



Paris, le 7 février 2020

POLITICAL OPINION
on the Multiannual Financial Framework 2021-2027
of the European Union

The European affairs committee of the French Senate,

Having regard to the Treaty on the Functioning of the European Union, in particular Articles 310, 311 and 312,

Having regard to Senate European Resolution no. 130 (2016-2017) of 8 September 2017 on the future of the Common Agricultural Policy (CAP) through to 2020,

Having regard to the European Parliament resolutions of 14 March 2018 on the next multiannual financial framework for the years 2021-2027 and on the system of own resources of the European Union,

Having regard to the Proposal for a Council Regulation laying down the multiannual financial framework for the years 2021-2027, presented by the European Commission on 2 May 2018, COM(2018) 322 final,

Having regard to the Proposal for a Regulation of the European Parliament and of the Council on the protection of the Union's budget in case of generalised deficiencies as regards the rule of law in the Member States, presented by the European Commission on 2 May 2018, COM(2018) 324 final,

Having regard to the European Parliament resolution of 30 May 2018 on the 2021-2027 multiannual financial framework and own resources,

Having regard to Senate European Resolution no. 116 (2017-2018) of 6 June 2018, in favour of the preservation of a strong Common

Agricultural Policy, combined with the maintaining of its budgetary resources,

Having regard to the Proposal for a Regulation of the European Parliament and of the Council of 13 June 2018 establishing the European Defence Fund, COM/2018/476 final,

Having regard to Senate European Resolution no. 131 (2017-2018) of 2 July 2018 in favour of an ambitious European regional policy serving territorial cohesion

Having regard to the Regulation (EU) no. 2018/1092 of the European Parliament and of the Council of 18 July 2018 establishing the European Defence Industrial Development Programme aiming at supporting the competitiveness and innovation capacity of the Union's defence industry,

Having regard to Senate European Resolution no. 32 (2018-2019) of 30 November 2018, on the monitoring of the conclusions of the committee of inquiry on Schengen,

Having regard to Senate European Resolution no. 45 (2018-2019) of 7 January 2019, on the new EU investment plan (InvestEU),

Having regard to Senate European Resolution no. 46 (2018-2019), of 7 January 2019, on the future framework programme on research and innovation, "Horizon Europe"

Having regard to the summary of the remarks of the European Court of Auditors concerning the Commission's legislative proposals for the next multiannual financial framework (February 2019),

Having regard to Senate European Resolution no. 76 (2018-2019) of 8 March 2019 on investments in artificial intelligence in Europe,

Having regard to Senate European Resolution no. 96 (2018-2019) of 7 May 2019 on the reform of the Common Agricultural Policy (CAP),

Having regard to the information report no. 1950 of the European Affairs Committee of the National Assembly (Fifteenth legislature) on the multiannual financial framework and its conclusions adopted on 16 May 2019,

Having regard to Senate European Resolution no. 145 (2018-2019) of 9 August 2019 on the European Union's space policy,

Having regard to the Senate information report entitled *Défense Européenne : le challenge de l'autonomie stratégique*, ('European Defence: the Challenge of Strategic Autonomy', no. 626, 2018-2019) dated 3 July 2019, drawn up by Mr Ronan LE GLEUT and Ms Hélène CONWAY-MOURET on behalf of the Foreign Affairs, Defence and Armed Forces Committee,

Having regard to the Senate information report entitled *Pour une mobilisation plus ambitieuse des fonds européens au service des territoires* ('For a More Ambitious Use of European Funds in Favour of Local Territories', no. 745, 2018-2019) of 25 September 2019, drawn up by Ms Colette MELOT on behalf of the fact finding mission on the under-use of European funds,

Having regard to the European Parliament resolution of 10 October 2019 on the 2021-2027 multiannual financial framework and own resources: time to meet citizens' expectations,

Having regard to the Senate information report entitled *Brexit : tous perdants* ('Brexit: Everyone Loses', no. 49, 2019-2020) of 10 October 2019, drawn up by Mr Jean BIZET and Mr Christian CAMBON on behalf of the monitoring group working on the withdrawal of the United Kingdom and the re-founding of the European Union,

Having regard to Regulation (EU) No. 2019/1896 of the European Parliament and of the Council of 13 November 2019 on the European Border and Coast Guard and repealing Regulations (EU) No. 1052/2013 and (EU) 2016/1624,

Having regard to speech made by the President elect of the European Commission to the European Parliament on 27 November 2019,

Having regard to the negotiating box on the multiannual financial framework and the accompanying figures published by the Finnish Presidency of the Council on 5 December 2019,

Having regard to Communication of the Commission dated 11 December 2019 entitled "The European Green Deal", COM(2019) 640 final,

Having regard to Senate Resolution no. 44 (2019-2020) of 14 January 2019 calling upon the Government to sponsor at European Union level a plan for an ecological barrier at the borders,

Considering the need to give the European Union the means to assume its competencies and implement its policies without subjecting the public finances of the Member States to excessive pressure under a budgetary situation that remains tight;

Considering the challenges resulting from the withdrawal of the United Kingdom from the European Union and its implications for the Union's budget, the issues connected to climate change, the challenges created for the economy and society by advances in digitisation, growing geopolitical tensions and their consequences in terms of migration and border, security and defence management;

Considering that the multiannual financial framework is an essential investment tool for supporting growth and employment;

Considering that the European Union is founded on the values of respect for human dignity, freedom, democracy, the rule of law as well as respect for human rights, including the rights of persons belonging to minorities, and that it is committed to the implementation of the European Pillar of Social Rights

Considering that it is essential not to reduce the negotiations on the multiannual financial framework of the European Union to national considerations focused on the notion of a "fair return";

Considering that, for an efficient and effective use of the European Union's resources, its budget interventions must be concentrated in areas where Community action can provide genuine added value;

Considering that there is a need to make the Union's budget more transparent and easier for citizens to understand;

- *Concerning the general approach to spending:*

Is in favour of the new priorities put forward by the European Commission to enable the European Union to meet the challenges it faces, but considers that the funding of these new priorities must not lead to the reduction of the ambitions of older policies, in particular the Common Agricultural Policy and the cohesion policy, which remain as relevant as ever;

Approves the Commission's guidelines intended to simplify the presentation of the multiannual financial framework and make it easier to understand;

Holds the view that the notion of "European Added Value", upon which particular emphasis is placed in the multiannual financial framework presented by the European Commission, should be defined more precisely;

Takes note of the proposal intended to protect the Union's budget in case of generalised deficiencies as regards the rule of law in a Member State; considers that the implementation of such conditionality in access to European funds requires objective criteria and a transparent method of appreciation; asserts that it must not penalise the final beneficiaries or recipients in the Member States concerned; suggests that the reflection on how non-cooperative policies, in particular in social matters, should be taken into account, be widened;

- *Concerning the Common Agricultural Policy:*

Reasserts that the Common Agricultural Policy (CAP) still merits being considered as a strategic priority, in particular with regard to the issue of food sovereignty, the imperative of food security for European citizens and the industrial challenges of the 21st century;

That being the case, regrets the substantial reduction in the CAP "first pillar" and second pillar" budgets proposed by the European Commission, which goes far beyond the sole financial consequences of the withdrawal of the United Kingdom from the European Union, appears to run contrary to the developments observed in the other major powers and is incompatible with the objective of strengthening the environmental ambitions of the CAP;

Welcomes the proposal made by the Finnish Presidency of the Council to increase the funds that the European Commission proposed to allocate to the "second pillar" by €10 billion, but regrets that it does not include a re-evaluation of the "first pillar" budget, which remains essential to enable farmers to meet the economic, health, environmental and climate change-related challenges that they are facing;

Calls for a panel of effective tools to be set up to guarantee a decent income to farmers, who must be able to cope with volatility in agricultural prices, adverse climatic, political and economic events, situations of force majeure and all the different market crises, the safety net provided by the CAP having proven to be insufficient in view of the scale of the difficulties encountered by farmers; accordingly calls for the reinforcement of the multiannual reserve proposed by the Commission;

Considers that no reform of the CAP would be satisfactory without the preservation of a budget in constant euros stable over the years 2021-2027, compared to the years 2014-2020;

Considers that the objective of simplifying the implementation of the Common Agricultural Policy and the method proposed by the European Commission, based on the use of an improper and diverted use of the principle of subsidiarity, must not lead to a creeping renationalisation and a progressive dilution of the CAP, leading to the distortion of competition within the European Union;

- *Concerning the cohesion policy:*

Stresses the strategic role of regional cohesion policy, which constitutes a lever for investment that is particularly well adapted to the specific needs of the Union's territories and a policy whose objectives are part of the European Union's wider economic strategy aimed at intelligent growth through the development of education, research and innovation, low-carbon sustainable development and inclusive growth through job creation and the fight against poverty;

Considers that the cohesion policy must concern all the regions of the European Union;

Considers that the use of financial instruments and the "InvestEU" programme as part of cohesion policy must be complementary and must only be decided on a voluntary basis, according to the nature of the projects within the framework of the regional partnership;

Holds the view that the economic, social and territorial cohesion policy must have, in the multiannual financial framework 2021-2027, a budget allocation enabling it to address the territorial and sub-regional inequalities observed in the European Union and in France in particular;

- *Concerning the taking into account of the outermost regions (OMR) and the overseas countries and territories (OCT):*

Calls for the outermost regions (OMR) and the overseas countries and territories (OCT) to be taken into account, in a way appropriate to their specific nature and challenges, in the implementation and funding of European policies;

- *Concerning the European Green Deal:*

Lauds the ambition of the European Green Deal to fight climate change and transform the European economy, but stresses the scale of the investments necessary to achieve the target of carbon neutrality by 2050 and the need to provide support to certain territories and certain sectors that are confronted with substantial challenges relating to their conversion; insists on the need for the European Union not to deprive itself of any technology enabling it to achieve the ambitious targets it has set for itself;

Will be vigilant on the conditions of use of the Just Transition Fund announced by the European Commission as part of the "European Green Deal", considering that it must not lead to the amputation of the cohesion funds or the funding of the Common Agricultural Policy;

Insists on the need for the rapid and effective implementation of a border carbon adjustment mechanism in order to prevent the risk of carbon leakage, ensure fairness in international trade relations and reconcile the fight against the effects of climate change, sustainable development, economic development and social inclusion;

- *Concerning the challenges relating to management of migration:*

Considers that migration management and the integrated management of the European Union's outer borders must remain priorities in the multiannual financial framework for the years 2021-2027;

Stresses the need for a dedicated budget for Frontex to enable it to implement the reinforced mandate given to it in 2019;

Calls for greater cooperation with migrants' countries of origin and transit and is in favour of an incentive scheme for third States cooperating in the return of their nationals;

Reiterates that development constitutes a long-term response to the migration issue and emphasises the need to ensure that there is control over the use of funds and the monitoring of the effectiveness of the actions taken to this end under the single Neighbourhood, Development and International Cooperation Instrument;

- *Concerning the European Defence Fund and Space Policy:*

Strongly deplores proposals put forward by the Finnish Presidency of the Council in December 2019 cutting the budget allocated to the European Defence Fund by almost half, which would deprive it of any real ability to reinforce the industrial and technological base of

European defence; therefore insists that €11.453 billion be allocated to this Fund for the years 2021-2027, in accordance with the Commission's initial proposal;

Reiterates the importance for Europe of having a space policy enabling it to guarantee its strategic autonomy, security and sustainable economic growth; advocates that the European Union should allocate to its space policy a budget appropriate to the corresponding stakes in terms of sovereignty and, accordingly, supports the European Commission's proposal to allocate €14.196 billion to the European Space programme under the next multiannual financial framework ;

- *Concerning research and the stimulation of investment:*

Supports the European Commission's wish to increase the funding effort in favour of research and innovation in Europe, in order to enable the European Union to remain competitive and a leader at global level;

Stresses the strategic need for Europe to be a major player in artificial intelligence and argues that investment in this field, both and private, must increase substantially; maintains that it is necessary to lead and federate the European actors in the field and calls for the creation of an "important project of common European interest" for artificial intelligence;

Considers therefore that the budget proposed by the Commission for the "Horizon Europe" programme, which expresses the ambition that the European Union must have in this field, must not be reduced;

Welcomes the goals of the "InvestEU" programme and draws attention to the fact that the grouping within this programme of fourteen financial instruments must not lead to a reduction in the overall volume of funding earmarked to support investment;

Wants the "*International Thermonuclear Experimental Reactor*" (ITER) to benefit from adequate funding under the multiannual financial framework to enable this work to be conducted in line with the commitments made with a view to creating a safe, environmentally friendly and sustainable energy source for the future;

- *Concerning the Economic and Monetary Union:*

Welcomes the agreement in principle reached to set up a budgetary instrument for convergence and competitiveness for the Euro Area;

Observes that the budget macroeconomic stabilisation function, by making it easier to deal effectively with crises, constitutes an important element for the functioning of the Euro Area in the long term, but that for the moment there is consensus on making it a priority;

Regrets that the proposals of the Finnish Presidency of the Council reduce by approximately 14% the Commission's initial proposal for the amount of funding to be dedicated to the budgetary instrument for convergence and competitiveness and calls for this amount to be revised upwards;

- *Concerning the overall ambition, resources and process of adoption of the multiannual financial framework:*

Observes that the achievement of these different objectives appears difficult without an amount of funding being committed for the years 2021-2027 at least equal to the European Commission's initial proposals and coming close to those of the European Parliament; regrets the lack of ambition in the proposals of the Finnish Presidency of the Council presented in December 2019;

Notes, with regard to the need to keep public finances under control, the positions expressed by certain Member States and the proposals of the Finnish Presidency of the Council, that such a level of expenditure requires an increase in the own resources of the European Union, to enable both the drawing up of an ambitious budget and a reduction in the share of national contributions in the funding of the Union;

Welcomes the reflections undertaken by the European Commission to introduce a basket of new own resources, proposing to include a share of the revenue from the European Emissions Trading System, a call rate applied to the new Common Consolidated Corporate Tax Base and a contribution on the basis of the amount of non-recycled plastic packaging waste in each Member State; invites it to continue and to extend its reflections, including in particular the possibility of a border carbon adjustment mechanism; observes that the contribution based on the weight of non-recycled plastic packaging waste in the Member States is designed to have a diminishing yield in view of the European Union's stated objectives in terms of the circular economy and the efforts made by the

Member States; supports the proposal to reduce the percentage of collection costs retained by the Member States;

Calls, on the occasion of the withdrawal of the United Kingdom from the European Union, for an end to all the rebates and correction systems enjoyed by certain Member States, as of the entry into force of the next multiannual financial framework;

Wishes, in view of the progress made with the negotiations and the Resolution of the European Parliament of 10 October 2019, the European Commission to envisage the measures necessary to render operational Article 312 (4) of the Treaty on the Functioning of the European Union, which provides for the ceilings and other provisions corresponding to the last year of the previous multiannual financial framework to be extended until the Regulation of the Council laying down a new multiannual financial framework is adopted;

Requests that the national parliaments, which contribute to the drawing up of the multiannual financial framework and which are, more widely, essential actors in European integration, be fully involved in the work of the Conference on the Future of Europe;