



## EU budget 2014-2020: freezing is not an option, new income sources needed

Committees: Special committee on the policy challenges and budgetary resources for a sustainable European Union after 2013

**Freezing the EU's long-term budget after 2013 is not a viable option if it is to achieve its policy aims, said the Policy Challenges Committee on Wednesday, voting its stance on the EU's long-term budget for 2014-2020. The budget structure must clearly reflect the EU 2020 sustainable growth strategy, say MEPs, who also advocate new income sources for the budget, and call for an end to all rebates, exceptions, and corrective mechanisms.**

Freezing future budgets at the 2013 level - as demanded by some Member States - "is not a viable option", said the committee. MEPs call for an increase of at least 5% over the 2013 level for the next long-term budget, known as the Multi-annual Financial Framework (MFF). They note that even such an increase would make only a small contribution towards achieving the aims to which Member States and Parliament are already committed.

If Member States disagree, then committee members challenge them to say which policy priorities should be dropped. MEPs fear that budget restrictions could jeopardise the already-agreed boost for research and innovation (from today's 1.9% of GDP to 3%), as well as investments in infrastructure, foreign policy priorities and enlargement. Funding for the European Financial Stabilisation Mechanism and the Millennium Development Goals could also be endangered, MEPs warn.

The committee wants regional policy and agriculture funding to remain at current levels, but increases in investment in energy infrastructure. It also acknowledges that further savings could possibly be made on EU administration.

### **New resources, no more rebates**

MEPs criticise the current funding system, which relies almost entirely on national contributions and has become extremely complex. They contrast the EU Treaty stipulation that "the EU-budget shall be financed wholly from own resources" with the current funding method, which "places disproportionate emphasis on net balances between Member States, thus contradicting the principle of EU solidarity, diluting the European common interest and largely ignoring European added value".

A system of real own resources would be "fairer, more transparent, simpler and equitable", say MEPs, whilst at the same time stressing that budget reform need not affect the size of the budget and would not increase the overall tax burden on citizens. The committee also calls for an end to the "rebates, exceptions and correction mechanisms" that have accumulated within the current system. The Commission is to present a proposal on own resources on 29 June, the same day as it presents its draft for the future MFF.

### **Structure and duration of the MFF**

The committee voted that the budget structure should be brought into line with the EU 2020 sustainable growth strategy, by giving the future MFF the following headings:

1. Europe 2020, including subheadings

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- 1a - Knowledge for growth
- 1b - Cohesion for growth and employment
- 1c - Management of natural resources and sustainable development (including agriculture)
- 1d - Citizenship, freedom, security and justice

## 2. Global Europe

## 3. Administration

MEPs want to ring-fence a special place in the budget for large strategic investment projects such as Galileo (satellites) and ITER (nuclear fusion).

On the duration of the MFF, MEPs suggest one more 7-year cycle as a transitional solution. This should then be followed by 5-year-cycles or 5+5-year cycles, starting in 2021, so as to bring the MFF's duration into line with the European Parliament's 5-year mandates. If budget cycles are to exceed 5 years, then the EU should have a mandatory mid-term review, with a fixed date.

### **Flexibility**

One problem with the current MFF is the lack of flexibility it allows within annual budgets. If something new or unexpected comes up, it is hard to adapt the budget to accommodate it. MEPs would therefore like to see a "global MFF margin" to be created, which can be drawn upon in the context of the annual budgetary procedure. They also advocate creating an additional "reserve margin" to accommodate risks relating to loan guarantees from the European Financial Stabilisation Mechanism and the Facility for non-euro area EU Member States.

### **Clear signal**

Rapporteur Salvador Garriga Polledo (EPP, ES) and committee chair Jutta Haug (S&D, DE) welcomed the committee vote outcome (39 in favour, 5 against and 4 abstentions) as a realistic proposal, clearly setting out the committee's wishes to the Commission with a view to the income and spending proposals that it is to table on 29 June.

### **Next steps**

The committee text will be debated in plenary session on Wednesday 8 June in Strasbourg and put to a plenary vote the next day. Parliament will thus become the first EU institution to set out its position on the next long-term budget.

On 29 June, the Commission is to table two proposals, one on the next MFF and the other on own resources. Negotiations will then begin. The current multi-annual financial framework ends in 2013.

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# Press release

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