Procedure file

Basic information

APP - Consent procedure Regulation 2011/0177(APP)	Procedure completed
Multiannual financial framework for the years 2014-2020 Amended by 2015/0010(APP) Amended by 2016/0283(APP) Subject 8.70 Budget of the Union 8.70.01 Financing of the budget, own resources 8.70.02 Financial regulations	

Key players

European Parliament	Committee responsible	Rapporteur	Appointed
	BUDG Budgets		17/04/2012
		PPE BÖGE Reimer	17/04/2012
		S&D KALFIN Ivailo	
		Shadow rapporteur	
		ALDE JENSEN Anne E.	
	Former committee responsible		
	BUDG Budgets		09/08/2013
		PPE DEHAENE Jean-Luc	09/08/2013
		S&D KALFIN Ivailo	
	Committee for opinion	Rapporteur for opinion	Appointed
	AFET Foreign Affairs		05/10/2011
		PPE GIANNAKOU Marietta	
	DEVE Development		19/06/2012
		ALDE GOERENS Charles	
	INTA International Trade		20/06/2012
		ECR KAMALL Syed	
	CONT Budgetary Control		18/06/2012
		ALDE MULDER Jan	
	ECON Economic and Monetary Affairs	The committee decided not to give an opinion.	
	EMPL Employment and Social Affairs		19/06/2012
		S&D BERÈS Pervenche	
	ENVI Environment, Public Health and Food Safety		
	ITRE Industry, Research and Energy		30/05/2012

		S&D HERCZOG Edit	
IMCO	Internal Market and Consumer Protection		14/07/2011
		ALDE BUŞOI Cristian-Silviu	
TRAN	Transport and Tourism		30/08/2011
		S&D SIMPSON Brian	
REGI	Regional Development		21/06/2011
		PPE KOVATCHEV Andrey	
AGRI	Agriculture and Rural Development		05/10/2011
		S&D DE CASTRO Paolo	
PECH	Fisheries		
CULT	Culture and Education		25/04/2012
		ALDE LØKKEGAARD Morten	
JURI	Legal Affairs		13/06/2012
		S&D ROTH-BEHRENDT Dagmar	
LIBE	Civil Liberties, Justice and Home Affairs		29/09/2011
		PPE HOHLMEIER Monika	
AFCO	Constitutional Affairs		05/09/2012
		PPE TRZASKOWSKI Rafał	
FEMM	Women?s Rights and Gender Equality		

Former committee for opinion

AFET	Foreign Affairs	The committee decided not to give an opinion.	
DEVE	Development	The committee decided not to give an opinion.	
INTA	International Trade	The committee decided not to give an opinion.	
CONT	Budgetary Control	The committee decided not to give an opinion.	
ECON	Economic and Monetary Affairs	The committee decided not to give an opinion.	
EMPL	Employment and Social Affairs	The committee decided not to give an opinion.	
ENVI	Environment, Public Health and Food Safety	The committee decided not to give an opinion.	
ITRE	Industry, Research and Energy	The committee decided not to give an opinion.	
IMCO	Internal Market and Consumer Protection	The committee decided not to give an opinion.	
TRAN	Transport and Tourism	The committee decided not to give an opinion.	
REGI	Regional Development		21/06/2011
		PPE KOVATCHEV Andrey	
AGRI	Agriculture and Rural Development	The committee decided not to give an opinion.	
PECH	Fisheries	The committee decided not to give an opinion.	

	CULT Culture and Education	The committee decided not to give an opinion.	
	JURI Legal Affairs	The committee decided not to give an opinion.	
	LIBE Civil Liberties, Justice and Home Affairs	PPE HOHLMEIER Monika	29/09/2011
	AFCO Constitutional Affairs	The committee decided not to give an opinion.	
	FEMM Women's Rights and Gender Equality	The committee decided not to give an opinion.	
Council of the European Union	Council configuration	Meeting	Date
	Competitiveness (Internal Market, Industry, Research and Space)	3276	03/12/2013
	General Affairs	3251	25/06/2013
	General Affairs	3240	21/05/2013
	General Affairs	3235	22/04/2013
	General Affairs	3200	20/11/2012
	General Affairs	3192	16/10/2012
	General Affairs	3187	24/09/2012
	General Affairs	3184	24/07/2012
	General Affairs	3180	26/06/2012
	General Affairs	3168	29/05/2012
	General Affairs	3160	24/04/2012
	General Affairs	3158	26/03/2012
	General Affairs	3143	27/01/2012
	General Affairs	3132	05/12/2011
	General Affairs	3125	15/11/2011
	General Affairs	3109	12/09/2011
	General Affairs	3107	18/07/2011
European Commission	Commission DG	Commissioner	
	Budget	LEWANDOWSKI Janusz	

Key events

29/06/2011	Preparatory document	COM(2011)0398	Summary
18/07/2011	Debate in Council	3107	Summary
12/09/2011	Debate in Council	3109	Summary
15/11/2011	Debate in Council	3125	Summary
05/12/2011	Debate in Council	3132	Summary
27/01/2012	Debate in Council	3143	Summary
26/03/2012	Debate in Council	3158	Summary
24/04/2012	Debate in Council	3160	Summary

29/05/2012	Debate in Council	3168	Summary
26/06/2012	Debate in Council	3180	Summary
24/07/2012	Debate in Council	3184	
24/09/2012	Debate in Council	3187	Summary
11/10/2012	Vote in committee		
12/10/2012	Committee interim report tabled for plenary	A7-0313/2012	Summary
16/10/2012	Debate in Council	3192	Summary
23/10/2012	Results of vote in Parliament		
23/10/2012	Debate in Parliament		
23/10/2012	Decision by Parliament	T7-0360/2012	Summary
20/11/2012	Debate in Council	3200	
22/04/2013	Debate in Council	3235	Summary
21/05/2013	Debate in Council	3240	Summary
19/07/2013	Legislative proposal published	11791/2013	Summary
10/09/2013	Committee referral announced in Parliament		
14/11/2013	Vote in committee		
15/11/2013	Committee report tabled for plenary, 1st reading/single reading	A7-0389/2013	Summary
19/11/2013	Debate in Parliament		
19/11/2013	Decision by Parliament	T7-0455/2013	Summary
03/12/2013	Act adopted by Council after consultation of Parliament		
03/12/2013	End of procedure in Parliament		
20/12/2013	Final act published in Official Journal		

Technical information

Procedure reference	2011/0177(APP)
Procedure type	APP - Consent procedure
Procedure subtype	Legislation
Legislative instrument	Regulation
	Amended by 2015/0010(APP) Amended by 2016/0283(APP)
Legal basis	Treaty on the Functioning of the EU TFEU 312-p2; Euratom Treaty A 106a-pa
Other legal basis	Rules of Procedure EP 159
Stage reached in procedure	Procedure completed

Committee dossier	BUDG/7/09389; BUDG/7/06443

Documentation gateway

Preparatory document		COM(2011)0398	29/06/2011	EC	Summary
Committee of the Regions: opinion		CDR0283/2011	14/12/2011	CofR	
Supplementary legislative basic document		COM(2012)0388	06/07/2012	EC	Summary
Committee opinion	IMCO	PE488.019	11/07/2012	EP	
Committee opinion	DEVE	PE492.570	04/09/2012	EP	
Committee opinion	JURI	PE489.691	18/09/2012	EP	
Committee opinion	AGRI	PE491.296	18/09/2012	EP	
Committee opinion	INTA	PE492.948	18/09/2012	EP	
Committee opinion	TRAN	PE489.425	19/09/2012	EP	
Committee opinion	PECH	PE487.813	20/09/2012	EP	
Committee opinion	LIBE	PE489.475	20/09/2012	EP	
Committee opinion	FEMM	PE492.932	20/09/2012	EP	
Committee opinion	AFET	PE491.206	21/09/2012	EP	
Committee opinion	ENVI	PE491.291	24/09/2012	EP	
Committee opinion	CULT	PE491.319	24/09/2012	EP	
Committee opinion	EMPL	PE491.355	24/09/2012	EP	
Committee opinion	ITRE	PE492.879	25/09/2012	EP	
Committee draft report		PE496.558	26/09/2012	EP	
Committee opinion	REGI	PE492.590	27/09/2012	EP	
Amendments tabled in committee		PE496.663	05/10/2012	EP	
Committee opinion	CONT	PE494.615	08/10/2012	EP	
Committee opinion	AFCO	PE497.813	09/10/2012	EP	
Committee of the Regions: opinion		CDR1777/2012	09/10/2012	CofR	
Committee interim report tabled for plenary		A7-0313/2012	12/10/2012	EP	Summary
Text adopted by Parliament, single reading		T7-0360/2012	23/10/2012	EP	Summary
Document attached to the procedure		11961/2013	15/07/2013	CSL	
Legislative proposal		11791/2013	19/07/2013	CSL	Summary
Committee draft report		PE516.803	09/08/2013	EP	
Amendments tabled in committee		PE516.961	19/09/2013	EP	
Committee opinion	REGI	PE519.472	02/10/2013	EP	
Committee report tabled for plenary, 1st reading/single reading		A7-0389/2013	15/11/2013	EP	Summary

Text adopted by Parliament, 1st reading/single reading		T7-0455/2013	19/11/2013	EP	Summary
Follow-up document		COM(2014)0114	03/03/2014	EC	Summary
Follow-up document		COM(2015)0320	22/05/2015	EC	Summary
Follow-up document		COM(2016)0311	30/06/2016	EC	Summary
Document attached to the procedure		COM(2016)0603	14/09/2016	EC	Summary
Document attached to the procedure		SWD(2016)0299	14/09/2016	EC	
Follow-up document		COM(2017)0473	15/09/2017	EC	Summary
Follow-up document		COM(2018)0282	23/05/2018	EC	Summary
Follow-up document		COM(2019)0310	15/05/2019	EC	Summary

Additional information

National parliaments	IPEX
European Commission	EUR-Lex

Final act

Regulation 2013/1311
OJ L 347 20.12.2013, p. 0884 Summary

Multiannual financial framework for the years 2014-2020

PURPOSE: to lay down the multiannual financial framework for the years 2014-2020.

PROPOSED ACT: Council Regulation

BACKGROUND: the Commission presented, on 3 March 2010, proposals for a Council Regulation laying down the multiannual financial framework (MFF) for 2007-2013 and for a new Interinstitutional Agreement (IIA) on cooperation in budgetary matters. These two proposals, once adopted, will replace the current IIA and bring the provisions on the 2007-2013 financial framework and on cooperation of the institutions in the budgetary procedure in line with the Treaty. Meanwhile, the provisions of the current IIA that are not rendered obsolete by the Treaty remain valid.

These proposals deal with the new elements as compared with the March 2010 proposals, for both the proposal for a Regulation laying down the MFF for the years 2014 to 2020 and the draft IIA on cooperation in budgetary matters and sound financial management. This proposal for the MFF Regulation accompanied by the draft IIA represents the legal transposition of the Commission Communication on "A Budget for Europe 2020". It will be complemented by a proposal amending the Commission's proposal for a Regulation on the financial rules applicable to the annual budget of the Union in order to introduce a few new provisions which are part of the package of proposals for the 2014-2020 financial framework.

A financial framework that is flexible: the financial framework must provide for adequate levels of flexibility to allow for effective resources allocation and a swift Union response to unforeseen circumstances. Recent experience demonstrates that challenges resulting from unforeseen events with global repercussions have reached a new quality. The Union will increasingly be exposed to the effects of globalisation of the economy and society, to climate change, energy dependency, migratory pressure and other global challenges, most of which in areas for which the Lisbon Treaty has increased the Union's responsibility and role. This is why the Commission is proposing a financial framework that seeks to strike the right balance between strict budgetary discipline and predictability of expenditure, on the one hand, and the flexibility needed to enable the Union to respond to unforeseen challenges.

LEGAL BASIS: Article 312 of the Treaty on the functioning of the European Union (TFEU), in conjunction with the Treaty establishing the European Atomic Energy Community, and in particular Article 106a thereof.

CONTENT: in view of the overall objective of flexibility, the rules applicable to the next financial framework may be defined as follows:

Duration of the MFF and the overall framework proposed: the MFF will run for the period from 2014 to 2020. An Annex details the amounts year by year. The overall amount proposed for the 7-year period is EUR 1,025 billion in commitments (1.05% of EU GNI) and EUR 972.2 billion (1% of EU GNI) in payments.

Respect of MFF ceilings and possibility to exceed them: the proposal lays down the principle of a requirement for the institutions to respect the ceilings in the course of the budget procedure in accordance with the provisions of the Treaty. However, the proposal introduces the possibility to exceed the ceilings, if necessary, when the instruments not included in the financial framework are mobilised. The Emergency Aid Reserve, the Solidarity Fund, the Flexibility instrument, the European Globalisation Adjustment Fund and the newly created Reserve for crises in the agriculture sector and the Contingency Margin are defined in Points 10 to 15 of the draft IIA. They are not included in the financial framework and ensure that financing in specific circumstances is provided in excess of the ceilings of the financial framework, if needed. They increase the flexibility of the financial framework and are mobilised jointly by the two arms of budgetary authority. In order to maintain the current level of flexibility and the roles of the institutions in the mobilisation of these instruments, the provisions governing them are included in the draft IIA. The procedure of mobilising the guarantees from the Union's budget for the loans provided under the Balance of Payments Facility and European Financial Stabilisation Mechanism is excluded from the obligation to respect the ceilings of the financial framework and therefore from a need to revise the MFF. The relevant ceiling that needs to be respected is the own resources ceiling.

Respect of own resources ceiling: a change to this Article is proposed compared to the March 2010 proposal - an explicit reference to the fact that the use made of instruments which can be mobilised from outside the financial framework and of guarantees for a loan covered by the Union's budget according to Regulation (EC) No 332/2002 or Regulation (EU) No 407/2010 also need to respect the own resources ceiling.

Technical adjustment of the financial framework: the financial framework is presented in 2011 prices. The procedure for its technical adjustment is maintained as well as the 2% deflator. A new element is introduced in paragraph 1(c) - the presentation of the absolute amount of the Contingency margin at the level of 0.03% of EU GNI as defined in Point 15 of the draft IIA.

Adjustment of cohesion policy envelopes: this Article reproduces the text of point 17 of the current IIA and Article 5 of the March 2010 proposal. Thus, in 2018, if it is established that cumulated Gross Domestic Product (GDP) of any Member State for the years 2014-2016 has diverged by more than +/- 5 % from the cumulated GDP estimated in 2011 for the establishment of cohesion policy envelopes for Member States for the period 2014-2020, the Commission shall adjust the amounts allocated from funds supporting cohesion to the Member State concerned for that period. The total net effect, whether positive or negative, of the adjustments referred to in paragraph 1 may not exceed EUR 3 billion.

Adjustments related to implementation: the wording of this article, which lays down rules for the adjustments related to implementation, corresponds to Point 18 of the current IIA. The preparation of the legal bases and then programming documents is usually quite lengthy and therefore a late adoption of the legal texts or programmes needs to be envisaged. The adjustment concerning the transfer of unused allocation for the year 2014 shall be adopted before 1 May 2015.

Adjustments related to excessive government deficit: the wording of this article, which lays down rules for the adjustments related to excessive government deficit, has not been changed compared to the March 2010 proposal. Thus, in the case of the lifting of a suspension of budgetary commitments concerning the Cohesion Fund in the context of an excessive government deficit procedure, the Council, in accordance with the Treaty and in compliance with the relevant basic act, shall decide on a transfer of suspended commitments to the following years. Suspended commitments of year n may not be re-budgeted beyond year n+2.

Revision of the financial framework: the wording of this Article corresponds to the Points 21 to 23 of the current IIA and Article 8 of the March 2010 proposal. A few changes have been introduced: i) the general rule concerning the timing of a proposal for a revision has been dropped as it did not correspond to current practice given the need to deal with unforeseen circumstances when they arise; ii) the possibility to adapt the financial framework by qualified majority as proposed in March 2010 has been withdrawn (given the proposed widening of flexibility instruments, including the introduction of the Contingency Margin); and iii) a new paragraph 5 was introduced which specifies which of the adjustments to the financial framework provided for in other articles are also to be considered as a revision of the financial framework.

Adjustment of the financial framework in the case of enlargement: the wording of this Article reproduces the text of Point 29 of the current IIA and Article 11 of the March 2010 proposal. A new paragraph is introduced with particular reference to a possible comprehensive settlement of the Cyprus problem during the period covered by the financial framework.

Interinstitutional cooperation in budgetary procedure: the general rules of the cooperation in budgetary procedure are included in the MFF Regulation, whilst the draft IIA and its annex contain more detailed provisions.

Financing of the Common Foreign and Security Policy (CFSP): the provision of the March 2010 proposal is maintained with an exception of establishing the minimum amount for CFSP.

Contribution to the financing of large scale projects: specific provisions are needed for major technological development programmes based on large scale infrastructure projects, notably the European satellite navigation programmes EGNOS and Galileo. Such provisions are warranted by the specific features of those projects, i.e. a duration largely exceeding the multiannual financial framework, project risks liable to produce substantial cost-overruns, limited or no participation of private capital, and no or only a modest ability to generate revenues from commercial exploitation in the short to medium term. Consequently, the proposed provision foresees a 'ring-fencing' of the amount available for the European satellite navigation programmes EGNOS and Galileo under the 2014-2020 financial framework.

Mid-term assessment of implementation of the financial framework: a new provision establishes the timing for a mid-term assessment of the functioning of the financial framework (2016).

Transition towards the next financial framework: this article lays down the obligation for the Commission to present a new financial framework before 1 January 2018, i.e. three years before the end of the financial framework. Provision is also made in case no new financial framework is agreed by the end of the financial framework covered by the Regulation.

Entry into force: the final Article of the MFF regulation sets the date of entry into force of the Regulation. The IIA should enter into force on the same day as the two legal texts complement each other.

Multiannual financial framework for the years 2014-2020

The Council took note of the presentation by the Commission of its proposals for the EU's multiannual financial framework (MFF) for the 2014-20 period.

The presidency intends to hold an initial exchange of views on the new MFF at an informal meeting of ministers in Sopot (Poland) on 28 and 29 July. Technical work on the proposals will proceed subsequently.

The MFF limits EU expenditure over a fixed period by laying down annual maximum amounts for each heading (i.e. category) of expenditure in commitments and for total annual expenditure in commitments and payments. It thus imposes budgetary discipline on the EU by making sure that the annual EU budget does not exceed agreed ceilings and thereby facilitates adoption of the budget each year. At the same, it translates the EU's policy priorities into figures.

Multiannual financial framework for the years 2014-2020

The presidency informed the Council, on the basis of a note (doc 13127/11) of progress in technical discussions on the duration, structure and flexibility of the EU's next multiannual financial framework (MFF).

Ministers held an exchange of views over lunch.

All delegations agreed with the proposed seven-year duration (2014-2020), which in their view strikes the right balance between stability and predictability in EU expenditure.

Ministers in general also welcomed the proposed structure of the next MFF. Doubts were expressed however on the proposed merger of the current sub-headings 1a and 1b into a single heading 1 ("smart and inclusive growth") and on the consequent creation under the new heading 1 of a subceiling for expenditure on economic, social and territorial cohesion. Some ministers considered that a separate sub-heading should be maintained for cohesion policy, whilst others asked for guarantees that cohesion expenditure would not be undermined by the proposed structure; others still raised concerns about the link between cohesion expenditure and the proposed Connecting Europe Facility.

Some ministers raised doubts about the Commission's proposal to create further instruments outside the financial framework (such as a new reserve fund for crises in the agricultural sector or a fund for ITER, the International Thermonuclear Experimental Reactor), in addition to the existing ones (European development fund, solidarity fund, flexibility instrument, emergency aid reserve and European globalisation fund). Other ministers saw a need to discuss each item individually.

Concerning flexibility, ministers in general welcomed the Commission's proposals as striking a balance between the need for budgetary discipline, on the one hand, and the need to provide sufficient means to address new challenges, on the other. Ministers agreed that appropriate flexibility is needed in the MFF. This however may not mean simply spending above the limit, as budgetary discipline is a must.

The presidency intends to continue discussions until the end of the year so as to gain a better understanding of the proposals and of the positions of Member States, and thus to allow the subsequent presidency to oversee negotiations aimed at a successful and timely conclusion of the new framework.

Multiannual financial framework for the years 2014-2020

The Council held a policy debate on the EU's multiannual financial framework for the 2014-2020 period, focusing on the following parts of the proposal:

- economic, social and territorial cohesion;
- the "Connecting Europe" facility;
- the Common Agriculture Policy and Common Fisheries Policy.

The presidency indicated its intention to include the main outcome of the debate, together with the results of work conducted since July, in a report to be presented to the Council on 5 December. The negotiation phase is due to start in January 2012 with the beginning of the Danish presidency.

Multiannual financial framework for the years 2014-2020

The Council took note of a progress report from the presidency on the EU's multiannual financial framework (MFF) for the 2014-2020 period.

Ministers generally supported the progress report, which they considered to be balanced and a good basis for future work.

The incoming Danish presidency expressed its intention to continue the technical exploration of the Commission proposals before trying to narrow the gaps between member states' positions. The aim is to ensure adoption of the MFF by the end of 2012.

All delegations agreed with the Commissions approach and supported the proposed duration of seven years for the next MFF. The general principle of flexibility was welcomed by delegations, provided it was not to the detriment of budget discipline.

In particular, whilst at this stage of the negotiation specific discussions on the overall amounts of expenditure allocated to the different headings were not held, several delegations underlined the general need for the MFF to reflect efforts made at the national level as regards fiscal consolidation. In this context they felt a lower overall level of expenditure than in the Commissions proposal would be more appropriate. At the same time, several delegations stressed the importance of ensuring appropriate financing of EU common policies so that the multiannual financial framework contributes adequately to addressing common challenges.

The key issues discussed are as follows:

(1) Structure: two issues were discussed in detail:

- Heading 1: the option of keeping the expenditure for economic, social and territorial cohesion separate was supported by several delegations. Concerns were also expressed over the interplay between the cohesion policy and the "Connecting Europe Facility" and there were some calls in favour of keeping the two areas separate from each other.
- Instruments outside the MFF: a group of Member States called for putting all instruments inside the MFF, in particular for reasons of transparency, control and unity of EU expenditure. Among these delegations, some insisted in particular on the inclusion of ITER and GMES. Some delegations would however differentiate and could accept that the European Development Fund would remain outside the MFF, due to its specific modalities and purpose. Some delegations considered that the unpredictability of expenditure

linked to ITER and GMES also called for keeping them outside the MFF. Some Member States expressed the view that these instruments should be examined on a case-by-case basis. Some delegations considered that the flexibility instruments should continue to remain outside the MFF as is the case today.

(2) Smart and Inclusive Growth (except cohesion and CEF): many delegations pointed to this area as bringing a true added value of EU action. In this context, they welcomed the concentration on areas promoting growth, competitiveness and job creation such as research, innovation small and medium-sized enterprises, job creation and education in line with the Europe 2020 strategy.

10. The general effort for simplification was welcomed.

At the same time, some stressed that simplification should not only mean the reduction and rationalisation of the instruments themselves, but also the streamlining of procedures for managing the funds. In this context, a few delegations regretted that the merger of instruments resulted in a decreased visibility of some important programmes, in particular in the field of Education, Youth and Culture.

The proposed main areas for expenditure in the field of research and innovation ("excellence in the science base"; "tackling societal challenges"; "creating industrial leadership and boosting competitiveness") were broadly welcomed.

(3) Economic, social and territorial cohesion: a majority of delegations suggested that support from cohesion policy should be concentrated to the less developed regions and Member States, others supported the Commission's proposals for a broader geographical scope of support. Delegations were split on the level of allocation, some finding it too low, others too high.

The different types of conditionality proposed by the Commission raised questions.

The creation of the category of "transition regions" was challenged by most delegations, in particular because of the need to concentrate support on the less developed regions. Some delegations insist that the normal phasing-out solutions (i.e. similar to the current and past MFFs) for the regions leaving the current convergence objective would be sufficient, while others pointed to a fair phasing-out regime ("safety net"). Others welcomed it as a measure of ensuring equal treatment for regions with similar conditions. A flexible solution for capital regions was advocated by a number of delegations. A number of delegations had difficulties with the proposed capping (at 2.5%). Some delegations expressed the wish to maintain the co-financing rates at their current level, whilst others agreed on those proposed by the Commission and a few asked for them to be lowered.

(4) Connecting Europe Facility: the objectives pursued with the proposed creation of the Connecting Europe Facility were largely supported, even though a number of delegations requested more clarifications from the Commission. Some delegations also flagged that the proposed increases for the 3 policy areas as compared to the current framework are too high. The ring-fencing of EUR 10 billion in the Cohesion Fund for TEN-T projects raised the concerns of some delegations, in particular as regards its implications for the allocations of cohesion funding, the process of selecting projects and the way they are managed. The enhanced use of innovative financial instruments was received positively, even though it was stated that more analysis is required. Some delegations expressed more reserved views by calling for the need to analyse deeper the functioning of existing instruments.

(5) Common Fisheries Policy: delegations gave a positive welcome to the general principles of the Common Fisheries Policy. Given that the proposals concerning the European Maritime and Fisheries Fund were not yet adopted by the Commission, further work will be needed on the specificities.

Views diverged on the level of the budget with some delegations supporting the Commission proposal to stabilize spending on 2013 level in nominal terms, while some others arguing for a more restrictive approach to agriculture related spending. The proposed modalities for the convergence of direct payments in the Common Agriculture Policy raised some questions. Further greening of the direct payments was not opposed as such, but several delegations stressed the need for this to be done efficiently and proportionally. As regards rural development, some delegations welcomed its inclusion in the Common Strategic Framework, but questioned it being subject to macro-fiscal conditionality.

(6) Security and Citizenship: particular emphasis was put on the large scope for added value of the EU action in the field of security and citizenship. In this context, some delegations pointed in particular to the need for enhanced EU action in the area of migration, borders and the external aspects of EU policies in this domain. In this context, a few delegations questioned the inclusion of the Return Fund into the Migration and Asylum Fund, in particular as regards its implications for the approach to external borders and internal security.

(7) Global Europe: several delegations welcomed the Commission proposal relating to "Global Europe". They insisted on the need to reflect, through the EU budget, the priorities, values and interests of the European Union in the world.

A number of delegations supported the priority to respect the EU's formal undertaking to commit 0.7% of gross national product (GNP) to official development assistance (ODA) by 2015. Some however expressed doubts on the fact that as much as 15% of the collective EU ODA effort should come from the EU budget and the EDF.

Views were divided over the treatment of the European Development Fund (EDF). While a number supported the Commission proposal to keep, for the time being, the EDF outside the MFF, some called for its budgetisation. Some delegations favoured an increased focus on the European Neighbourhood Instrument and the Pre-Accession Instrument, whilst a few others questioned the rationale of keeping their allocations at the proposed levels.

(8) Administration: a large number of delegations welcomed the Commission proposal to rationalise administrative expenditure. In this context, they welcomed the Commission proposal for a 5% reduction in the staffing levels of each institution, service, agency and other bodies In addition, some delegations called for enhanced specific solutions relating to a sustainable pensions system.

(9) Own resources: the general principles underlying the new proposal for the system of own resources of the European Union were welcomed by a large majority of delegations. Most delegations took a positive view about the elimination of the current VAT-based own resource on 31 December 2013. Many delegations abstained from taking position on the new VAT own-resource for the time being as the Commission proposals would need further examination.

Lastly, some delegations raised the question of the macro-economic assumptions on which the Commission based its proposals. These delegations favoured the use of actual growth data from the past - the 10 year historical average - rather than the forecasts for future GDP, arguing that such forecasts are difficult and error prone.

Multiannual financial framework for the years 2014-2020

The Council discussed the main priorities and the budgetary framework including the overall amounts presented in the Commission's proposals for the EU's multiannual financial framework (MFF) for the 2014-2020 period. The debate enabled a clearer picture to be obtained of the Member States' positions on the main issues and of the state of negotiations.

It also provided guidance to the presidency and notably indicated the areas where it could face difficulties in finding common ground.

- Several Member States underlined the need for the MFF to reflect the current economic crisis and the efforts made at national level as regards fiscal consolidation. These delegations called for significant reductions in the overall expenditure level compared to the Commission's proposals.
- Some delegations also asked for the issue of unused commitments (RAL, "reste à liquider") to be addressed in this context.
- Several delegations asked for all financial instruments to be included in the multiannual financial framework, for the sake of transparency and veracity of the EU budget.
- Several Member States stressed the importance of ensuring an appropriate financing of EU policies so that the MFF can contribute adequately to addressing common challenges. Some delegations said that they support the overall expenditure level proposed by the Commission and a number of them considered the Commission's proposals to be balanced.
- Several ministers identified cohesion policy or the common agriculture policy (CAP) as their main priorities. A number of member states considered both policies as priorities. They highlighted the contribution that cohesion policy makes for enhancing jobs and growth and stressed the added value the CAP makes in the form of safe food, security of supply and rural development.
- Another group of Member States emphasised the need for strong support of research, innovation and the "green" agenda. A considerable number underlined the need to direct EU spending towards jobs and growth, in line with the EU 2020 strategy.
- Several delegations highlighted a need for reforming the EU's own resources system.

The Danish presidency announced that the MFF would be on the agenda of each General Affairs Council meeting until the end of June, with the exception of February. It also expressed its intention to

organise a conference on the MFF, probably on 22 and 23 March in Brussels.

It is expected that as from May, work on the MFF proposals will have reached sufficient maturity for negotiations to be conducted through a "negotiating box", a draft structure of the conclusions of the European Council, setting out the main issues and options and reflecting the outcome of the orientation debates held in the General Affairs Council.

In line with a mandate of the European Council from 9 December, the intention of the Danish presidency is to produce a solid basis for a substantial discussion on the MFF at the European Council meeting in June 2012.

The European Council has called for the MFF to be adopted by the end of this year. This would allow a smooth transition to the next MFF from the one currently in force.

Multiannual financial framework for the years 2014-2020

The Council discussed the first elements of the negotiating box outlining the most central issues and options for certain parts of the multiannual financial framework (MFF) for the 2014-2020 period.

The negotiating box discussed by ministers covers budget headings 1 (smart and inclusive growth), with the exception of cohesion policy and the "Connecting Europe" facility (CEF), 3 (security and citizenship), 4 (global Europe) and 5 (administration), as well as some horizontal issues, in particular the question of whether some instruments should be placed inside or outside the MFF.

Many delegations called for consolidation efforts undertaken at national level to be reflected in the EU budget framework for 2014-2020. Some highlighted the contribution that the EU budget may make in terms of enhancing growth and creating jobs. Nearly all referred to the importance of simplifying EU legislation. Many member states asked that macro-economic conditionality be included in the horizontal part of the negotiating box rather than limiting it to the cohesion part of the box.

Heading 1 (Smart and inclusive growth): all delegations agreed that excellence should be a core criterion in research and development financing. Some highlighted, however, the need for balanced access to funding for all member states. Some member states asked that nuclear decommissioning be mentioned in the negotiating box.

Heading 3 (Security and citizenship): many delegations stressed the importance of EU action in the area of asylum and migration. Some suggested that the current structure of this heading be maintained, with a sub-heading 3a dedicated to freedom, security and justice and a sub-heading 3b covering citizenship.

Heading 4 (Global Europe): many member states emphasised enlargement and neighbourhood policy as priority areas. A number of delegations highlighted the importance of reaching the goal of spending 0.7% of the EU's Gross National Income (GNI) on official development assistance by 2015. Some insisted on a fixed percentage for assistance meeting the criteria of the development assistance committee (DAC) of the OECD, while others preferred not to have a quantitative objective.

Heading 5 (Administration): the need to consolidate administrative expenditure was raised by many delegations, and various proposals for savings were made. At the same time, delegations underlined the need for the European civil service to remain efficient.

On the question of whether some instruments should be placed inside or outside the MFF, some member states considered that, for the sake of transparency and budget discipline, all instruments should be placed inside the MFF. Others considered that, on account of their specific characteristics, some instruments should be placed outside the MFF, as proposed by the Commission. Some member states objected to the proposed new contribution key for the European Development Fund (EDF).

Some opposed increased flexibility for enabling the European Union to respond to unforeseen circumstances. Some delegations advocated the elimination of certain instruments which are outside the 2007-2013 MFF. Several delegations mentioned the issue of unused commitments ("reste à liquider", RAL); some called for concrete measures to reduce the scope of RAL, whereas others considered unused commitments to be a normal feature of the EU budget procedure.

In the coming weeks, the presidency will supplement the negotiating box with the remaining elements of the MFF negotiating package, i.e. cohesion, CEF, heading 2 (sustainable growth: natural resources and own resources).

Timetable:

- The General Affairs Council of 24 April is will discuss the negotiating box for cohesion and heading 2 (sustainable growth: natural resources).
- From mid-May onwards the Council will pursue its work on the MFF on the basis of a negotiating box comprising all parts of the negotiation package.
- As the negotiations progress, the negotiating box will be continuously updated with a view to reducing and ultimately reconciling the gaps between the member states' positions.
- Finance ministers will discuss the MFF at an informal meeting in Copenhagen on 30 and 31 March, without however drawing any conclusions.

The European Council on 28 and 29 June will discuss the negotiating box as the basis for the final stage of negotiations. The aim is to finalise the negotiations on the MFF by the end of this year.

Multiannual financial framework for the years 2014-2020

The Council discussed, in public session, for the first time on the basis of the negotiating box, the following areas of the multiannual financial framework (MFF) for the 2014-2020 period:

cohesion policy,

- the "Connecting Europe" facility,
- Heading 2 (sustainable growth: natural resources), and
- The provisions relating to the five funds belonging to these policy fields: (i) the European Regional Development Fund (ERDF); (ii) the European Social Fund (ESF); (iii) the Cohesion Fund (CF); (iv) the European Agricultural Fund for Rural Development (EAFRD) ; (v) the European Maritime and Fisheries Fund (EMFF).

During the debate, a number of delegations voiced concerns about the proposed overall level of expenditure in times of fiscal consolidation and asked for cuts to be made in all headings.

Some member states considered the proposed amount for cohesion policy as a minimum, whereas others viewed the amount proposed for the common agricultural policy as a minimum.

Cohesion policy:

Several member states expressed concerns relating either to the new category of transition regions per se or to its scope.

Some of these member states supported, however, the idea of a safety net, providing for a minimum allocation level to each member state, compared to its level during the 2007-2013 period.

Other member states supported the concept of transition regions but were sceptical on the safety net.

"Connecting Europe" facility: many delegations welcomed the concept of the "Connecting Europe" facility, but some had difficulties with the proposed transfer to the facility of EUR 10 billion from the cohesion fund.

Common agricultural policy:

- Some delegations considered the proposed convergence of direct aids per hectare in terms of scope and timeframe as insufficiently ambitious. Others, however, found it too drastic.
- Delegations welcomed the objective of improving the environmental performance of the common agricultural policy but questioned the "greening" proposed by the Commission. Member states considered the use of 30% of direct payments for this as too high and asked for more flexibility.
- Opinions were divided on the proposed capping of support to large farms.
- Many delegations insisted on the importance of rural development and the criteria for the allocation of support to this policy area.

Concerning the rules governing the five funds under the common strategic framework, some member states stressed the importance of macro-economic conditionality. Others were sceptical about it, unless it was extended to other types of expenditure. In the coming weeks, the presidency intends to supplement those parts of the negotiating box that have already been presented with language on own resources, the remaining element belonging to the MFF negotiating package.

Timetable:

- The General Affairs Council of 29 May will hold a first discussion on a comprehensive version of the negotiating box covering all elements of the MFF negotiating package.
- Ministers for European Affairs will continue their work on the MFF at an informal meeting in Horsens (Denmark) on 10 and 11 June.

The European Council will discuss the MFF for the first time on 28 and 29 June. The aim is to finalise the MFF negotiations by the end of this year.

Multiannual financial framework for the years 2014-2020

The Council discussed the EU's multiannual financial framework (MFF) for the 2014-2020 period on the basis of a negotiating box which, for the first time, covers all elements of the MFF on both the expenditure and the revenue side.

Ministers welcomed the work undertaken by the Danish presidency to date and considered the latest version of the negotiating box as a good basis for further discussion.

Many ministers insisted on the need for the MFF 2014-2020 to promote job creations, growth and

investments. They also agreed on the need to improve the quality of expenditure. Some delegations considered that better spending does not necessarily entail less spending, while others stressed that improving the quality of expenditure does not preclude EU budgetary consolidation in times of crisis.

As regards expenditure, ministers focused on :

- cohesion policy,
- the Common Agricultural Policy (CAP),
- macroeconomic conditionality.

As regards cohesion policy, some delegations opposed the proposed level of capping, limiting the level of transfer to each member state to a certain percentage of its gross domestic product. Several delegations also objected to the so-called reversed safety net, limiting the scope of support to a certain percentage compared to its level during the 2007-2013 period. Some member states

expressed concerns about the new category of transition regions, whereas others supported it.

In respect of the CAP, some delegations considered the proposed convergence of direct aids per hectare in terms of scope and timeframe as insufficiently ambitious. Others, however, found it too drastic. Some ministers opposed possible cuts to overall spending under heading 2 (sustainable growth: natural resources). Others supported this idea, some considering it as a means to improving the convergence of direct aids.

Some ministers welcomed the so-called macro-economic conditionality aimed at ensuring that the effectiveness of expenditure of the five funds under the common strategic framework is underpinned by sound economic policies, or considered the wording in the negotiating box on the subject to be a good basis. Others had reservations on this.

As regards revenue, which was included in the negotiating box for the first time, ministers stressed the importance of the rules being simple, transparent and fair. Some delegations supported the abolition of the current VAT-based own resource, as proposed by the Commission. Some were ready to examine this proposal, while others opposed it.

The proposed new own resource based on a financial transaction tax was supported by some member states and opposed by others.

Many ministers were in favour of abandoning completely all corrections to the system of own resources, but considered the proposed lump sums as a step in the right direction. Others insisted on maintaining the existing correction mechanisms, or at least keeping a guarantee of the current amount of correction under a new mechanism. For the time being, the negotiating box only contains a small number of figures in square brackets. Later in the negotiation process, figures for the ceilings of the individual headings of the MFF will be added. The Commission is also expected to submit an updated proposal on the MFF which, amongst other things, will integrate its spring economic forecast into the proposals.

The European Council will hold a first substantial discussion on the MFF 2014-2020 on 28 and 29 June. It will also discuss the issue of how the new MFF can best contribute to the creation of growth. It is expected to approve procedural conclusions to guide the negotiation process in line with the agreed timetable.

The aim is to reach an agreement and adopt the MFF regulation before the end of this year.

Multiannual financial framework for the years 2014-2020

The Council discussed the EU's multiannual financial framework (MFF) for the 2014-2020 period on the basis of a revised negotiating box. The discussion was aimed at preparing the first substantial discussion that the European Council will hold on this subject at its meeting on 28-29 June. Ministers welcomed the work undertaken by the Danish presidency and the progress achieved so far. Views diverged as to whether the negotiating box should be regarded as the or a basis for further work.

On the issue of budget headings : as regards the amendments made to the negotiating box in the last few weeks the presidency's suggestion to keep separate sub-headings for "competitiveness for growth and jobs" and "economic, social and territorial cohesion" was broadly welcomed.

On island regions : the proposed additions on island regions and the cohesion policy's contribution for investment, growth and job creation were supported by some delegations. Others were opposed to any special consideration being given to island regions in the allocation method of the structural funds or asked for a reference to the contribution that other EU policies, notably the Common Agricultural Policy, where making in terms of enhancing growth and creating jobs. ITER and GMES : the presidency suggestion to include the international thermonuclear experimental reactor (ITER) and the European Programme for the establishment of a European capacity for Earth Observation (GMES) in the MFF was welcomed by some member states but rejected by others.

As regards the other elements of the negotiating box some member states asked to remove the so-called reversed safety net, limiting the scope of cohesion policy support to a certain percentage compared to its level during the 2007-2013 period. Others, however, stressed the importance of this provision and insisted on keeping it in the negotiating box. Some ministers voiced doubts on the so-called macro-economic conditionality (aimed at ensuring that the effectiveness of expenditure of the five funds under the common strategic framework is underpinned by sound economic policies) and expressed fears of a possible double punishment, in combination with the rules on European governance. Others, however, insisted on keeping it in the text.

With regard to the CAP, some delegations considered the proposed convergence of direct aids per hectare in terms of scope and timeframe as insufficiently ambitious whilst others found it too drastic. Only a few ministers commented on the revenue side of the negotiating box. Some stressed the need to reform the own resources system whereas others preferred to keep the current rules.

The incoming Cyprus presidency expressed its intention to use the work of the Danish presidency as point of departure for future discussion.

The European Council of 28-29 June is expected to approve procedural conclusions to guide the negotiation process. It will also discuss the issue of how the new MFF can best contribute to the creation of growth. The aim is to reach an agreement before the end of this year.

Multiannual financial framework for the years 2014-2020

Following the adoption of its proposal for a Council Regulation laying down the multiannual financial framework for the years 2014-2020 ("MFF Regulation"), the Commission submitted proposals for all the legislative acts concerning the multiannual programmes for that period. Two of these proposals imply amendments to the proposal for a MFF Regulation.

It is also necessary to update the multiannual financial framework table included in the annex to the MFF Regulation to take into account the following elements:

- allocations for the Republic of Croatia are to be added to the Commission's proposal for EU-27 based on the Act of Accession signed on 9 December 2011.
- the availability of new data for regional GDP and national GNI results in changes to the regional and national eligibility under the Union's cohesion policy and therefore in a recalculation of the regional and national allocations.
- the most recent macro-economic forecasts and projections should be taken into account to calculate the maximum national allocations for Member States subject to capped cohesion envelopes as well as to express the ceilings of the MFF table for the period 2014-2020 as a percentage of EU-28 GNI.

The proposed changes to the financial framework are as follows:

(1) Horizontal "Asylum and migration" Regulation: on 15 November 2011, the Commission presented a proposal for a Regulation of the European Parliament and of the Council laying down general provisions on the Asylum and Migration Fund and on the instrument for financial support for police cooperation, preventing and combating crime, and crisis management (Horizontal Regulation) as well as:

- a proposal for a Regulation of the European Parliament and of the Council establishing the Asylum and Migration Fund;
- a proposal for a Regulation of the European Parliament and of the Council establishing, as part of the Internal Security Fund, the instrument for financial support for police cooperation, preventing and combating crime, and crisis management; and
- a proposal for a Regulation of the European Parliament and of the Council establishing, as part of the Internal Security Fund, the instrument for financial support for external borders and visa.

These three specific Regulations provide that the provisions of the Horizontal Regulation shall apply to them.

In the Horizontal Regulation, the Commission announced that it will amend its proposal for a MFF Regulation to extend the provisions of Article 7 to the programmes implemented under shared management under the Asylum and Migration Fund and Internal Security Fund. This is part of the Commission's endeavour to harmonise rules applicable to shared management. Accordingly, whilst every effort should be made to ensure that the national programmes under both Funds are adopted in 2014, a transfer to subsequent years of allocations not used in 2014 should be possible so as to avoid the loss of related commitment appropriations.

(2) Horizontal "Cohesion" Regulation: on 6 October 2011, the Commission presented a proposal for a Regulation of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural and Rural Development Fund and the European Maritime and Fisheries Fund covered by the Common Strategic Framework and laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1083/2006 ("CSF Regulation"). Article 21 of the CSF Regulation provides for rules on conditionality linked to the coordination of the Member States' economic policies, including the possible suspension of commitments and payments for programmes supported from the Funds covered by the Common Strategic Framework.

Article 21(8), last paragraph, of that Regulation provides that, when the conditions for lifting a suspension of commitments or payments are met, the Council shall, at the same time, decide, on a proposal of the Commission, to re-budget the suspended commitments.

Consequently, Article 8 of the MFF has to be amended accordingly to allow for the transfer and re-budgeting of suspended commitments.

The Commission also proposes:

- to amend Article 11 of its proposal for a MFF Regulation by splitting it into two Articles, so as to distinguish the case of the accession of a new Member State to the Union from that of the reunification of Cyprus;
- other minor amendments for clarification purposes.

BUDGETARY IMPACT:

(1) Incorporating the allocations for Croatia in the MFF table: the specific allocations for Croatia need to be added to the Commission's proposals for the following funds:

- the Structural Funds,
- the Cohesion Fund,
- the European Agricultural Fund for Rural Development,
- the European Maritime and Fisheries Fund,
- the Asylum and Migration Fund, and
- the Internal Security Fund.

These allocations are calculated on the basis of the same methodology applied for the EU-27, subject to the transitional provisions laid down in the Act of Accession whether in regard to cohesion or the common agricultural policy (progressive approach with a two-fold adjustment of allocations from 2014-2015).

Besides benefiting from these pre-allocated amounts, Croatia shall also fully participate in all other internal policies. Therefore all the non pre-allocated envelopes need to be adjusted accordingly. The same approach as for the 2013 amounts for the closure of the Accession negotiations has been applied - i.e. the amounts are calculated in proportion to the share of Croatia in the GDP and the population of EU-27, resulting in an increase of all the proposed non pre-allocated envelopes by 0.62%

As regards adjustments to Heading 5 (Administration), for the Commission, the net reinforcement will amount to 384 additional full time equivalent units, mostly in the form of posts to be added to the establishment plan with their phasing in to be completed by 2014. The other Institutions will need additional resources mainly for linguistic and legal expenditure, equipment and operating expenditure, communication activities and IT management tasks, requiring a net reinforcement of some 274 additional full time equivalent units. The additional cost over the period 2014-2020 for all institutions is estimated at EUR 536 million (2011 prices).

The total allocation for Croatia thus amounts to EUR 13.741 billion in commitment appropriations and EUR 9.956 billion in payment appropriations.

(2) Updating of the ceiling for Smart and Inclusive Growth and the subceiling for Economic, social and territorial cohesion: following the publication of regional GDP data for 2009, regional education and labour market data for 2010, and of GNI data for 2010, these Commission proposals now need to be updated: The three-year average determining eligibility shifts to 2007-2009 for regional GDP and to 2008-2010 for GNI. Furthermore, the maximum envelopes for those Member States subject to a cap of 2.5% of national GDP are now calculated on the basis of the Spring 2012 forecast and updated medium-term projections.

The following changes result in the overall allocation for the EU-27: -EUR 5.506 billion in commitment appropriations over the 2014-2020 period.

(3) Updating of the global ceilings for payment appropriations: the annual global ceilings for payments need to be updated on the basis of the most recent information available:

- the budget execution for the year 2011;
- the adopted budget for the year 2012;
- the draft budget for the year 2013 and the accompanying revised payment schedules.

(4) Updating of the overall annual ceilings for commitments and payments expressed as a percentage of EU-GNI: the overall annual ceilings for commitments and payments of the MFF table, according to the changes outlined above, need to be expressed in terms of a percentage of EU-28 GNI, calculated on the basis of the Commission's Spring 2012 macro-economic forecast and updated medium-term projections.

Multiannual financial framework for the years 2014-2020

The Council discussed the EU's multiannual financial framework (MFF) for the 2014-2020 period on the basis of a revised negotiating box prepared by the Cyprus presidency. It also took note of the presentation by the Commission of its proposal for a new value added tax (VAT)-based own resource.

Ministers welcomed the work undertaken by the Cyprus presidency and expressed their willingness to reach agreement at a special European Council scheduled for 22-23 November.

Comments focused on the following issues:

- the overall expenditure ceiling: some Member States welcomed the presidencys intention to reduce the figures proposed by the Commission and insisted on the need for better spending. Others defended the Commission proposal, arguing that the MFF was the major investment tool for promoting growth and creating jobs, while agreeing with the importance of a high quality of spending which in their view needed to be ensured in all expenditure areas;
- expenditure ceilings for individual headings: some delegations insisted that cuts should be made in all individual headings. Some opposed any reductions in cohesion policy, some objected to cuts in the Common Agricultural Policy (CAP) and some considered the amounts proposed for both, cohesion policy and CAP, to be a strict minimum;
- the allocation of cohesion policy funds: some member states deplored the removal from the negotiating box of the "reverse safety net", aimed at limiting the scope of support for a Member State compared to a certain percentage of its level during the 2007-2013 period. Others welcomed this modification, but voiced concern about a possible reduction of the maximum level of transfer ("capping rate") below 2.5% of GDP of each individual Member State ;
- rural development: some Member States insisted that the "past performance principle" for the distribution of EU support should be understood as the share of funds allocated to a Member State for the entire 2007-2013 period, rather than only for the year 2013 as intended by the Commission;
- direct support in agriculture: some Member States opposed the reduction of the EU average of direct aid per hectare. Others supported it if this contributed to a higher convergence of direct aid between Member States, or subject to exceptional provisions for Member States whose level of direct aid is lower than the EU average,
- unused commitments ("reste à liquider", RAL): some Member States welcomed the Presidency's intention to include provisions on this in the negotiating box, while others considered RAL to be a normal feature of the EU budget procedure, and that it should be addressed in that framework.
- instruments inside and outside the MFF: some Member States expressed concern at the suggestion that the EU's solidarity fund (SF) and the European globalisation adjustment fund (EGF) outside the MFF, rather than keeping the SF within the MFF's expenditure limits and discontinuing the EGF;
- own resources: several ministers stressed the importance of rules being simple, transparent and fair. Some deplored the fact that the negotiating box had not been revised on the revenue side. Others opposed any change on own resources. Some delegations supported the abolition of the current VAT-based own resource, as proposed by the Commission. Some were ready to examine this proposal, while others opposed it. The proposal for a new own resource based on a financial transaction tax1 was supported by some Member States and opposed by others. Some member states insisted on keeping the system for collection of traditional own resources unchanged. This would mean that Member States would continue to retain, by way of collection costs, 25% of the amounts collected by them, rather than 10% as proposed by the Commission. Some ministers were in favour of abandoning all correction mechanisms under the system of own resources; others insisted on maintaining existing correction mechanisms or at least keeping a guarantee of the current amount of correction under a new mechanism.

Procedure: the Cypriot Presidency held an exchange of views with representatives of the European Parliament before the Council meeting and debriefed them afterwards. The Presidency will reflect on the comments made by delegations and endeavour to fine-tune the negotiating box in order to further narrow down Member States' positions. The objective is to reach agreement on the MFF package at the special European Council on 22-23 November.

Timetable: the General Affairs Council will meet twice before the November European Council, on 16 October in Luxembourg and 20 November in Brussels. After the European Council of 18-19 October, the Presidency intends to issue a newly revised negotiating box with some ranges of figures. The President of the European Council, Herman Van Rompuy, will hold bilateral consultations starting from 5 November.

Further information on the negotiations may be found on the Council's MFF webpages:

http://www.consilium.europa.eu/special-reports/mff

Multiannual financial framework for the years 2014-2020

The Committee on Budgets adopted the interim report by Ivailo KALFIN (S&D, BG) and Reimer BÖGE (EPP, DE) in the interests of achieving a positive outcome of the Multiannual Financial Framework 2014-2020 approval procedure.

Members recall that 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.

Although Members are 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, they insist that the Union cannot be seen as adding an extra fiscal burden on taxpayers.

Members are 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.

Members also stress 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. They emphasise that, for the regions and Member States, public investment would be minimised or impossible without the contribution of the EU budget. Members insist that the EU budget is a key tool to deliver smart, sustainable and inclusive growth for the entire EU

Against budget cuts that would result in imbalances in the EUs economy: Members feel that any cuts in the EUs 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.

Members also note certain priorities for the agreement of future budgets and in particular two major ones:

> 1) More money for research and competitiveness to help EU out of the crisis: MEPs point out that the measures taken since 2008 have not yet brought about an end to the economic and financial crisis. They believe that a well-targeted, robust and sufficient EU budget is needed to help coordinate and enhance national efforts. They therefore call for significant increases in the budget for competitiveness, SMEs, entrepreneurship, sustainable infrastructure and research and innovation funding.
>
> 2) New life to be breathed into Cohesion Policy and the CAP: given the pressing need to secure public investment in growth and jobs, MEPs want the budget for cohesion policy to be maintained at least at the level of the 2007-2013 period. Equally, the budget for the common agricultural policy (CAP), which contributes to job creation in rural areas, should be at least maintained, while being used more effectively and efficiently.

Members challenge the Council, if it proposes cuts, to identify clearly and publicly which of its political priorities or projects should be dropped altogether.

Own resources: given the serious crisis situation facing Member States, balanced structural reforms at both national and EU level are necessary, in particularly in regard to own resources. To encourage a favourable outcome in terms of the current negotiations, Members consider that any political agreement will have to include the following aspects:

- 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;
- this reform must enter into effect during the 2014-2020 MFF, as proposed by the Commission;
- those Member States willing to introduce a financial transaction tax must now proceed with a formal request to the Commission for a proposal on enhanced cooperation in this field; the Commission will then have to react immediately with the publication of such a proposal 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;
- 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;
- 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;
- 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: Members stress 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. They emphasise 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.

Members also note that any political agreement reached at European Council level constitutes no more than a negotiating mandate for the Council. They insist 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 Parliaments consent its proposals on the MFF Regulation.

They also recall 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. They insist 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.

They also draw Councils 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.

Multiannual financial framework for the years 2014-2020

At a breakfast discussion on 16 October, ahead of the General Affairs Council meeting, ministers for European Affairs and representatives of the European Parliament took stock of the ongoing negotiations on the Multiannual Financial Framework for 2014-2020.

The discussion covered only qualitative aspects of the next EU financial framework.

The talks provided the Cyprus Presidency with a basis for revising the "negotiating box" on the following four issues:

Macro-economic conditionality: this is about ensuring that the effectiveness of EU expenditure is underpinned by sound economic policies. The principle is broadly agreed upon, but how to put it into practice needs to be looked at in more detail.

Better spending: the need to improve the quality of spending is also widely recognised. What remains to be agreed upon is what measures are most effective in achieving this objective.

Flexibility: this is about enabling the EU to respond to unexpected financial needs. The task here is to strike the right balance between budgetary discipline and the possibility of mobilising additional resources if need be.

Outstanding commitments (remainder to be liquidated or "RAL" (reste à liquider): the task here is to ensure that the level of payments remains manageable when a high level of outstanding commitments builds up. "Commitments" are legal promises in the EU budget to make payments which need not necessarily be paid out in the same year, but may be paid out over several financial years.

The Cypriot presidency will publish a revised negotiating box before the end of October this year.

The President of the European Council Herman Van Rompuy will hold bilateral consultations with the member states, starting on 5 November. The objective is to reach agreement on the MFF package at the special European Council on 22 and 23 November.

Multiannual financial framework for the years 2014-2020

The European Parliament adopted by 517 votes to 105 with 63 abstentions a resolution aiming to achieve a positive outcome of the Multiannual Financial Framework 2014-2020 approval procedure.

Parliament begins by recalling that pursuant to the Treaty on the Functioning of the European Union (TFEU), the Council, acting in accordance with a special legislative procedure, must adopt a regulation laying down the Multiannual Financial Framework and all items of revenue and expenditure of the Union must be shown in the budget.

The EU budget as a key tool to deliver smart, sustainable and inclusive growth for the entire EU: Parliament states that it 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. It insists, however, that the Union cannot be seen as adding an extra fiscal burden on taxpayers. Parliament is 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. Balanced structural reforms at both national and EU level are required with the aim of promoting employment, improving public spending on innovation, research and development, meeting our climate change and energy objectives, improving education levels and promoting social inclusion.

With respect to the current crisis, Parliament considers that the EU budget should be at the heart of solidarity between Member States.

It goes on to note 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, and 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. Parliament emphasises that, for the regions and Member States, public investment would be minimised or impossible without the contribution of the EU budget.

It also highlights the following issues:

- delivering on the Europe 2020 strategy's seven flagship initiatives which will require a substantial amount of future-oriented investment, estimated at no less than EUR 1 800 billion up to 2020, while at the same time applying severe budgetary measures at national level;
- the alarming situation young people face across the EU requires a particular effort;

- measures are needed for a strong, diversified, competitive industrial base to support competitiveness and job creation in the EU;
- at least 20 % of expenditure must be climate-related mobilising investment for a sustainable and prosperous low-carbon economy.

Level of expenditure: Parliament states that the 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. 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. Parliament recalls furthermore that the MFF only sets maximum levels of expenditure, while the EU budget has always remained far below those levels. It 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 the EUs existing policy priorities.

Parliament warns the Council against any attempt to reduce further the level of EU expenditure as proposed by the Commission. It firmly opposes any plea for linear, across-the-board cuts that would jeopardise the implementation and effectiveness of all EU policies, and challenges the Council, in case it proposes cuts, to clearly and publicly identify which of its political priorities or projects should be dropped altogether.

In all, Parliament reaffirms its position in favour of a significant increase in the funding available for the Union programmes in the fields of: (i) competiveness, (ii) SMEs, entrepreneurship and (iii) sustainable infrastructure.

Furthermore, the European Parliament :

- underlines the importance of research and innovation and 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;
- strongly rejects any attempt to further decrease the allocation for programmes, such as COSME programme;
- maintains its position that cohesion policy funding should be maintained at least at the level of the 2007-2013 period and supports earmarking 25 % of the total cohesion policy allocation to the ESF;
- supports the maintenance of the amounts allocated to the CAP in the budget year 2013 during the next financial programming period, with a more efficient allocation of its budget, via a fair distribution of direct payments and rural development allocations between Member States, regions and farmers;
- supports the strengthening of the Union programme for environment and climate;
- urges an increase in the financing of the concrete youth-specific instruments proposed by the Commission;
- stresses the need to continue the programme for the most deprived persons;
- reiterates that the new responsibilities at international level conferred on the EU by the Treaties will require the achievement of Member States' 0.7 % GNI spending targets for Official Development Aid and the Commission's proposals for Global Europe and the need to match the responsibilities of EEAS with adequate budgetary resources.

Better spending: Parliament believes that in the present context of public budgetary constraints, Union added value is to be found notably in long-term investments that are beyond the reach of individual Member States. Tit stresses the need for coherence and simplification to further reduce the administrative burdens. Stressing again the principle of sound financial management, Parliament reminds Member States of their legal obligation to ensure that appropriations entered in the budget are used in accordance with this principle (90 % of the errors detected by the European Court of Auditors have been in Member States). It 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. Members consider that the regions should not be punished for the failure of the national level to comply with procedures related to economic governance.

Generally, Parliament agrees on the need to rationalise administrative expenditure, so long as the institutions can perform their tasks and duties in accordance with their obligations and powers under the Treaties. It 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. It points again to the significant savings that could be made if the European Parliament were to have a single seat, and urges the budgetary authority to raise this issue in the negotiations on the next MFF 2014-2020.

Duration and mid-term revision: Parliament 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. It 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. It also 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.

Need for a more flexible MFF: Parliament 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. It 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 %. It 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 when the need arises.

It also stresses 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.

Once again, Parliament expresses its concern about the current ever-growing level of outstanding commitments (RALs) and calls for a joint interinstitutional strategy for keeping the level of RALs under control to avoid, as much as possible, the risk of hampering the implementation of EU programmes because of a lack of payment appropriations at the end of the financial framework.

Parliament also raises: i) the issue of budget surpluses; ii) the Council's regular linear cuts to the Commission's estimations for payment appropriations, which is not good budgeting (to this effect, Parliament considers it would be better to use the surpluses by reinjecting them back into the EU budget), iii) the issue of contingency margins; iv)the increase in the envelop of the Flexibility Instrument proposed by the

Commission; v) its support for the Commissions 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.

Unity of the budget:

Once again, Parliament 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. It strongly 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 relevant provisions of the TFEU. In an amendment adopted in plenary, Parliament 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. It recalls that any new budgetary capacity must be part of the EU budget, thereby respecting its unity and to improve visibility and ensure the additionality of such a new budgetary capacity, a special new heading of the MFF should be created. In this regard, it 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.

Parliament 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. It believes that, in this way, a permanent debate on the financing system of the Union will be maintained.

Own resources: Parliament regrets the current stalemate in the negotiations 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

Parliament reiterates its belief 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. It 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.Such a system violates, in essence, the letter and spirit of the Treaty. Parliament 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. 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.

Parliament then indicates what, in its eyes, should constitute the basis of the necessary political agreement:

- 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;
- this reform must enter into effect during the 2014-2020 MFF;
- 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. 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;
- 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;
- 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;
- 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: Parliament 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. It 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. It 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.

It notes that any political agreement reached at European Council level constitutes no more than a negotiating mandate for the Council. 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.

Parliament 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. It stresses that they are to be considered as a package, and reaffirms the principle that nothing is agreed until everything is agreed. It 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. It advises that further modifications may become necessary depending on how negotiations on the MFF progress and points out that the Interinstitutional Agreement can be finalised only after the MFF procedure has been completed.

With respect to the negotiations, Parliament 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. It 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. It 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.

It should be noted that an alternative motion for resolution tabled by the ECR group was rejected in plenary.

Multiannual financial framework for the years 2014-2020

In a public session, the Irish Presidency informed ministers on the state of play in the discussions with the European Parliament on the next multiannual financial framework (MFF) and received guidance from ministers for the negotiations with the European Parliament.

Since the February 2013 European Council, the Irish Presidency has had extensive contacts with the European Parliament on the MFF. Work has also started in Council on the MFF Regulation and the Interinstitutional Agreement on cooperation in budgetary matters and on sound financial management.

The Irish Presidency's objective is to reach agreement with the Parliament on the MFF by the end of June and to translate the overall MFF agreement into legal texts. It also aims to reach agreement on the around 70 pieces of sector-specific legislation underpinning the EUs funding programmes. This would allow the new programmes to start on time in January 2014.

Ministers supported the Presidency's efforts to find a compromise with the European Parliament on the next MFF in a timely manner. They expressed their willingness to discuss the four key elements of the European Parliament's resolution:

1. flexibility,
2. revision,
3. own resources,
4. unity of the budget.

Some ministers also stressed that substantial elements of Parliament's demands had already been agreed by the European Council in February, in particular as regards flexibility.

Following the Council's discussion, the Presidency will renew its contacts with the European Parliament and ask Coreper to continue work on the MFF regulation and the interinstitutional agreement. The General Affairs Council will return to the MFF for a more substantial discussion on 21 May 2013.

Multiannual financial framework for the years 2014-2020

The Irish Presidency informed ministers on the state of play in the discussions with the European Parliament on the EU's multiannual financial framework (MFF) for 2014-2020.

At its meeting in April, the General Affairs Council held a discussion focussing on four key issues (the review of the MFF, own resources, unity of the budget and flexibility) and, further to that, COREPER examined these issues in more detail. During these discussions, delegations expressed openness to consider the European Parliament's demands in a constructive spirit, while respecting the principle that nothing is agreed until everything is agreed.

Review of the MFF: delegations were prepared to consider a legally binding obligation on the Commission to present a review in 2017, to take account of the latest economic situation, accompanied, if appropriate, by relevant proposals.

Own resources: delegations were clear that the European Council agreement represented, in their view, the right balance. There was, however, readiness to consider a declaration setting out a political roadmap for work relating to the future.

Unity of the budget: delegations expressed some openness to considering Parliaments request to have a Commission document annexed to the annual draft budget setting out all expenditures covered by the EU budget, but called for more detailed information.

Flexibility: in this regard, more work is required. In the Councils view, a substantial degree of flexibility is already foreseen in the agreement reached by the February European Council (inter alia the contingency margin, Flexibility Instrument, Emergency Aid Reserve, Solidarity Fund, Globalisation Adjustment Fund, Reserve for crisis in the agricultural sector).

As regards the legislative texts (MFF Regulation and IIA), after a first discussion in COREPER on 10 April, it appeared that several technical clarifications were required. In the light of this, the Presidency is to soon present to COREPER revised texts.

On 6 May, the Presidents of the European Parliament, the Commission and the Council held a meeting which opened the way for the start of negotiations. A first trilogue was held on 13 May. The Presidency confirmed that negotiations with Parliament would continue, with a further political trilogue scheduled for 28 May. In addition to an agreement on the MFF, the Irish Presidency wishes also to reach agreement with Parliament on the approximately 70 pieces of sectoral legislation underpinning the EUs funding programmes. This would allow the new programmes to start on time in January 2014.

Multiannual financial framework for the years 2014-2020

After an agreement in principle was reached on 28 June 2013 by the Committee of Permanent Representatives, the Council proposes an amended draft regulation laying down the EU's multiannual financial framework (MFF) for 2014-2020.

The main provisions of this revised draft may be summarised as follows:

Mid-term review/revision of the MFF: by the end of 2016 at the latest, the Commission shall present a review of the functioning of the MFF taking full account of the economic situation at that time as well as the latest macroeconomic projections. This compulsory review shall, as appropriate, be accompanied by a legislative proposal for the revision of this Regulation.

Principles: the revised regulation requires compliance with some major budgetary principles including respect for annual expenditure ceilings of the MFF, the implementation, if necessary, of special budgetary instruments defined below, or the respect of own resources ceiling.

Global margin for payments: every year, starting in 2015, as part of the technical adjustment referred to in the Regulation, the Commission shall adjust the payment ceiling for the years 2015-2020 upwards by an amount equivalent to the difference between the executed payments and the MFF payment ceiling of the year n-1.

The annual adjustments shall not exceed the following maximum amounts for the years 2018-2020 as compared to the original payment ceiling of the relevant years:

- 2018 - EUR 7 billion
- 2019 - EUR 9 billion
- 2020 - EUR 10 billion.

Any upward adjustment shall be fully offset by a corresponding reduction of the payment ceiling for year n-1.

Technical adjustments: each year the Commission, acting ahead of the budgetary procedure for year n+1, shall make technical adjustments to the MFF on the basis of a fixed deflator of 2% per year. It shall communicate the results of the technical adjustments and the underlying economic forecasts to the European Parliament and the Council.

Provisions are also laid down as regards the adjustment of cohesion policy envelopes. Thus, to take account of the particularly difficult situation of Member States suffering from the crisis, the Commission shall in 2016, together with the technical adjustment for the year 2017, review all Member States' total allocations under the "Investment for growth and jobs" goal of cohesion policy for the years 2017 to 2020. It shall adjust those total allocations whenever there is a cumulative divergence of more than +/- 5 %.

The required adjustments shall be spread in equal proportions over the years 2017-2020 and the corresponding ceilings of the MFF shall be modified accordingly. The payment ceilings shall also be modified accordingly to ensure an orderly progression in relation to the appropriations for commitments. If a Member State either becomes newly eligible to the Cohesion Fund or loses its existing eligibility, the Commission shall add or subtract the resulting amounts to or from the funds allocated to the Member State for the years 2017 to 2020. The total net effect, whether positive or negative, of the adjustments shall not exceed EUR 4 billion.

Adjustments related to macroeconomic conditionalities linked to the coordination of Member States' economic policies: in the case of the lifting by the Commission of a suspension of budgetary commitments concerning the Structural Funds or any other Fund in the context of macroeconomic conditionalities linked to the coordination of Member States' economic policies, the Commission shall transfer the suspended commitments to the following years. Suspended commitments of year n may not be rebudgeted beyond year n+3.

Special Instruments: a series of budgetary instruments are provided to ensure the financing of policies or specific instruments considered to be special:

- Emergency Aid Reserve: this Reserve is intended to allow for a rapid response to specific aid requirements of the countries following events which could not be foreseen when the budget was established, first and foremost for humanitarian operations, but also for civil crisis management and protection, and situations of particular pressure resulting from migratory flows at the Union's external borders where circumstances so require. The annual amount of the Reserve is fixed at EUR 280 million and may be used up to year n+1;
- European Union Solidarity Fund: the EUSF is intended to allow financial assistance in the event of major disasters occurring on the territory of a Member State or of a candidate country. There shall be a ceiling on the annual amount available for that Fund of EUR 500 million;
- Flexibility Instrument: the Flexibility Instrument is intended to allow the financing, for a given financial year, of clearly identified expenditure which could not be financed within the limits of the ceilings available for one or more other headings. The ceiling on the annual amount is EUR 471 million;
- European Globalisation Adjustment Fund (EGF): the EGF shall not exceed a maximum annual amount of EUR 150 million and shall be entered in the general budget of the Union as a provision.
- Contingency Margin: a margin of up to 0.03% of the Gross National Income of the Union shall be constituted outside the ceilings of the MFF, as a last-resort instrument to react to
- unforeseen circumstances;
- Global margin for commitments for growth and employment, in particular youth employment: margins left available below the MFF ceilings for commitment appropriations for the
- years 2014-2017 shall constitute a Global MFF Margin for commitments, to be made available over and above the ceilings established in the MFF for the years 2016 to 2020 for
- policy objectives related to growth and employment, in particular youth employment. The Global MFF Margin or part thereof may be mobilised by the European Parliament and the Council in the framework of the budgetary procedure pursuant to Article 314 TFEU;
- Specific flexibility to tackle youth unemployment and strengthen research: up to EUR 2 543 million may be frontloaded in 2014 and 2015, as part of the annual budgetary procedure, for specified policy objectives relating to youth employment, research, ERASMUS in particular for apprenticeships, and Small and Medium-sized Enterprises. That amount shall be fully offset against appropriations within and/or between headings in order to leave unchanged the total annual ceilings for the period 2014-2020 and the total allocation per heading or sub-heading over the period.

Contribution to the financing of large-scale projects: the Financial Framework also takes account of the financing of large-scale projects:

- EUR 6 300 million for EGNOS and Galileo;
- EUR 2 707 million for ITER;
- EUR 3 786 million for Copernicus.

Revision of the MFF: measures are provided to ensure the eventual revision of the MFF in case of unforeseen circumstances. Any proposal for revision of the MFF shall examine the scope for reallocating expenditure between the programmes covered by the heading concerned by the revision, with particular reference to any expected under-utilisation of appropriations. Any revision shall take into account the scope for offsetting any raising of the ceiling for one heading by the lowering of the ceiling for another. Any revision shall maintain an appropriate relationship between commitments and payments.

Other provisions have been introduced to ensure the revision of the Financial Framework in case of:

- the enlargement of the Union
- the reunification of Cyprus
- the revision of the Treaties
- the revision related to implementation
- the revision following new rules or programmes concerning the Structural Funds or other European Funds.

The revision concerning the transfer of unused allocation for the year 2014 shall be adopted before 1 May 2015.

Interinstitutional cooperation in the budgetary procedure: the European Parliament, the Council and the Commission shall take measures to facilitate the annual budgetary procedure by cooperating through appropriate interinstitutional contacts in order to monitor the progress of the work and analyse the degree of convergence. Trilogues may be held at all stages of the procedure and at different levels of representation, depending on the nature of the expected discussions.

Transition towards the next multiannual financial framework: before 1 January 2018, the Commission shall present a proposal for a new multiannual financial framework.

Multiannual financial framework for the years 2014-2020

The Committee on Budgets adopted the report drafted jointly by Jean-Luc DEHAENE (EPP, BE) and Ivailo KALFIN (S&D, BG) on the draft Council regulation laying down the multiannual financial framework for the years 2014-2020.

The report consented to the draft Council regulation laying down the Multiannual Financial Framework for the years 2014-2020 as set out in annex to this resolution.

The committee recommended that the Parliament approve the joint declarations annexed by Parliament, the Council and the Commission.

The joint declarations concern the main areas of contention regarding the adoption of the MFF 2014-2020:

- Own Resources: according to Article 311 of the TFEU the Union shall provide itself with the means necessary to attain its objectives and carry through its policies. It also stipulates that, without prejudice to other revenue, the budget shall be financed wholly from own resources. Article 311 al. 3 indicates that the Council, acting in accordance with a special legislative procedure, shall unanimously and after consulting the European Parliament adopt a decision on the system of own resources and that, in that context, the Council may establish new categories of own resources or abolish an existing category.

On this basis, the Commission presented in June 2011 a set of proposals to reform the Own Resources system of the Union. The European Council called on the Council to continue working on the proposal of the Commission for a new own resource based on value added tax (VAT). It also invited the Member States participating in the enhanced cooperation in the area of financial transaction tax (FTT) to examine if it could become the base for a new own resource for the EU budget.

The question of own resources requires further work. To this end, a high-level Group will be convened, composed of members appointed by the three institutions. It should draw on appropriate expertise, including from national budgetary and fiscal authorities as well as independent experts.

The Group will undertake a general review of the Own Resources system guided by the overall objectives of simplicity, transparency, equity and democratic accountability. A first assessment will be available at the end of 2014. Progress of the work will be assessed at political level by regular meetings, at least once every six months.

National Parliaments will be invited to an inter-institutional conference during 2016 to assess the outcome of this work.

On the basis of the results of this work, the Commission will assess if new Own Resource initiatives are appropriate. This assessment will be done in parallel to the review referred to in Article 1a of the MFF Regulation with a view to possible reforms to be considered for the period covered by the next multiannual financial framework.

- Improving effectiveness of public spending in matters subject to EU's action: the three Institutions agree to work together with the objective of cost savings and better synergies at national and European levels in order to improve the effectiveness of public spending in matters subject to EU's action. To this end, the institutions will, as they consider most appropriate, draw on, inter alia, knowledge of best practices, information sharing as well as available independent assessment. The results should be available and serve as one basis for the proposal of the Commission for the next multiannual financial framework.

- Article 15 of the Council Regulation laying down the MFF 2014-2020: the Institutions agree to use the amount referred to in Article 15 of the Council Regulation laying down the MFF 2014-2020 as follows:

- EUR 2143 million for Youth Employment;
- EUR 200 million for Horizon 2020;
- EUR 150 million for Erasmus;
- EUR 50 million for COSME.

- Declaration of the Commission on national management declarations: in its discharge resolution of 17 April 2013, the European Parliament requested to establish a template for national management declarations to be issued by Member States at the appropriate political level. The Commission is prepared to examine this request and is willing to invite the European Parliament and the Council to participate in a working group with a view to issue recommendations by the end of this year.

- Review/revision: in a unilateral declaration, the Commission confirms its intention to submit legislative proposals for a revision of the MFF Regulation. In this context, it will pay particular attention to the functioning of the global margin for payments in order to ensure that the overall payments ceiling remains available throughout the period. It will also examine the evolution of the global margin for commitments. It will also take into account the particular requirements of the Horizon 2020 programme and examine aligning its proposals for the next MFF with the political cycles of the Institutions.

Multiannual financial framework for the years 2014-2020

The European Parliament adopted by 537 votes to 126, with 19 abstentions, a legislative resolution on the draft Council regulation laying down the multiannual financial framework for the years 2014-2020.

It approved the Multiannual Financial Framework for the years 2014-2020 reached by interinstitutional negotiations as well as the joint declarations by Parliament, the Council and the Commission annexed to this resolution.

MFF 2014-2020: the financial framework as decided during the negotiations amounted to :

- EUR 959.988 billion in commitments or 1% of GNI on average over the seven years of the financial framework;
- EUR 908.400 billion in payments or 0.95% of GNI on average from 2014 to 2020.

The draft Regulation is in accordance with the agreement reached on 28 June, 2013 by the Committee of Permanent Representatives and as it appears in the text of the agreement (refer to the summary of the legislative proposal of 19/07/2013).

Joint Declarations: a series of joint declarations were also adopted by the institutions. They concerned:

- Own Resources: according to Article 311 of the TFEU the Union shall provide itself with the means necessary to attain its objectives and carry through its policies. It also stipulates that, without prejudice to other revenue, the budget shall be financed wholly from own resources. Article 311 al. 3 indicates that the Council, acting in accordance with a special legislative procedure, shall unanimously and after consulting the European Parliament adopt a decision on the system of own resources and that, in that context, the Council may establish new categories of own resources or abolish an existing category.

On this basis, the Commission presented in June 2011 a set of proposals to reform the Own Resources system of the Union. The European Council called on the Council to continue working on the proposal of the Commission for a new own resource based on value added tax (VAT). It also invited the Member States participating in the enhanced cooperation in the area of financial transaction tax (FTT) to examine if it could become the base for a new own resource for the EU budget.

The question of own resources requires further work. To this end, a high-level Group will be convened, composed of members appointed by the three institutions. It should draw on appropriate expertise, including from national budgetary and fiscal authorities as well as independent experts.

The Group will undertake a general review of the Own Resources system guided by the overall objectives of simplicity, transparency, equity and democratic accountability. A first assessment will be available at the end of 2014. Progress of the work will be assessed at political level by regular meetings, at least once every six months.

National Parliaments will be invited to an inter-institutional conference during 2016 to assess the outcome of this work.

On the basis of the results of this work, the Commission will assess if new Own Resource initiatives are appropriate. This assessment will be done in parallel to the review referred to in Article 1a of the MFF Regulation with a view to possible reforms to be considered for the period covered by the next multiannual financial framework.

- Improving effectiveness of public spending in matters subject to EU's action: the three Institutions agreed to work together with the objective of cost savings and better synergies at national and European levels in order to improve the effectiveness of public spending in matters subject to EU's action. To this end, the institutions will, as they consider most appropriate, draw on, inter alia, knowledge of best practices, information sharing as well as available independent assessment. The results should be available and serve as one basis for the proposal of the Commission for the next multiannual financial framework.

- Article 15 of the Council Regulation laying down the MFF 2014-2020: the Institutions agreed to use the amount referred to in Article 15 of the Council Regulation laying down the MFF 2014-2020 as follows:

- EUR 2143 million for Youth Employment;
- EUR 200 million for Horizon 2020;
- EUR 150 million for Erasmus;
- EUR 50 million for COSME.

- Declaration of the Commission on national management declarations: in its discharge resolution of 17 April 2013, the European Parliament requested to establish a template for national management declarations to be issued by Member States at the appropriate political level. The Commission is prepared to examine this request and is willing to invite the European Parliament and the Council to participate in a working group with a view to issue recommendations by the end of this year.

- Review/revision: in a unilateral declaration, the Commission confirmed its intention to submit legislative proposals for a revision of the MFF Regulation. In this context, it will pay particular attention to the functioning of the global margin for payments in order to ensure that the overall payments ceiling remains available throughout the period. It will also examine the evolution of the global margin for commitments. It will also take into account the particular requirements of the Horizon 2020 programme and examine aligning its proposals for the next MFF with the political cycles of the Institutions.

Multiannual financial framework for the years 2014-2020

PURPOSE: to establish the legal framework for the next Multiannual Financial Framework (MFF) for 2014-2020.

LEGISLATIVE ACT: Council Regulation (EU, EURATOM) No 1311/2013 laying down the multiannual financial framework for the years 2014-2020.

BACKGROUND: the adoption of this Regulation marks the end of two and a half years of negotiations and allows the new generation of EU spending programmes to be implemented as from 1 January 2014.

The MFF regulation and the Interinstitutional Agreement set out in legal terms the political agreement reached between the Council and the European Parliament on 27 June 2013. The expenditure limits for the next seven years are the same as in the European Council's conclusions of 8 February 2013, and on four issues (flexibility, review/revision, unity of the budget and own resources) the texts address the European Parliament's requests.

The formal adoption of the MFF regulation and the IIA allows the Council and the European Parliament to conclude their work on the two other parts of the MFF package, i.e. the around 70 spending programmes and the three draft legislative acts on own resources (the revenues of the European Union).

CONTENT: the MFF 2014-2020 amounts to:

- EUR 959.988 billion in commitments or 1% of GNI on average over the seven years of the financial framework;
- EUR 908.400 billion in payments or 0.95% of GNI on average from 2014 to 2020.

This is 3.5% and 3.7% respectively less than under the MFF 2007-2013, ensuring budgetary discipline for the EU and reflecting the particular budgetary pressure that Member States currently face at national level.

A strong emphasis is put on expenditure aimed at boosting growth and creating jobs, in line with the political priorities of the EU.

Compliance with the ceilings of the MFF: the European Parliament, the Council and the Commission shall, during each budgetary procedure and when implementing the budget for the year concerned, comply with the annual expenditure ceilings set out in the MFF.

The sub-ceiling for Heading 2 (Sustainable Growth: Natural Resources) is established without prejudice to the flexibility between the two pillars of the Common Agricultural Policy (CAP).

The special instruments provided for in the Regulation shall ensure the flexibility of the MFF and shall be laid down in order to allow the budget procedure to run smoothly. The commitment appropriations may be entered in the budget over and above the ceilings of the relevant headings laid down in the MFF where it is necessary to use the resources from the Emergency Aid Reserve, the European Union Solidarity Fund, the Flexibility Instrument, the European Globalisation Adjustment Fund, the Contingency Margin, the specific flexibility to tackle youth unemployment and strengthen research and the global margin for commitments for growth and employment, in particular youth employment.

Respect of own resources ceiling: for each of the years covered by the MFF, the total appropriations for payments required, after annual adjustment and taking account of any other adjustments and necessary revisions, shall not be such as to produce a call-in rate for own resources that exceeds the own resources ceiling. Where necessary, the ceilings set in the MFF shall be lowered by way of revision in order to ensure compliance with the own-resources ceiling.

Global margin for payments: every year, starting in 2015, as part of the technical adjustment, the Commission shall adjust the payment ceiling for the years 2015-2020 upwards by an amount equivalent to the difference between the executed payments and the MFF payment ceiling of the year n-1.

The annual adjustments shall not exceed the following maximum amounts for the years 2018-2020 as compared to the original payment ceiling of the relevant years:

- 2018 - EUR 7 billion
- 2019 - EUR 9 billion
- 2020 - EUR 10 billion.

Any upward adjustment shall be fully offset by a corresponding reduction of the payment ceiling for year n-1.

Technical adjustments: each year the Commission, the Commission shall make technical adjustments on the basis of a fixed deflator of 2 % per year. It shall communicate the results of the technical adjustments and the underlying economic forecasts to the European Parliament and the Council.

As regards the adjustment of cohesion policy envelopes and in order to take account of the particularly difficult situation of Member States suffering from the crisis, the Commission shall in 2016, together with the technical adjustment for the year 2017, review all Member States' total allocations under the "Investment for growth and jobs" goal of cohesion policy for the years 2017 to 2020. It shall adjust those total allocations whenever there is a cumulative divergence of more than +/- 5 %.

The adjustments required shall be spread in equal proportions over the years 2017-2020 and the corresponding ceilings of the MFF shall be modified accordingly. The payment ceilings shall also be modified accordingly to ensure an orderly progression in relation to the appropriations for commitments.

In case a Member State either becomes newly eligible to the Cohesion Fund or loses its existing eligibility, the Commission shall add or subtract the resulting amounts to or from the funds allocated to the Member State for the years 2017 to 2020. The total net effect, whether positive or negative, of the adjustments shall not exceed EUR 4 billion.

Adjustments related to measures linking effectiveness of funds to sound economic governance: in the case of the lifting by the Commission of a suspension of budgetary commitments concerning the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development or the European Maritime and Fisheries Fund in the context of measures linking effectiveness of funds to sound economic governance, the Commission, in accordance with the relevant basic act, shall transfer the suspended commitments to the following years. Suspended commitments of year n may not be re-budgeted beyond year n+3.

Special instruments: a series of special budgetary instruments is laid down to ensure the flexibility of the financial framework:

Emergency Aid Reserve: this is intended to allow for a rapid response to specific aid requirements of third countries following events which could not be foreseen when the budget was established, first and foremost for humanitarian operations, but also for civil crisis management and protection, and situations of particular pressure resulting from migratory flows at the Union's external borders. The annual amount of the Reserve is fixed at EUR 280 million and may be used up to year n+1 in accordance with the Financial Regulation.

European Union Solidarity Fund: this Fund is intended to allow financial assistance in the event of major disasters occurring on the territory of a Member State or of a candidate country. There shall be a ceiling on the annual amount available for that Fund of EUR 500 million.

Flexibility Instrument: this is intended to allow the financing, for a given financial year, of clearly identified expenditure which could not be financed within the limits of the ceilings available for one or more other headings. There shall be a ceiling on the annual amount available for the Flexibility Instrument of EUR 471 million.

European Globalisation Adjustment Fund: this Fund shall not exceed a maximum annual amount of EUR 150 million.

Contingency Margin: a Contingency Margin of up to 0.03 % of the Gross National Income of the Union shall be constituted outside the ceilings of the MFF, as a last-resort instrument to react to unforeseen circumstances. It may be mobilised only in relation to an amending or annual budget. Recourse to the Contingency Margin shall not exceed, at any given year, the maximum amount foreseen in the annual technical adjustment of the MFF, and shall be consistent with the own-resources ceiling.

Global margin for commitments for growth and employment, in particular youth employment: margins left available below the MFF ceilings for commitment appropriations for the years 2014-2017 shall constitute a Global MFF Margin for commitments, to be made available over and above the ceilings established in the MFF for the years 2016 to 2020. The Global MFF Margin or part thereof may be mobilised by the European Parliament and the Council in the framework of the budgetary procedure pursuant to Article 314 TFEU.

Specific flexibility to tackle youth unemployment and strengthen research: up to EUR 2 543 million may be frontloaded in 2014 and 2015, as part of the annual budgetary procedure, for specified policy objectives relating to youth employment, research, ERASMUS+ in particular for apprenticeships, and Small and Medium-sized Enterprises. That amount shall be fully offset against appropriations within and/or between headings in order to leave unchanged the total annual ceilings for the period 2014-2020 and the total allocation per heading or sub-heading over the period.

Contribution to the financing of large-scale projects: specific rules are also necessary for dealing with large- scale infrastructure projects such as:

- EUR 6.3 million for EGNOS and Galileo;
- EUR 2 707 million for ITER;
- EUR 3 786 million for Copernicus.

Revision of the MFF: in the event of unforeseen circumstances, the MFF may be revised. Any proposal for revision of the MFF shall examine the scope for reallocating expenditure between the programmes covered by the heading concerned by the revision, with particular reference to any expected under-utilisation of appropriations. Any revision of the MFF shall take into account the scope for offsetting any raising of the ceiling for one heading by the lowering of the ceiling for another. Any revision of the MFF shall maintain an appropriate relationship between commitments and payments.

Further rules are laid down for other situations that might require the MFF to be adjusted or revised. Such adjustments or revisions might be related to:

- the implementation of the budget,
- measures linking effectiveness of funds to sound economic governance,
- revision of the Treaties,
- enlargements,
- the reunification of Cyprus,
- or delayed adoption of new rules governing certain policy areas.

The revision concerning the transfer of unused allocation for the year 2014 shall be adopted before 1 May 2015.

Interinstitutional cooperation in the budgetary procedure: the European Parliament, the Council and the Commission shall take measures to facilitate the annual budgetary procedure.

The institutions shall cooperate in good faith throughout the procedure with a view to reconciling their positions. Trilogues may be held at all stages of the procedure and at different levels of representation, depending on the nature of the expected discussions.

Transition towards the next multiannual financial framework: before 1 January 2018, the Commission shall present a proposal for a new multiannual financial framework.

Unity of the budget: all expenditure and revenue of the Union and Euratom shall be included in the general budget of the Union in accordance with the Financial Regulation, including expenditure resulting from any relevant decision taken unanimously by the Council after consulting the European Parliament, in the framework of Article 332 TFEU.

Mid-term review/revision of the MFF: by the end of 2016 at the latest, the Commission shall present a review of the functioning of the MFF taking full account of the economic situation at that time as well as the latest macroeconomic projections. This compulsory review shall, as appropriate, be accompanied by a legislative proposal for the revision of this Regulation in accordance with the procedures set out in the TFEU. Without prejudice to Article 7 of this Regulation, preallocated national envelopes shall not be reduced through such a revision.

ENTRY INTO FORCE: the Regulation shall enter into force on 23.12.2013. It shall apply from 01.01.2014.

Multiannual financial framework for the years 2014-2020

The Commission presented the final simplification scoreboard for the MFF 2014-2020.

To recall, the Multiannual Financial Framework (MFF), adopted by the Council on 2 December 2013 with the consent of the European Parliament, provides for EU spending over the period 2014-2020 in the six identified categories of expenditure (headings) that correspond to broad policy areas:

1. competitiveness for growth and jobs,
2. economic social and territorial cohesion,
3. sustainable growth: natural resources,
4. security and citizenship,
5. global Europe,

6. administration and compensation.

Overall, over the next seven years, the EU will commit to invest up to EUR 960 billion and, in the same period, EUR 908.4 billion actual payments will be authorised. In comparative terms, this amount represents less than 1% of the Gross National Income (GNI) of the whole European Union.

Nonetheless, these financial means will provide substantial EU added value in terms of investments and the achievement of the objectives of the Europe 2020 strategy on growth and jobs. In the new financial period, the European Union will ensure delivery of results through better spending, notably through result-oriented financial support, simplification, reduction of errors and increase of efficiency aspects to which close attention was paid in the preparation and negotiation of the MFF.

Bearing this in mind, the European Commission launched a dedicated MFF Simplification Scoreboard a process through which all simplification and rationalisation measures in all proposals for programmes under the MFF were carefully identified and guided through the legislative process.

The scoreboard lists in a detailed manner the ways in which this simplification was carried out in the framework of the 2014-2020 package. One notes in particular:

- streamlining of programmes with the reduction of the number of programmes (reduction of the number of funding programmes by 22, through the creation of integrated programmes per policy area);
- alignment of provisions in funding programmes with the Financial Regulation;
- establish synergies across different programmes, for example in the area of environmentally sustainable growth;
- simpler rules and more accessible funding for lower error rates and better delivery, the creation of performance indicators, the introduction of single funding models (single reimbursement rate has been introduced in Horizon 2020, as well as a mandatory flat rate for indirect costs), eligibility of VAT costs and the phasing out of national allocations in the programme for environment and climate action;
- application of an e-Government method in most cases.

The detailed breakdown of the budget fixes the allocation of the budget of the relevant programmes for the next seven years. It limits the ability of the Commission to re-orient EU financing support, following unforeseen economic, social and policy developments. Ex-ante control by Member States over the allocation of the budget by the Commission has been strengthened which will result in less flexibility in implementation of funding programmes by the Commission.

Next steps: several proposals have been made to address the identified shortcomings:

- at the level of EU institutions: they should adopt acts complementing the basic legislative texts, where so provided, and measures of implementation in a rapid and efficient way, with a view to starting the concrete allocation of funds as soon as possible;

- at Member States level: they should avoid unnecessary administrative burdens for potential beneficiaries of EU financial support and concentrate the use of funds on agreed EU priorities and objectives;

- at Commission and Member States: ambitious programmes, setting concrete and measurable targets, to increase the visibility of results and demonstrate the added value of financial support by the EU, should be rapidly prepared. This coordination is necessary to improve access to funds for beneficiaries and engender a multiplier effect from Union spending, by attracting additional resources from private investors. The Commission and the Member States also have a common responsibility for the correct application of the preventive and corrective measures through the potential interruption and suspension of payments and financial corrections.

Multiannual financial framework for the years 2014-2020

According to Council Regulation (EU, Euratom) No 1311/2013 laying down the multiannual financial framework for the years 2014-20201 (MFF Regulation) as amended by Council Regulation (EU, Euratom) No 2015/623 of 21 April 2015, the Commission makes each year, ahead of the budgetary procedure for year n+1, a technical adjustment to the multiannual financial framework (MFF) in line with movements in the EU's gross national income (GNI) and prices and communicates the results to the two arms of the budgetary authority.

As far as prices are concerned, expenditure ceilings at current prices are established using the fixed 2% deflator as provided for in Article 6(2) of the MFF Regulation. As far as movements in GNI are concerned, the present Communication includes the latest economic forecasts available.

At the same time the Commission calculates:

- the margin available under the own resources ceiling set in accordance with Decision 2007/436/EC, Euratom,
- the absolute amount of the Contingency Margin provided for in Article 13,
- the global margin for payments provided for in Article 5,
- and the global margin for commitments provided for in Article 14 of the MFF Regulation.

The various margins are calculated and presented in the Commission communication in numerical form.

As regards more specifically the issue of payments, the Commission shall adjust the payment ceiling for the years 2015-2020 upwards by an amount equivalent to the difference between the executed payments and the MFF payment ceiling of the year n-1.

The 2014 payment ceiling was EUR 135 866 million in current prices. The Contingency Margin was mobilised to provide the sum of EUR 3 168 233 715 in payment appropriations over and above the payment ceiling of the multiannual financial framework (MFF). The amount of EUR 350 million was included in the mobilisation of the Contingency Margin pending an agreement on payments for other special instruments. Pending that agreement the sum of EUR 2 818 233 715 was identified as an amount mobilised from Contingency Margin to be offset against the ceilings in years 2018-2020.

According to Article 3(1) of the MFF Regulation, the sub-ceiling for heading 2 for market related expenditure and direct payments in the period 2014 to 2020 shall be adjusted following the transfers between pillar I and rural development in accordance with the legal act establishing these transfers. The amounts are shown in this Communication.

The purpose of this communication is to present to the budgetary authority the result of the technical adjustments (EU-28) for 2016 according to Article 6 of the MFF Regulation.

Multiannual financial framework for the years 2014-2020

Council Regulation (EU, Euratom) No 1311/2013 laying down the multiannual financial framework for the years 2014-2020 (MFF Regulation) as amended by Council Regulation (EU, Euratom) No 2015/623 and as adjusted in the technical adjustment for 2016, contains the financial framework table for EU-28 for the period 2014-2020, expressed in 2011 prices.

According to Article 6(1) of the MFF Regulation, the Commission each year, ahead of the budgetary procedure for year n+1, makes a technical adjustment to the multiannual financial framework (MFF) in line with movements in the EU's gross national income (GNI) and prices, and communicates the results to the Council and the European Parliament. As far as prices are concerned, expenditure ceilings at current prices are established using the fixed 2% deflator as provided for in Article 6(2) of the MFF Regulation. As far as movements in GNI are concerned, the present Communication includes the latest economic forecasts available.

At the same time, the Commission calculates the following elements;

- the margin available under the own-resources ceiling set in accordance with Decision 2007/436/EC, Euratom;
- the absolute amount of the contingency margin provided for in Article 13;
- the global margin for payments provided for in Article 5, and
- the global margin for commitments provided for in Article 14 of the MFF Regulation.

The sub-ceiling for heading 2 concerning market related expenditure and direct payments is adjusted following the transfers between pillar I and rural development in accordance with the legal act establishing these transfers.

According to Article 7 of the MFF Regulation, in 2016 the Commission will review all Member States' total allocations under the "Investment for growth and jobs" goal of the cohesion policy for the years 2017 -2020, together with the technical adjustment of the financial framework for 2017.

The purpose of this communication is to present to the Council and the European Parliament the result of the technical adjustments (EU-28) for 2017 according to Article 6 of the MFF Regulation and of the review of the cohesion envelopes and corresponding adjustment of the ceilings according to Article 7 of the MFF Regulation.

Payments: with respect to the matter of payments, the communication indicates that according to Article 5 of the MFF Regulation, the Commission must adjust the payment ceiling for the years 2015-2020 upwards by an amount equivalent to the difference between the executed payments and the MFF payment ceiling of the year n-1. Any upward adjustment shall be fully offset by a corresponding reduction of the payment ceiling for year n-1.

In the technical adjustment for 2016, the remaining margin of 2014 (EUR 104 million) was transferred to 2015 (EUR 106 million) and the ceilings were adjusted accordingly. In this year's technical adjustment the global margin for payment (GMP) for 2015 is calculated.

The payments for other special instruments are treated as being over and above the MFF ceilings. The 2015 payment ceiling was EUR 142 007 million in current prices. The payments executed in 2015 amount to EUR 141 126.2 million. This amount consists of the executed payments of the payment appropriations authorised in the 2015 budget (EUR 139 827.3 million) and carry-overs from 2015 to 2016 (EUR 1 298.9 million). The payments for special instruments are excluded from the execution (EUR 378.7 million, consisting of EUR 378.1 million executed and EUR 0.6 million carried-over). Therefore, the execution taken into account for the calculation of the GMP is: EUR 140 747.5 million.

All carry-overs from 2014 to 2015 were counted as executed for the purposes of the calculation of the 2014 GMP but not all of them were actually executed. Therefore the lapsed carry-overs need to be added to the calculation, as they constitute under execution. The lapsed carry overs from 2014 to 2015 amount to EUR 28.6 million, of which EUR 0.2 million was for the special instruments. The total amount of the lapsed carryovers taken into account is thus EUR 28.4 million.

Multiannual financial framework for the years 2014-2020

The Commission presented a communication on the technical adjustment of the financial framework for 2018 to the evolution of gross national income (GNI).

According to Regulation (EU, Euratom) No 1311/2013 laying down the multiannual financial framework (MFF) for the years 2014-2020, the Commission makes each year, ahead of the budgetary procedure for year n+1, a technical adjustment to the multiannual financial framework (MFF) in line with movements in the EU's gross national income (GNI) and prices and communicates the results to the Council and the European Parliament.

As far as prices are concerned, expenditure ceilings at current prices are established using the fixed 2% annual deflator as provided for in Article 6(2) of the MFF Regulation. As far as movements in GNI are concerned, the present Communication includes the latest economic forecasts available.

At the same time the Commission calculates the margin available under the own resources ceiling set in accordance with Decision 2007/436/EC, Euratom, the absolute amount of the Contingency Margin, the global margin for payments, and the global margin for commitments provided for in the MFF Regulation.

The entry into force with retroactive effect of the Own Resources Decision 2014 (ORD 2014) made it possible to adapt the own resources ceilings and the ceiling on appropriations for commitments to the new GNI data in accordance with the European System of Accounts (ESA 2010). The maximum amount of own resources is now set at 1.20 % of GNI (previously 1.23 %) and the maximum amount of commitments at

1.26 % of GNI (previously 1.29 %).

The purpose of this communication is to present to the Council and the European Parliament the result of these technical adjustments (EU-28) for the 2018 financial year. In the interests of transparency, this Communication updates and replaces the communication on the same subject presented on 24 May 2017. The adjustments of figures in this communication stem directly from the amendment of the MFF Regulation by Regulation (EU, Euratom) 2017/1123.

Main results of the technical adjustment of the MFF for 2018: compared to the technical adjustment for 2017 the figures for GNI are now recorded according to ESA 2010 instead of ESA 95. According to the latest forecast available, the GNI for 2018 is established at EUR 15 704 241 million in current prices for EU-28.

The overall ceiling for commitment appropriations for 2018 (EUR 159 514 million) equals 1.02 % of GNI.

The corresponding overall ceiling concerning the payment appropriations (EUR 154 565 million) equals 0.98% of GNI. On the basis of the latest economic forecasts, this leaves a margin beneath the 1.20% own resources ceiling of EUR 33 886 million (0.22% of GNI for EU-28).

Overall margin for payments: this results in an unchanged overall payment ceiling for the period 2014-20 in 2011 prices and an increase of the overall payment ceiling by EUR 858 million in current prices.

Emergency Aid Reserve: the Reserve can be mobilised up to a maximum amount of EUR 300 million per year in 2011 prices, or EUR 344.6 million in 2018 at current prices (EUR 2 301.4 million for the whole period in current prices). The portion of the unused amount of the previous year can be carried over to the following year. The carry-over from 2016 to 2017 amounts to EUR 98.6 million.

European Union Solidarity Fund: the EU Solidarity Fund can be mobilised up to a maximum amount of EUR 500 million per year in 2011 prices, or EUR 574.3 million in 2018 at current prices (EUR 3 944.7 million for the whole period in current prices). The portion of the unused amount of the previous year can be carried over to the following year. The carry-over from 2016 to 2017 amounts to EUR 563.1 million. The amount of EUR 508.1 million which lapsed at the end of 2016 is used to increase the Flexibility Instrument in 2017.

Flexibility Instrument: this Instrument can be mobilised up to a maximum annual amount of EUR 600 million in 2011 prices, or EUR 676 million in 2017 and EUR 689 million in 2018 in current prices. The portion of the unused annual amounts of the previous 3 years may be carried over. The full amount of the Flexibility Instrument before 2017 has been used so that EUR 1 322 million in current prices are available in 2017.

European Globalisation Adjustment Fund: this fund can be mobilised up to a maximum of EUR 150 million per year in 2011 prices, or EUR 172.3 million in 2018 in current prices. Unused amounts of previous year cannot be carried over. The amount of EUR 137.6 million which lapsed at the end of 2016 is used to increase Flexibility

Instrument in 2017.

Contingency Margin: according to the MFF Regulation, a Contingency Margin of up to 0.03 % of the Gross National Income of the Union shall be constituted outside the ceilings of the financial framework for the period 2014-2020. The absolute amount of the Contingency Margin for the year 2018 is EUR 4 711.3 million.

Global margin for commitments for growth and employment, in particular youth employment, and for migration and security measures (GMC): the amount of the remaining margin from 2016 which shall be made available for 2017 corresponds to EUR 2 090.2 million in current prices in 2016 or EUR 2 132.0 million in current prices in 2017 (EUR 2 174.7 million in current prices in 2018). The amount of GMC in 2011 prices corresponds to EUR 1 893.2 million.

Multiannual financial framework for the years 2014-2020

The Commission presented a communication on the technical adjustment of the financial framework for 2019 to the evolution of gross national income (GNI).

According to Regulation (EU, Euratom) No 1311/2013 laying down the multiannual financial framework (MFF) for the years 2014-2020, the Commission makes each year, ahead of the budgetary procedure for year n+1, a technical adjustment to the multiannual financial framework (MFF) in line with movements in the EU's gross national income (GNI) and prices and communicates the results to the Council and the European Parliament.

As far as prices are concerned, expenditure ceilings at current prices are established using the fixed 2% annual deflator as provided for in Article 6(2) of the MFF Regulation. As far as movements in GNI are concerned, the present Communication includes the latest economic forecasts available.

At the same time the Commission calculates the margin available under the own resources ceiling set in accordance with the new Own Resource Decision 2014/335/EU, Euratom (ORD 2014), the absolute amount of the Contingency Margin, the global margin for payments, and the global margin for commitments provided for in the MFF Regulation.

The entry into force with retroactive effect of the Own Resources Decision 2014 (ORD 2014) made it possible to adapt the own resources ceilings and the ceiling on appropriations for commitments to the new GNI data in accordance with the European System of Accounts (ESA 2010). The maximum amount of own resources is now set at 1.20 % of GNI (previously 1.23 %) and the maximum amount of commitments at 1.26 % of GNI (previously 1.29 %).

The purpose of this communication is to present to the Council and the European Parliament the result of these technical adjustments (EU-28) for the 2019 financial year.

For the purpose of this technical adjustment, the United Kingdom shall be counted as a Member State.

Main results of the MFF technical adjustment for 2019: according to the most recent forecasts available, GNI for 2019 is established at EUR 16 489 019 million at current prices for EU-28.

The overall ceiling for commitment appropriations for 2019 (EUR 164 123 million) is 1.00 % of GNI.

The corresponding overall ceiling for payment appropriations (EUR 166 709 million) represents 1.01 % of GNI. Taking into account the latest economic forecasts, a margin of EUR 31 159 million (0.19 % of EU-28 GNI) remains below the own resources ceiling of 1.20 %.

Adjustment of the sub-ceiling for Heading 2: according to the MFF Regulation, the sub-ceiling for heading 2 for market related expenditure and direct payments (first pillar) in the period 2014 to 2020 shall be adjusted following the transfers between the first and second pillars in accordance with the legal act establishing these transfers. The total amount of the Heading 2 ceiling does not change.

The report contains a table showing the net result of transfers between the two pillars of the CAP and their impact on the sub-ceiling of heading 2.

Global margin for payments: this results in an unchanged overall payment ceiling for the period 2014-2020 in 2011 prices and an increase of the overall payment ceiling by EUR 855 million in current prices.

Emergency Aid Reserve: this can be mobilised up to a maximum amount of EUR 300 million per year in 2011 prices, or EUR 351.5 million in 2019 at current prices (EUR 2 301.4 million for the whole period in current prices). The unused amount of the previous year can be carried over to the following year. The carry-over from 2017 to 2018 amounts to EUR 61.7 million.

European Union Solidarity Fund: this fund can be mobilised up to a maximum amount of EUR 500 million per year in 2011 prices, or EUR 585.8 million in 2019 at current prices. The unused amount of the previous year can be carried over to the following year. The carry-over from 2017 to 2018 amounts to EUR 140.8 million. No amount lapsed at the end of 2017. EUR 294 million of the 2018 portion was frontloaded to 2017, in order to provide sufficient financing to the needs (earthquakes in Italy).

Flexibility Instrument: this Instrument can be mobilised up to a maximum annual amount of EUR 600 million in 2011 prices, or EUR 703 million in 2019 in current prices. The unused annual amounts of the previous 3 years may be carried over. Each year, starting in 2017, the annual amount available for the Flexibility Instrument shall be increased by the amounts equivalent to the portion of the annual amount for the European Union Solidarity Fund and the European Globalisation Adjustment Fund which have lapsed in the previous year.

European Globalisation Adjustment Fund: this Fund can be mobilised up to a maximum of EUR 150 million per year in 2011 prices, or EUR 175.7 million in 2019 in current prices. Unused amounts of previous years cannot be carried over. The amount of EUR 151 million which lapsed at the end of 2017 is used to increase Flexibilty Instrument in 2018.

Contingency Margin: according to the MFF Regulation, a Contingency Margin of up to 0.03% of the Gross National Income of the Union shall be constituted outside the ceilings of the financial framework for the period 2014-2020. The absolute amount of the Contingency Margin for the year 2019 is EUR 4 946.7 million.

Global Margin for Commitments for growth and employment, in particular youth employment, and for migration and security measures (GMC): margins left available below the MFF ceilings for commitment appropriations shall constitute a Global Margin for Commitments, to be made available over and above the ceilings established in the MFF for the years 2016 to 2020 for policy objectives related to growth and employment, in particular youth employment, and to migration and security. The amount of the remaining margin from 2017 which shall be made available for 2018 corresponds to EUR 1 115.5 million in current prices in 2017 or EUR 1 137.8 million in current prices in 2018 (EUR 1 160.6 million in current prices in 2019). The amount of GMC in 2011 prices corresponds to EUR 990.5 million.

Multiannual financial framework for the years 2014-2020

The Commission presented a communication on the technical adjustment of the financial framework for 2020 to the evolution of gross national income (GNI).

According to Regulation (EU, Euratom) No 1311/2013 laying down the multiannual financial framework (MFF) for the years 2014-2020, the Commission makes each year, ahead of the budgetary procedure for year n+1, a technical adjustment to the multiannual financial framework (MFF) in line with movements in the EU's gross national income (GNI) and prices and communicates the results to the Council and the European Parliament.

As far as prices are concerned, expenditure ceilings at current prices are established using the fixed 2% annual deflator as provided for in Article 6(2) of the MFF Regulation. As far as movements in GNI are concerned, the present Communication includes the latest economic forecasts available.

At the same time the Commission calculates the margin available under the own resources ceiling set in accordance with the new Own Resource Decision 2014/335/EU, Euratom (ORD 2014), the absolute amount of the Contingency Margin, the global margin for payments, and the global margin for commitments provided for in the MFF Regulation.

The entry into force with retroactive effect of the Own Resources Decision 2014 (ORD 2014) made it possible to adapt the own resources ceilings and the ceiling on appropriations for commitments to the new GNI data in accordance with the European System of Accounts (ESA 2010). The maximum amount of own resources is now set at 1.20 % of GNI (previously 1.23 %) and the maximum amount of commitments at 1.26 % of GNI (previously 1.29 %).

The purpose of this communication is to present to the Council and the European Parliament the result of the technical adjustments for 2020 according to Article 6 of the MFF Regulation.

For the purpose of this technical adjustment, the United Kingdom shall be counted as a Member State.

GNI

The GNI for 2020 is established at EUR 16 989 408 million in current prices for EU-28.

Main results of the MFF technical adjustment for 2019

The overall ceiling for commitment appropriations for 2020 (EUR 168 797 million) equals 0.99% of GNI. The corresponding overall ceiling concerning the payment appropriations (EUR 172 420 million) is equivalent to 1.01% of GNI. On the basis of the latest economic forecasts, this leaves a margin beneath the 1.20% own resources ceiling of EUR 31 453 million (or 0.19% of GNI) for EU-28.

Adjustment of the sub-ceiling for Heading 2

According to the MFF Regulation, the sub-ceiling for heading 2 for market related expenditure and direct payments (first pillar) in the period 2014 to 2020 shall be adjusted following the transfers between the first and second pillars in accordance with the legal act establishing these transfers. The total amount of the Heading 2 ceiling does not change.

The report contains a table showing the net result of transfers between the two pillars of the CAP and their impact on the sub-ceiling of heading 2.

Global margin for payments (GMP)

As a result of the GMP transfers in previous years only EUR 183 million (2011 prices) is transferred to 2020 i.e. the remaining amount below the threshold of EUR 13 billion. This results in an unchanged overall payment ceiling for the period 2014-2020 in 2011 prices and an increase of the overall payment ceiling by EUR 9 million in current prices.

Emergency Aid Reserve

This Reserve can be mobilised up to a maximum amount of EUR 300 million per year in 2011 prices, or EUR 358.5 million in 2020 at current prices (EUR 2 301.4 million for the whole period in current prices). The portion of the unused amount of the previous year can be carried over to the following year. The carry-over from 2018 to 2019 amounts to EUR 34.1 million.

European Union Solidarity Fund

This Fund can be mobilised up to a maximum amount of EUR 500 million per year in 2011 prices or EUR 597.5 million in 2020 at current prices (EUR 3 944.7 million for the whole period in current prices). The portion of the unused amount of the previous year can be carried over to the following year. The carry-over from 2018 to 2019 amounts to EUR 265.3 million. No amount lapsed at the end of 2018.

Flexibility Instrument

This Instrument can be mobilised up to a maximum annual amount of EUR 600 million in 2011 prices, or EUR 717 million in 2020 in current prices (EUR 4 315 million for the whole period in current prices). The portion of the unused annual amounts of the previous 3 years may be carried over. Starting in 2017, the annual amount available for the Flexibility Instrument shall be increased by the amounts equivalent to the portion of the annual amount for the European Union Solidarity Fund and the European Globalisation Adjustment Fund which have lapsed in the previous year.

European Globalisation Adjustment Fund

The European Globalisation Adjustment Fund can be mobilised up to a maximum of EUR 150 million per year in 2011 prices, or EUR 179.3 million in 2020 in current prices (EUR 1 183.4 million for the whole period in current prices). Unused amounts of previous year cannot be carried over. The amount of EUR 144 million which lapsed at the end of 2018 is used to increase Flexibilty Instrument in 2019.

Contingency Margin

A Contingency Margin of up to 0.03% of the Gross National Income of the Union shall be constituted outside the ceilings of the financial framework for the period 2014-2020. The absolute amount of the Contingency Margin for the year 2020 is EUR 5 096.8 million.

Global Margin for Commitments for growth and employment, in particular youth employment, and for migration and security measures (GMC)

Margins left available below the MFF ceilings for commitment appropriations shall constitute a Global MFF Margin for commitments, to be made available over and above the ceilings established in the MFF for the years 2016 to 2020 for policy objectives related to growth and employment, in particular youth employment, and to migration and security.

In the final budget 2018 the margin left available under the commitment ceiling amounts to EUR 1 390.9 million.

The amount of the remaining margin from 2018 which shall be made available for 2019 corresponds to EUR 1 390.9 million in current prices in 2018 or EUR 1 418.7 million in current prices in 201924 (EUR 1 447.1 million in current prices in 2020). The amount of GMC in 2011 prices corresponds to EUR 1 210.9 million.