



TEXTS ADOPTED

Provisional edition

P9_TA-PROV(2020)0206

Conclusions of the extraordinary European Council meeting of 17-21 July 2020

European Parliament resolution of 23 July 2020 on the conclusions of the extraordinary European Council meeting of 17-21 July 2020 (2020/2732(RSP))

The European Parliament,

- having regard to Articles 225, 295, 310, 311, 312, 323 and 324 of the Treaty on the Functioning of the European Union (TFEU) and Articles 2, 3 and 15 of the Treaty on European Union (TEU),
 - having regard to its interim report of 14 November 2018 on the multiannual financial framework 2021-2027 – Parliament’s position with a view to an agreement¹,
 - having regard to its resolution of 10 October 2019 on the 2021-2027 multiannual financial framework and own resources: time to meet citizens’ expectations²,
 - having regard to its resolution of 15 May 2020 on the new multiannual financial framework, own resources and the recovery plan³,
 - having regard to the conclusions of the European Council adopted on 21 July 2020,
 - having regard to Rule 132(2) of its Rules of Procedure,
- A. whereas the COVID-19 outbreak has claimed thousands of lives in Europe and the world and has led to an unprecedented crisis with disastrous consequences for people, families, workers and businesses, and therefore requires an unprecedented response;
- B. whereas Europe’s recovery should be based on the European Green Deal, the Digital Agenda for Europe, the New Industrial Strategy and entrepreneurship, so that our economies emerge from this crisis stronger, more resilient, more sustainable and more competitive;

¹ Texts adopted, P8_TA(2018)0449.

² Texts adopted, P9_TA(2019)0032.

³ Texts adopted, P9_TA(2020)0124.

- C. whereas the EU and its Member States have committed to the implementation of the UN 2030 Agenda for Sustainable Development, the European Pillar of Social Rights and the Paris Agreement;
 - D. whereas the single market is at risk of irreparable distortion;
 - E. whereas the European Council adopted its position extremely late, after three inconclusive summits, thus delaying the multiannual financial framework (MFF) negotiations;
 - F. whereas the EU's long-term priorities set out in the MFF must not be sacrificed on the altar of the recovery;
 - G. whereas Parliament should be fully involved in the implementation of the recovery instrument, both in borrowing and lending operations;
 - H. whereas Parliament is the guarantor of a transparent and democratic recovery and must be involved in both the ex-post and ex-ante scrutiny of the recovery plan;
1. Mourns the victims of the coronavirus and pays tribute to all workers who have been fighting the pandemic; believes that under such unprecedented and exceptional circumstances, people in the EU have a collective duty of solidarity;
 2. Welcomes the EU Heads of State and Governments' acceptance of a recovery fund to kick-start the economy, as proposed by Parliament in May; acknowledges the creation of the recovery instrument, which represents a historic move for the EU; deplores, however, the reduction of the grant component in the final agreement; recalls that the legal basis chosen to set up the recovery instrument does not give a formal role to elected Members of the European Parliament;
 3. Does not accept, however, the political agreement on the 2021-2027 MFF as it stands; is ready to engage immediately in constructive negotiations with the Council to improve the proposal; recalls Parliament's mandate from November 2018; stresses that Parliament must consent to the MFF regulation agreement under Article 312 of the TFEU;
 4. Deplores the fact that all too often, exclusive adherence to national interests and positions jeopardises the achievement of common solutions that are in the general interest; warns that the cuts to the MFF go against the EU's objectives; believes, for instance, that the proposed cuts to health and research programmes are dangerous in the context of a global pandemic; believes that the proposed cuts to education, the digital transformation and innovation jeopardise the future of the next generation of Europeans; believes that the proposed cuts to programmes supporting the transition of carbon-dependent regions run counter to the EU's Green Deal agenda; believes that the proposed cuts to asylum, migration and border management imperil the EU's position in an increasingly volatile and uncertain world;
 5. Believes that the EU Heads of State and Government have failed to tackle the issue of the recovery instrument repayment plan; recalls that there are only three options for doing so: further cuts to programmes with EU added value until 2058, increasing the Member States' contributions or creating new own resources; believes that only the creation of new own resources can help to repay the EU's debt, while salvaging the EU budget and alleviating the fiscal pressure on national treasuries and EU citizens; recalls that the creation of new own resources is the only repayment method acceptable to Parliament;

6. Regrets the fact that the European Council rejected the proposed ‘bridge solution’, which was meant to respond to acute financing needs for investments in 2020 in order to provide an immediate crisis response to EU citizens and beneficiaries and provide the necessary funding between the first response measures and the longer term recovery;
7. Recalls that the European Council’s conclusions on the MFF represent no more than a political agreement between the Heads of State and Government; stresses that Parliament will not rubber-stamp a *fait accompli* and is prepared to withhold its consent for the MFF until a satisfactory agreement is reached in the upcoming negotiations between Parliament and the Council; recalls that all 40 EU programmes financed under the MFF will have to be agreed by Parliament as co-legislator;
8. Instructs the relevant parliamentary teams to negotiate the relevant legislative files in accordance with Parliament’s respective mandate for the trilogues; instructs its MFF/own resources negotiating team to negotiate on the basis of the following mandate;

Parliament’s priorities in view of an overall agreement

The rule of law

9. Strongly regrets the fact that the European Council significantly weakened the efforts of the Commission and Parliament to uphold the rule of law, fundamental rights and democracy in the framework of the MFF and the Next Generation EU (NGEU) instrument; reconfirms its demand to complete the co-legislator’s work on the Commission’s proposed mechanism to protect the EU budget where there is a systemic threat to the values enshrined in Article 2 of the TEU, and where the financial interests of the Union are at stake; stresses that, to be effective, this mechanism should be activated by a reverse qualified majority; underlines that this mechanism must not affect the obligation of government entities or of Member States to make payments to final beneficiaries or recipients; underlines that the Rule of Law Regulation will be adopted by co-decision;

Own resources

10. Reiterates once again that Parliament will not give its consent for the MFF without an agreement on the reform of the EU’s own resources system, including the introduction of a basket of new own resources by the end of the 2021-2027 MFF, which should aim to cover at least the costs related to the NGEU (principal and interest) to ensure the credibility and sustainability of the NGEU repayment plan; underlines that this basket should also aim to reduce the share of the gross national income (GNI)-based contributions;
11. Stresses therefore that this reform should include a basket of new own resources which must enter the Union budget as of 1 January 2021; stresses that the plastics contribution only represents a first partial step in fulfilling this Parliament’s expectation; intends to negotiate a legally binding calendar to be agreed by the budgetary authority for the introduction of additional new own resources in the course of the first half of the next MFF, such as the EU Emissions Trading System (and revenues raised through any future enlargement), the Carbon Border Adjustment Mechanism, a digital tax, the Financial Transaction Tax and the Common Consolidated Corporate Tax Base; calls for the MFF mid-term revision to be used to add, if necessary, additional own resources in the second

half of the 2021-2027 MFF to ensure that the objective will be reached by the end of the 2021-2027 MFF;

12. Reiterates its firm position in favour of ending all rebates and corrective mechanisms altogether, as soon as possible; deplores the fact that the European Council has not only retained, but has even increased the rebates benefiting some Member States; reaffirms its position concerning the costs of collecting custom duties, which should be set at 10 %, their original rate;

EU flagship programmes

13. Deplores the cuts made to future-oriented programmes in both the 2021-2027 MFF and the NGEU; considers that they will undermine the foundations of a sustainable and resilient recovery; affirms that a 2021-2027 MFF below the Commission proposal is neither viable nor acceptable; stresses that the latest Commission proposal set the funding of several of those programmes at a very low level on the understanding that it would be topped up by the NGEU; regrets the fact that the European Council removed that logic and cancelled most of the top-ups; reaffirms its strong position on defending the adequate funding of the next MFF and its long-term investments and policies, which should not be jeopardised because of the need to immediately finance the recovery instrument; intends to negotiate targeted reinforcements of flagship EU programmes in the next MFF;
14. Stresses that the interinstitutional negotiations should include the MFF figures per heading and per programme; highlights that flagship programmes are now at risk of experiencing an immediate drop in funding from 2020 to 2021; points out, furthermore, that as of 2024, the EU budget as a whole will be below 2020 levels, jeopardising the EU's commitments and priorities, notably the Green Deal and the Digital Agenda; insists that targeted increases on top of the figures proposed by the European Council must single out programmes relating to the climate, the digital transition, health, youth, culture, infrastructure, research, border management and solidarity (such as Horizon Europe, InvestEU, Erasmus+, the Child Guarantee, the Just Transition Fund, Digital Europe, the Connecting Europe Facility, LIFE+, EU4health, the Integrated Border Management Fund, Creative Europe, the Right and Values programme, the European Defence Fund, the Neighbourhood, Development and International Cooperation Instrument (NDICI) and humanitarian aid), as well as relevant EU agencies and the European Public Prosecutor's Office;

Horizontal issues

15. Stresses that in order to align the political priorities and spending programmes, it is of the utmost importance to include horizontal principles in both the MFF and NGEU regulations, but also in all other relevant legislation, the UN Sustainable Development Goals, the pursuit of competitive and future-oriented long-term EU objectives, a fair and socially inclusive transition, a legally binding climate-related spending target of 30 % and a biodiversity-related spending target at 10 %; stresses, therefore, that a transparent, comprehensive and meaningful tracking methodology should be adopted swiftly, and adapted if necessary during the MFF mid-term revision, for both climate-related spending and biodiversity-related spending; points out the need to enshrine, in both the MFF and NGEU regulations, the 'do no harm' principle; highlights, furthermore, the need to gradually phase out fossil fuel subsidies; calls on the Commission to consider referring to the Taxonomy Regulation for investments;

16. Supports strongly the introduction of gender mainstreaming and gender impact obligations (gender budgeting) in both the MFF regulation and the NGEU regulation; considers, therefore, that a transparent, comprehensive and meaningful tracking methodology should be adopted swiftly and adapted, if necessary, during the MFF mid-term revision;
17. Demands that a legally binding MFF mid-term revision enter into force by the end of 2024 at the latest; stresses that this revision must concern the ceilings for the 2025-2027 period, the redistribution of the non-committed and decommitted appropriations of the NGEU, the introduction of additional own resources and the implementation of the climate and biodiversity targets;
18. Stresses that the MFF flexibility provisions agreed during previous MFF negotiations proved crucial in helping budgetary authorities to face the unprecedented and unforeseen crises during the current period; considers, therefore, that the MFF flexibility provisions proposed by the Commission represent the bare minimum for the next MFF, and intends to negotiate further improvements; opposes, in this context, any attempt to downsize and merge the MFF special instruments, and states that they should be calculated over and above the MFF ceilings in terms of both commitments and payments; insists, furthermore, on setting ceilings at a level that leaves sufficient unallocated margins above the programme envelopes;

Recovery and Resilience Facility and democratic principle

19. Takes note of the agreement on the overall volume of the NGEU; deplores the massive cuts to the grant components, which upset the balance between grants and loans and will undermine the recovery efforts, especially the cancellation of innovative programmes like the Solvency Support Instrument; believes that these cuts will decrease the firepower of the instrument and its transformative effect on the economy; regrets the fact that once again some Member States negotiated in the spirit of operating budgetary balances while completely disregarding the overall benefits of membership of the single market and the EU as a whole; challenges the Council to justify the massive reductions in the budgets of ReactEU, Horizon Europe, EU4health and the NDICI in the context of the pandemic and the budgets of InvestEU and the Just Transition Fund in the context of the Green Deal;
20. Calls to ensure that the Recovery and Resilience Facility (RRF) reforms and investments are creating synergies with existing EU funds and objectives and present real European added-value and long-term objectives;
21. Opposes the position of the European Council on the governance of the RRF, which moves away from the Community method and endorses an intergovernmental approach; believes that such an approach will only complicate the functioning of the RRF and weaken its legitimacy; recalls that Parliament is the only directly elected EU institution; calls for ex ante democratic and parliamentary scrutiny and therefore demands to be involved in delegated acts, as well as in the ex post verification that money provided under the RRF is well spent, is in the interests of EU citizens and EU, provides genuine EU added value and supports economic and social resilience; demands the full transparency of all final beneficiaries; is of the firm opinion that the commissioners responsible for the RRF should be fully accountable to Parliament;
22. Recalls that Parliament is the budgetary authority together with the Council; demands, in this regard, to be fully involved in the recovery instrument, in line with the Community

method; demands that the Commission present a targeted revision of the Financial Regulation and the Interinstitutional Agreement on budgetary discipline, cooperation in budgetary matters and sound financial management, in order to enshrine the role of the budgetary authority in authorising external assigned revenue under the annual budgetary procedure;

23. Stresses that a clear and realistic repayment plan is key to the overall success of the NGEU and represents a credibility test for the EU as a whole; believes that the repayment of the debt incurred must not be made at the expense of future EU budgets and generations of Europeans, and should start as soon as possible; calls for RRF spending to be clearly advertised as such, and for it to be subject to appropriate transparency requirements, including publication requirements for a list of final beneficiaries;
24. Stresses that all costs related to the NGEU (principal and interest) should be budgeted over and above the MFF ceilings;

A safety net for beneficiaries of EU programmes or ‘contingency plan’

25. Points out that it has been ready to negotiate since November 2018 and stresses that it will not be forced into accepting a bad agreement; declares its intention to engage in meaningful negotiations with the Council on all above-mentioned elements with a view to granting its consent for the 2021-2027 MFF Regulation;
26. Believes, however, that any political agreement on the next MFF would need to be reached by the end of October at the latest, in order not to jeopardise the smooth start of the new programmes as of 1 January 2021; recalls that, should a new MFF not be adopted on time, Article 312(4) of the TFEU provides for the temporary extension of the ceiling and other provisions of the last year of the present framework; points out that the MFF contingency plan is, both in legal and political terms, fully compatible with the recovery plan and the adoption of the new MFF programmes;

o

o o

27. Instructs its President to forward this resolution to the Council, the European Council and the Commission.