

ECO/417

4th November 2016



European Economic and Social Committee

Mid-term review/revision of the multiannual financial framework 2014-2020 COM(2016) 603, 604, 605

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MID-TERM REVIEW OF THE MFF 2014-2020 (1)

“Umbrella”-Communication accompanied by legislative proposals

- **COM(2016) 603**

Mid-term review/revision of the MFF 2014-2020. An EU budget focused on results

- **COM(2016) 604**

Proposal for a Council Regulation amending Regulation 1311/2013 laying down the MFF 2014-2020

- **COM(2016) 605**

Proposal for a Regulation of the Parliament and of the Council on the financial rules applicable to the general budget of the Union and amending various Regulations

- **COM(2016) 606 and 607**, not considered in this Opinion



MID-TERM REVIEW OF THE MFF 2014-2020 (2)

Comprehensive “package” presented by the Commission

- **More money for vital areas and high-performance programmes** (e.g. European Fund for Strategic Investments – EFSI)
- **Simplifying the rules** under which MS and other beneficiaries receive EU money **and make them more focused on results**: reducing administrative burden, relying on already existing audits and controls by other donors, financial rulebook easier to read and shorter
- Improving the ability of the EU budget to **react quickly and adequately to unforeseen events**



PREVIOUS OPINIONS BY THE EESC

Since 2011, the EESC asks to focus on priorities and value added

- **2016 ECO/399** – EU Budget focused on real results (own)
“...a prerequisite for boosting the EU budget's performance is the establishment of clearly defined priority objectives for the benefit of EU citizens, corresponding aggregated indicators and a robust reporting system...”
- **2012 ECO/308** – Multiannual Financial Framework 14-20
“Any assessment of the MFF should be based on the degree to which it gives the EU the wherewithal to pursue its strategic priorities without increasing the fiscal burden on the public and businesses, i.e. its ability to provide added value at European level...”
- **2011 ECO/290** – Budget review
“The EU budget review is not a question of figures but rather a tool serving a political project”



MORE EUROPE IS NEEDED, NOT LESS

European context when the MFF 2014-2020 was discussed

- **Commission's commitment to reach a compromise** in a complex social, economic, and political climate in 2013
- **But mismatching between two conflicting demands**
 - ✓ ambitious challenges facing the EU, stemming from Lisbon Treaty and "Europe 2020" targets
 - ✓ financial constraints due to economic crisis, with limited available resources \approx 1% EU GDP
- Evaluation of budget has to be based on its capability to **fostering added value of spending at EU level**, i.e. European common goods not feasible at national level (R&D, immigration, climate change, infrastructures)



CONTEXT SOMEWHAT CHANGED VS 2013

EU still in economic troubles, but new challenges to be tackled

- **Migrant and refugee crisis** to cope with in the countries of arrival (Mediterranean and Balkan Europe) and destination (Northern Europe) ⇒ Perception of insecurity
- **Diffused scepticism about politicians and institutions** (among which EU) to keep on economic wellness and social cohesion ⇒ Increasing political consent in some MS for populist or anti-Europeanist parties and movements
- As a consequence, the **withdrawal of the UK from the EU (Brexit)** shows for the first time that the Union is not necessarily an irreversible decision ⇒ Unprecedented institutional and financial questions to be addressed



SHORTFALLS IN CURRENT MFF 2014-2020

Limiting the effectiveness of the EU budget to tackle challenges

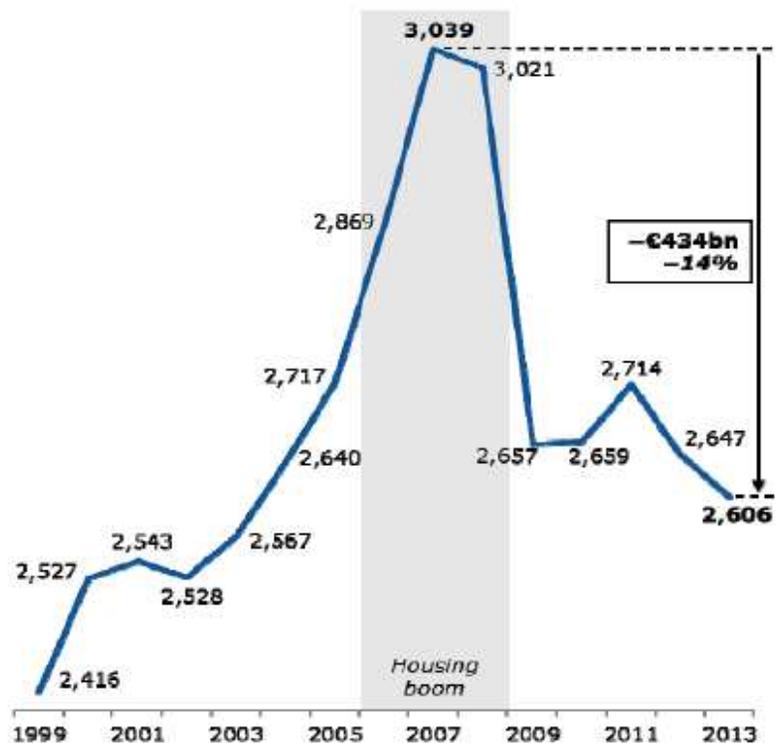
- **No new resources**, notably for headings where spending at EU level means to get added value
- **Weak investment levels**: about 15% below 2007 figures, but in certain MS the decline has been even more dramatic
- **European Fund for Strategic Investments not properly focused** on really innovative and risky projects
- **Insufficient ceilings** for headings 1B (Cohesion for growth and employment), 3 (Security and citizenship), and 4 (Global Europe)
- **Very high amount of payments backlogs**



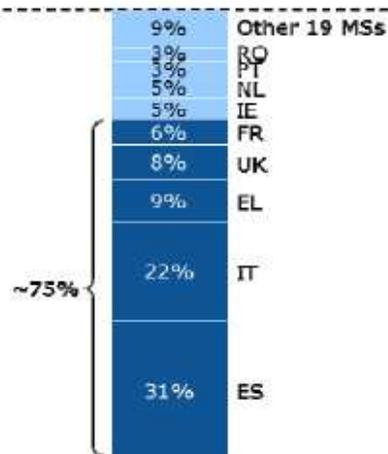
INVESTMENTS DROPPED BY € 434 BLN VS 2007

France, UK, Greece, Italy, and Spain account for 75% of the drop

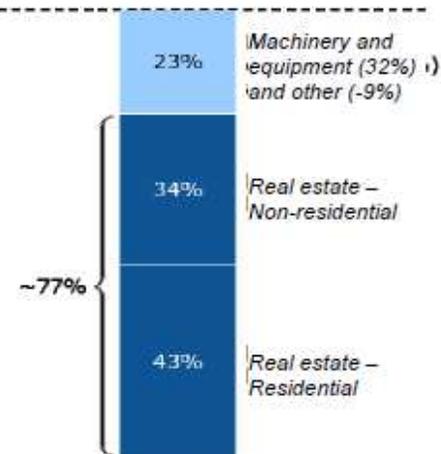
Real gross fixed capital formation
EU-28, in 2013 prices, € bn



Share of total drop by country
EU-28, in percentage*

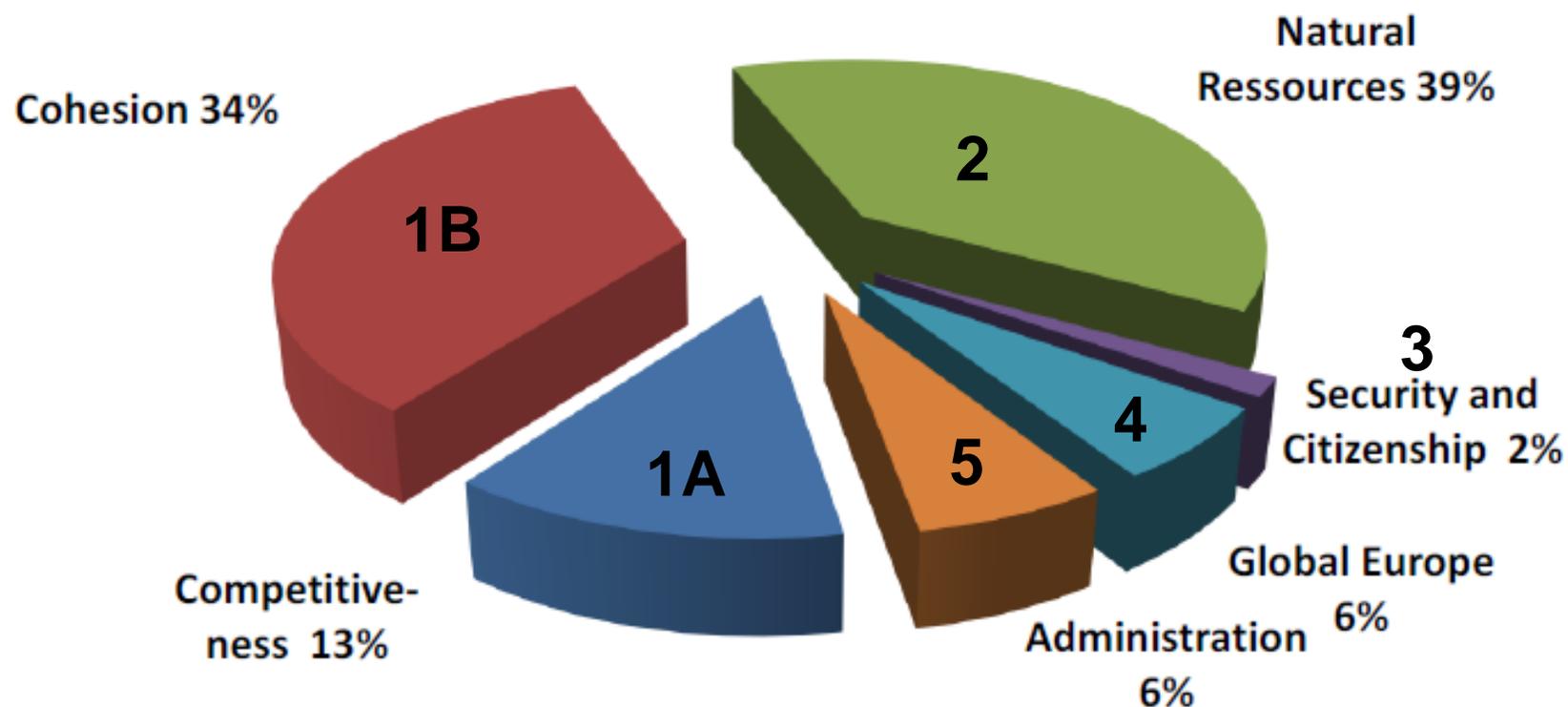


Share of total drop by sector
EU-26, in percentage*



HEADINGS IN THE MFF 2014-2020

Ceilings for commitment appropriations per heading (% of total)



EARLY DISCUSSION ABOUT POST-2020 MFF

Issues to be promptly debated before the proposal by the Comm.

- **New resources focused on big European priorities**
 - ✓ fostering growth and occupation, notably for the youth
 - ✓ recovering the huge drop in investments
 - ✓ long-lasting effects of economic crisis in some SM
 - ✓ tackling increasing unsecurity perceived by citizens
 - ✓ territorial cohesion between more/less developed Regions
 - ✓ climate change and compliance with Paris Agreement
 - ✓ supporting Brexit without costs for EU and workers
 - ✓ external aid for neighbourhood, Africa and Middle-East
- **Duration of the MFF aligned with the political cycle** of both Parliament and the Commission (5 or 5+5 years)
- **Reform of own resources** (High level group's report)



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JUSPAXAR
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YAQHANYELAY
SUKSAMA
EKHMET
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YOU
BOLZİN
MERCİ
BIYAN
SHUKRIA
TINGKI
SPASSIBO
SNACHALHUYA
NUHUN
CHALTU
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