2016 budget: guidelines, Section III - Commission

2015/2008(BUD) - 02/03/2015 - Committee report tabled for plenary, single reading

The Committee on Budgets adopted the report by José Manuel FERNANDES (EPP, PT) on general guidelines for the preparation of the 2016 budget, Section III – Commission.

As a consequence of the economic and financial crisis, the level of investment in the EU has significantly dropped, and the development gap between various regions of the EU has increased. Given the persistent economic and budgetary constraints at national level, the EU budget plays a key role in fostering competitiveness and increasing economic, social and territorial cohesion in the Union.

The EU budget cannot accomplish its mission if its soundness, fairness and credibility are put in question. Therefore, it is imperative that all commitments forming part of the Multiannual Financial Framework 2014-2020 are respected in full, and that a number of problems that have accumulated over the past years, notably the unprecedented amount of unpaid invoices at the end of 2014 (EUR 24.7 billion), are resolved without delay.

It should be recalled that 2016 is the year when the new EU programmes of the MFF 2014-2020 will be operational and in full swing, and when the mid-term revision of the MFF will be launched.

Employment, Enterprise and Entrepreneurship for smart, sustainable and inclusive growth in the European Union: the report stressed the potential and added value of the EU budget for the creation of employment and the development of enterprises and entrepreneurship for smart, sustainable and inclusive growth across the Union. They expect that the Commission will place growth-orientated programmes and instruments at the heart of the Draft Budget 2016, in order to ensure that they are endowed with the necessary resources.

Members called for a favourable business environment to help the 20 million SMEs in the EU which account for 99% of all businesses in the EU. The EU funds should also encourage the creation of start-ups.

Stressing that the European Structural and Investment Funds form the biggest share of investment expenditure in the EU budget and are instrumental in job creation, boosting growth, and enhancing competitiveness and innovation, Members called on the Commission and the Member States to make every effort to ensure the swift adoption of the remaining **Operational Programmes** in the coming months, so as to ensure that implementation will reach cruising speed in 2016.

Members are concerned about the funding of the **Youth Employment Initiative** (YEI) as from 2016, given the **frontloading of the entire financial envelope of the programme in 2014 and 2015**. They stressed that the fight against youth unemployment needs to be further intensified and that all funding possibilities should be considered for this purpose.

The EU budget and the Investment Plan: Members welcomed as a first step the Investment Plan presented by the Commission, which can create the potential to mobilise EUR 315 billion of investment in infrastructure, education and research, as well as SMEs and mid-cap companies. They noted that the EU budget is expected to provide the backbone of this investment plan by making available the guarantee fund of EUR 8 billion required in commitments and payments for the provisioning of the European Fund for Strategic Investments (EFSI).

Internal and external solidarity and a secure Europe: the report stressed that the EU budget is also an instrument of **external solidarity**, providing urgent assistance in humanitarian and civilian crises by offering support to countries in need - such as Ukraine. They stressed that a common effort to handle **migration flows** lies at the crossroads of both internal and external solidarity.

Respecting commitments: Members are convinced that the EU budget cannot reach its full potential without settling issues such as the recurrent problem of **unpaid invoices at year-end**, the question of budgeting the MFF special instruments, and the delay in implementing cohesion policy operational programmes. They considered that 2015 should be the ultimate limit for introducing tangible and sustainable solutions to these outstanding questions.

Members attach the utmost importance to the **establishment and implementation of a sound payment plan** with the objective of **reducing the level of unpaid bills at year-end**. This plan should be agreed by the three institutions in due time before the presentation of the draft budget 2016.

They reiterated their longstanding position that the payments of special instruments (Flexibility Instruments, the EU Solidarity Fund, the European Globalisation Adjustment Fund and the Emergency Aid Reserve) must be counted over and above the MFF payment ceiling, as is the case for commitments.

Payment crisis: Members expect the Commission to propose an **adequate level of payment appropriations** in its Draft Budget, based on real forecasts and needs, so as to give the EU resources to match its ambitions. They undertake, within the MFF ceilings and with due consideration to the **acute shortage of payments**, to play its role as one arm of the budgetary authority with dedication and responsibility by promoting well-targeted increases in those budgetary areas with high absorption capacity that correspond to its political priorities and guarantee successful delivery. In this light, they intend to examine, with the support of its specialised committees, the specific programmes and budget lines that can better achieve this objective.

Members underlined that the 2016 budget will be crucial, not only because 2016 will be the first year of implementation of the new MFF provision on the global margin for commitments, but also because it should serve as a **benchmark for the post-electoral MFF review and revision**, to be launched before the end of 2016. There is a need to establish political priorities and identify in good time the areas of proven added value of EU spending for which further investments will be deemed necessary in the second half of the MFF 2014-2020.

Lastly, Members reaffirmed their position in favour of an **in-depth reform of the system of EU own resources**, whose current shortcomings are causing severe impasses in budgetary negotiations.