to make a firm commitment to the incorporation of the European Development Fund into the EU budget as of 2021; notes that such a reform should require the MFF ceilings to be increased accordingly;
69. Confirms its intention in the future to organise a specific public debate and hold a vote on the revenue side of the budget, as part of its examination of the annual draft budget; strongly believes that in this way a permanent debate on the financing system of the Union will be maintained, while fully acknowledging that the budgetary authority does not at present have any competence to propose changes to this part of the budget;

Own resources

70. Believes that the negotiations on the next MFF, which started more than a year ago, clearly demonstrate the stalemate created by the lack of a genuine own resources system: these negotiations are organised in Council around two opposing camps, led by the net contributor countries to the EU budget, on the one hand, and by the net beneficiary countries of the EU budget, on the other, in a system which creates a purely accounting-based vision of 'fair return' which, in the end, makes any agreement on the MFF conditional on an agreement on a long

list of exceptions and compensations, negotiated behind closed doors and incomprehensible to the European citizen;

71. Firmly believes that the financing of the Union budget should return to a genuine system of own resources, as provided for in the Treaty of Rome and all successive EU treaties; deeply regrets the fact that the current system, whereby the vast majority of the financing comes from national contributions, is non-transparent and unfair and is not subject to parliamentary control at either European or national level; stresses that such a system violates, in essence, the letter and spirit of the Treaty;
72. Points out that the restructuring of the system of own resources as such does not concern the size of the EU budget, but is aimed at finding a more effective mix of resources to fund agreed EU policies and objectives; stresses that the introduction of a new system would not increase the overall tax burden for citizens, but would, instead, reduce the burden on national treasuries;
73. Reaffirms its basic position, as stated in its resolution of 13 June 2012, that it is not prepared to give its consent to the next MFF regulation without political agreement on reform of the own resources system, in line with the Commission's proposals of 29 June 2011, including its legislative proposals for genuine new own resources; believes that such a reform should aim at reducing the share of Member States' GNI-based contributions to the EU budget to a maximum of 40 % by 2020, thereby contributing to the consolidation efforts of Member States;
74. Strongly believes that the necessary political agreement should comprise the following elements:
 - 1) there must be an in-depth reform of the financing of the EU budget, to return to a system of genuine, clear, simple and fair own resources, offering the guarantees over decision making and democratic control inherent in all public budgets;
 - 2) this reform must enter into effect during the 2014-2020 MFF, as proposed by the Commission;
 - 3) the Commission should react immediately to the formal request of several Member States, reaching the necessary threshold, to introduce a Financial Transaction Tax under enhanced cooperation; insists that any such legislative proposal by the Commission must be published together with a set of revised proposals on the own resources package, in order to ensure that revenues from this tax are wholly or partly allocated to the EU budget as a genuine own resource, thus reducing the national contributions of those Member States introducing this tax;
 - 4) an agreement on the reform of VAT as own resource, as well as its implementing modalities, must be concluded together with the agreement on the MFF;
 - 5) the new system must put an end to the existing rebates and other correction mechanisms; any eventual compensation can only be accepted on the basis of

the Commission proposal, as temporary by nature and justified by indisputable and objective economic criteria;

- 6) in the event that implementation of the new own resources does not result in a significant decrease in Member States' GNI-based contributions to the EU budget, the Commission will come forward with additional proposals on the introduction of new genuine own resources.

Interinstitutional negotiations

75. Stresses that a stringent majority is required in both Parliament and Council to adopt the MFF, and points to the importance of exploiting to the full the provisions of Article 312(5), which imposes on the institutions the duty to carry out negotiations in order to reach agreement on a text to which Parliament can give its consent;
76. Emphasises that this will be the first time an MFF regulation is adopted under the new provisions of the Treaty of Lisbon, which entail new cooperation arrangements among the institutions combining efficient decision-making and respect for the respective prerogatives; welcomes, in this respect, the steps taken by the Hungarian, Polish, Danish and Cypriot Council Presidencies-in-office to establish a structured dialogue and regular information exchange with Parliament;
77. Expresses its readiness to enter into substantial discussions with the Council on both the MFF regulation and the IIA, and asks the Council to intensify contacts at all levels with a view to the 22-23 November European Council; stresses the need to reach the final agreement on the MFF as soon as possible;
78. Notes that any political agreement reached at European Council level constitutes no more than a negotiating mandate for the Council; insists that after the European Council has reached a political agreement, fully-fledged negotiations between Parliament and the Council need to take place before the Council formally submits for Parliament's consent its proposals on the MFF regulation;
79. Reiterates that, according to the TFEU, Parliament and the Council are the legislative bodies and the European Council does not have the role of legislator; stresses that the negotiations on the legislative proposals relating to the multiannual programmes will be pursued under the ordinary legislative procedure;
80. Insists on a qualitative approach to the MFF Regulation and related multiannual programmes negotiations; stresses that they are to be considered as a package, and reaffirms the principle that 'nothing is agreed until everything is agreed';
81. Highlights the importance of the opinions of the EP committees annexed to the interim report, as they complement, and provide valuable guidance and further details on, the MFF/IIA negotiation guidelines laid down in this resolution; insists that the policy-specific recommendations contained in these opinions should feed the negotiations of the relevant multiannual programmes; reiterates, in this regard, its firm position that the MFF special legislative procedure should not address issues that are subject to ordinary legislative procedures;

82. Draws Council's attention to the annexed Working Document highlighting modifications to the proposal for a Council Regulation laying down the MFF for the years 2014-2020 and to the proposal for an Interinstitutional Agreement on cooperation in budgetary matters and sound financial management; advises that further modifications may become necessary depending on how negotiations on the MFF progress; points out that the Interinstitutional Agreement can be finalised only after the MFF procedure has been completed;
83. Points out, finally, 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;

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84. 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.