



An increased EU budget that works for all citizens

15/05/2018



Luca Jahier, EESC President
Speaker

Speech delivered at the high-level conference on "The Multiannual Financial Framework post 2020: Challenges and opportunities" [Check against delivery]

As President of the European Economic and Social Committee, I would like to welcome all participants of this conference in the house of the organised civil society. The EESC, as a consultative body for the European Parliament, the Council and the Commission, aims at making European policy-making closer to its citizens.

To this end, the EESC is hosting today's high level conference to discuss the proposal for the next "Multiannual Financial Framework" (MFF), covering the period 2021-2027, on the basis of the European Commission's proposal of 2 May.

We are only at the beginning of a process, with the ball now being with the Council and the European Parliament that will, hopefully, in early 2019, adopt an MFF that will allow the EU to move forward.

The EESC will in the weeks and months to come thoroughly analyse the Commission's proposals and will draw up an opinion on this important package with the aim of feeding into this policy making process. This conference is a first step in this process.

The EESC rapporteur, Mr Doz Orrit, will, taking into account the discussions today, prepare a first draft of an EESC opinion that is scheduled for adoption in the EESC plenary of 19/20 September 2018.

The civil society representatives in the Committee, that represent employers, workers, and other groups forming the diversity and added value of Europe, like farmers, consumers, the liberal professions, small and medium sized enterprises, will listen carefully to the points of view and policy proposals brought forward in the debate today, and come in with their own suggestions.

Further to the opinion on the overall MFF, in further steps, the Committee will also draw up opinions on the different legislative proposals for the spending programmes that will be presented by the Commission between 29 May and 12 June 2018.

Those detailed proposals, that depend on the MFF as an umbrella and can only be adopted after the MFF's adoption, will further clarify how financial resources will be allocated in the period 2021-2027.

We stand on a crucial point of the future of the EU: The next MFF must in particular address two key challenges:

- the financial consequences of the UK's withdrawal from the EU that in the Commission's proposal are addressed through a mix of an increase of contributions and cuts in spending programmes.
- the need to finance new priorities in the policy fields of security and defence, protection of the EU's external borders, and asylum and migration policy.

But what's more: let us be precise, the MFF, and this MFF more than ever, is all but a book-keeping exercise. It is about a political act; it is, rightly so, about providing, or not providing, the European Union with the means to deliver its agenda: a sustainable future for 500 million of citizens. This is what is at stake.

Without anticipating today's discussions or drawing early conclusions on the opinion of the EESC, let me remind you of some of the key positions the EESC has adopted in recent years:

In what concerns the size of the budget, the EESC clearly supports the idea that Europeans need more (and better) Europe. There is a growing gap between the concerns and expectations of Europeans, and the limited powers and financial resources currently allocated to the EU.

In this context, at a first sight, the Commission's proposal does not seem ambitious enough in that regard. The EESC made clear in a recent opinion that it would have liked to see that the current 1% ceiling for the EU's expenditure be increased to 1.3% of GNI.

According to the EESC, resources of the EU budget should be directed towards programmes that can:

- relaunch economic, social and environmental development, employment, innovation and competitiveness;
- respond to the migration and refugee crisis, to internal security issues, external emergencies and the crisis in the agricultural sector.

We see these goals reflected in the Commission's proposal, in the sense of an increased spending on research and innovation, digital transformation and networks, on young people and external border management, on migration and asylum, and on security.

On the other hand, we see that the Commission proposes spending cuts in agriculture and in cohesion.

When speaking of cohesion, I understand that the cuts will hit – so to speak – more the Cohesion Fund rather than the European Fund for Development but in any case the European cohesion model will be affected.

Knowing that in particular with Brexit an overhaul in spending and revenue is necessary, the EESC is however of the view that Cohesion policy should continue to pursue its original objective, enshrined in the Treaty on the Functioning of the European Union, of promoting social, economic and territorial cohesion, placing cooperation and solidarity at the service of harmonious development and creating prosperous communities. Sufficient resources are imperative for achieving this goal.

While we will probably need to wait the next proposals of the Commission to better understand the exact magnitude of these cuts, for the EESC it is clear that we do not want to choose between the "newer" and the "older" priorities.

Indeed, what we have seen from the Commission's proposal in relation to several new areas (research, innovation, digital area but also in relation to youth - I think of Erasmus + - seem to go in a promising direction.

But we do not want to accept cuts, even worse, drastic ones, to the European cohesion, to the European Social model and to our Common Agricultural Policy. These policies and tools have worked well and have proved their resilience and added value when Europe was hit, in 2007, by the strongest crisis it has faced after the 2nd World War. Would these tools not have been there, Europe and mainly the most vulnerable social groups would have suffered even more!

It would appear that, in the end, the European Social Fund should not be cut that much or not even cut: I hope that is true and will be confirmed because can I stress the fact that not even 7 months ago we were all welcoming the adoption of the 20 principles of the European Pillar of Social Rights? The message coming from Gothenburg seemed clear : Investing in social Europe is not a cost, it is simply an investment on our future. For me this message is still very valid!

On the revenue side of the budget, we have noted the Commission coming up with the proposal for three genuine own resources, that would flow directly into the budget, thereby reducing national contributions based on gross national income (GNI).

The EESC has in the past repeatedly called for an overhaul in the EU's revenue, in particular as it helps to put an end to the discussion on net balances (*'juste retour'*), that is contrary to the spirit of European integration, and in this spirit welcomes the proposals.

If these proposals for own resources get adopted they would constitute around 10-12% of the total revenue, a step in the right direction. I would like to remind in this context of the work of the High Level Group on Own Resources, chaired by Mario Monti, that in its concluding report also stressed the necessity of an overhaul of the EU's own resource system.

Last but not least, the EESC advocates an orientation of the EU Budget on results. Again, it will be in the sectoral proposals that will be presented in the weeks to come where we will find more clarity on this.

There needs to be a thorough analysis and evaluation of where the funds of the EU Budget are spent, how they are spent, how the performance of the funds thus spent is evaluated and how the results achieved are communicated.

When it comes to conditionalities for the disbursement of the EU funds, we have with interest noted that the Commission has come up with a reference to the 'rule of law' in its proposal. The Commission's interpretation of the 'rule of law' seems to be however in a rather narrow sense, in the meaning that 'the financial interests of the Union are protected'.

In this context, I would like to remind that the EESC has in the past adopted a position in which it is of the view that the support provided through the European budget to Member States should be subject to greater conditionality; in particular beneficiaries should respect Community rules and ECJ.

Before I leave the floor to our panellist, one remark: As in earlier times when a new financial framework was presented, also when looking at the current proposal, there seems to be a certain "status quo" bias.

Some of us might have expected or hoped for a Commission proposal that more radically overhauls the structure of the budget.

What is important now is to quickly move forward, in order to shape a next MFF that can fulfil the legitimate expectations of the European citizens. As I said, the EESC will do its homework – and I know that I can count on the excellent President of the ECO section and on all its members. The EESC will remain vigilant, because the MFF is a crucial element for the future of the European Union.

The magnitude of challenges that the European Union will have to face in the coming years, can hardly be disputed. Let us then adopt an MFF which is in line with these challenges, an MFF which gives a strong and positive signal to its citizens. Political courage is a necessity, not an option.