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P9_TA(2022)0309

Interim report on the 2021 proposal for a revision of the Multiannual Financial Framework

European Parliament resolution of 13 September 2022 on the 2021 proposal for a revision of the Multiannual Financial Framework (COM(2021)0569 — 2021/0429R(APP))

(2023/C 125/20)

The European Parliament,

— having regard to Articles 310, 311, 312 and 323 of the Treaty on the Functioning of the European Union (TFEU),

— having regard to the Commission proposal of 22 December 2021 for a Council regulation amending Regulation (EU, Euratom) 2020/2093 laying down the multiannual financial framework for the years 2021 to 2027 (COM(2021)0569),

— having regard to the Commission proposal of 14 July 2021 for a regulation of the European Parliament and of the Council establishing a Social Climate Fund (COM(2021)0568),

— having regard to the Interinstitutional Agreement of 16 December 2020 between the European Parliament, the Council of the European Union and the European Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management, as well as on new own resources, including a roadmap towards the introduction of new own resources ([1]) ('the IIA'),

— having regard to Rule 105(5) of its Rules of Procedure,

— having regard to the interim report of the Committee on Budgets (A9-0227/2022),

A. whereas the Commission's 22 December 2021 proposals to establish the next generation of own resources for the Union budget and to revise the multiannual financial framework ('the MFF') for the period 2021-2027 are inextricably linked to the Fit for 55 package put forward on 14 July 2021;

B. whereas, pursuant to Article 311 TFEU, the Union must provide itself with the means to attain its objectives and carry through its policies;

C. whereas, in line with Parliament's long-standing position, new policy commitments and objectives need to be matched with fresh money, and are not to be financed at the expense of other Union programmes and priorities;

D. whereas incorporating the Social Climate Fund fully into the Union budget is a Treaty requirement by way of Article 310(1) TFEU and a prerequisite to, *inter alia*, respect the Community method, guarantee parliamentary accountability, oversight and control, ensure predictability of funding and multiannual programming, and safeguard the transparency of the budgetary decisions taken at Union level;

E. whereas, in the event of an increase in the carbon price compared to the initial assumption, an additional allocation should be made available for the Social Climate Fund on an annual basis commensurately with the rate of increase of the carbon price, in order to further support vulnerable households and transport users in the transition towards climate neutrality; whereas such annual reinforcements should be accommodated within the MFF by means of an automatic carbon price fluctuation adjustment of the ceiling of heading 3 'Natural Resources and Environment' and the payment ceiling;

F. whereas, pursuant to Article 312(5) TFEU, and as further defined in the IIA, the European Parliament, the Council and the Commission are required to take any measure necessary to facilitate the adoption of a new or revised MFF;

([1]) OJ L 433 I, 22.12.2020, p. 28.

1. Expresses its position solely on the Commission's proposal of 22 December 2021 for a revision of the 2021-2027 MFF, thereby opting for a targeted approach limited to, and in full alignment, with its position on the Fit for 55 package;

2. States, however, that a broader revision of the current MFF is needed as it was already pushed to its limits in its first year; points to the multiple crises and challenges that the Union has been addressing, in particular the war in Ukraine and its repercussions, and the substantial financing needs it has generated; calls, therefore, on the Commission to conduct an in-depth review of the functioning of the current MFF and proceed with a legislative proposal for a comprehensive MFF revision as soon as possible and no later than the first quarter of 2023; intends to further detail its requests for that revision in a dedicated report;

3. Fully supports the incorporation of the Social Climate Fund in the Union budget and the MFF as part of its long-standing position that all Union programmes and funds are to be included in the budget; welcomes, therefore, the Commission proposal as a starting point as regards the increase of the ceiling for commitment appropriations of heading 3 'Natural Resources and Environment' and the ceiling for payment appropriations, which is a necessary pre-condition so that the financing of the Social Climate Fund is not detrimental to other Union programmes and priorities;

4. Underlines, however, that some modifications are necessary to reflect Parliament's position on the Fit for 55 package, including on the revised financial envelope of the Social Climate Fund, which reflects the relevant provisions in Directive 2003/87/EC of the European Parliament and of the Council [2] as amended;

5. Supports the proposal for a specific annual adjustment based on new own resources; considers it to be in line with the principle, as set out in the IIA, that expenditure from the Union budget related to the repayment of the European Union Recovery Instrument should not lead to an undue reduction in programme expenditure or investment instruments under the MFF, while adhering to the budgetary principle of universality of revenue; reaffirms, therefore, that such an annual adjustment depends on the introduction of new own resources in line with the roadmap set out in the IIA;

6. Asks the Council and the Commission to take into account the following recommendations and modifications:

(i) the impact of the revised financial envelope of the Social Climate Fund should be reflected throughout this regulation, including in its annex;

(ii) an automatic technical adjustment of the ceilings for commitment appropriations of heading 3 'Natural Resources and Environment' and the ceiling for payment appropriations should be introduced to ensure that additional allocations are made available for the Social Climate Fund in the event of an increase of carbon price to a level higher than the initial assumption;

(iii) the specific annual adjustment based on new own resources should be amended to ensure it can be prolonged in case of a delayed adoption of the following MFF, in line with article 312(4) TFEU;

(iv) the proposal for a Council regulation should be modified as follows:

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[2] Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a system for greenhouse gas emission allowance trading within the Union and amending Council Directive 96/61/EC (OJ L 275, 25.10.2003, p. 32).

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Modification 1

Proposal for a regulation

Recital 3

Text proposed by the Commission	*Modification*
(3) The introduction of EU emissions trading for the buildings and road transport sectors, as set out in Directive 2003/87/EC of the European Parliament and of the Council ([14]), may give rise to short term social impacts. To address this challenge, Regulation (EU) [XXX] final of the European Parliament and of the Council established ([15]) a Social Climate Fund, to be financed by the general budget of the Union under the multiannual financial framework. The ceiling for commitment appropriations of heading 3, 'Natural Resources and Environment', and the ceiling for payment appropriations should therefore be adapted for the years 2025, 2026 and 2027.	(3) The introduction of EU emissions trading for the buildings and road transport sectors, as set out in Directive 2003/87/EC of the European Parliament and of the Council ([14]), may give rise to short term social impacts. To address this challenge, Regulation (EU) [XXX] final of the European Parliament and of the Council established ([15]) a Social Climate Fund, to be financed by the general budget of the Union under the multiannual financial framework. The ceiling for commitment appropriations of heading 3, 'Natural Resources and Environment', and the ceiling for payment appropriations should therefore be adapted for the years ***2024,*** 2025, 2026 and 2027. ***In the event of a higher carbon price compared to the initial assumption, an additional allocation should be made available for the Social Climate Fund on an annual basis commensurately with the rate of increase of the carbon price, in order to further support vulnerable households and users of transport in the transition towards climate neutrality. Such annual reinforcements should be accommodated within the multiannual financial framework by means of an automatic carbon price fluctuation adjustment of the ceiling for commitment appropriations of heading 3 'Natural Resources and Environment', and the ceiling for payment appropriations.***
([14]) Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a system for greenhouse gas emission allowance trading within the Union and amending Council Directive 96/61/EC (OJ L 275, 25.10.2003, p. 32).	([14]) Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a system for greenhouse gas emission allowance trading within the Union and amending Council Directive 96/61/EC (OJ L 275, 25.10.2003, p. 32).
([15]) OJ […], […], p. […].	([15]) OJ […], […], p. […].

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Modification 2

Proposal for a regulation

Recital 3 a (new)

Text proposed by the Commission	*Modification*
	(3a) The Commission should present a proposal for a new multiannual financial framework before 1 July 2025, to enable the institutions to adopt it sufficiently in advance of the start of the subsequent multiannual financial framework. In accordance with Article 312(4) TFEU, the ceilings and other provisions, including the adjustments to the multiannual financial framework set out in Chapter 2, corresponding to the last year of the multiannual financial framework set out in this Regulation are to continue to apply in the event that a new multiannual financial framework is not adopted before the end of the term of the multiannual financial framework laid down in this Regulation.

Modification 3

Proposal for a regulation

Article 1 — paragraph 1

Text proposed by the Commission	*Modification*
(1) ***in*** Article 4, ***paragraph 4 is replaced by the following***:	(1) Article 4 is ***amended as follows:***
	(a) in paragraph 1, the following point is added:
	'(f) a calculation of the additional allocations based on the carbon price fluctuation and the result of the annual adjustment referred to in Article 4b';
	(b) paragraph 4 is replaced by the following:
'4. Without prejudice to Articles 4a, 6 and 7, no further technical adjustments shall be made in respect of the year concerned, either during the year or as ex post corrections during subsequent years.';	'4. Without prejudice to Articles 4a, ***4b***, 6 and 7, no further technical adjustments shall be made in respect of the year concerned, either during the year or as ex post corrections during subsequent years.';

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Modification 4

Proposal for a regulation

Article 1 — paragraph 2

Text proposed by the Commission	*Modification*
(2) the following ***Article 4a is*** inserted:	(2) the following ***Articles are*** inserted:
'Article 4a	'Article 4a
Specific annual adjustment based on new own resources	Specific annual adjustment based on new own resources
1. Starting in 2024, after the submission of the provisional accounts of the year n-1 in accordance with Article 245(3) of the Financial Regulation, an upward adjustment to the expenditure ceiling for commitment appropriations of sub-heading 2b and to the ceiling for payment appropriations for the current year shall be made.	1. Starting in 2024, after the submission of the provisional accounts of the year n-1 in accordance with Article 245(3) of the Financial Regulation, an upward adjustment to the expenditure ceiling for commitment appropriations of sub-heading 2b and to the ceiling for payment appropriations for the current year shall be made.
2. This annual adjustment shall be of the following amounts:	2. This annual adjustment shall be of the following amounts:
(a) for the years 2024, 2025 and 2026, an amount equivalent to the revenue which has been entered in the provisional accounts referred to in paragraph 1 stemming from the resources set out in Article 2(1), points (e), (f) and (g), of the Own Resources Decision.	(a) for the years 2024, 2025 and 2026, an amount equivalent to the revenue which has been entered in the provisional accounts referred to in paragraph 1 stemming from the resources set out in Article 2(1), points (e), (f) and (g), of the Own Resources Decision.
(b) for the year 2027, an amount equivalent to the revenue which has been entered in the provisional accounts referred to in paragraph 1 stemming from the resources set out in Article 2(1), points(e), (f) and (g), of the Own Resources Decision, reduced by a fixed amount of EUR ***8 000*** million (in 2018 prices).	(b) for the year 2027, an amount equivalent to the revenue which has been entered in the provisional accounts referred to in paragraph 1 stemming from the resources set out in Article 2(1), points(e), (f) and (g), of the Own Resources Decision, reduced by a fixed amount of EUR ***2 800*** million (in 2018 prices).
The annual adjustments referred to in the first subparagraph shall not exceed EUR 15 000 million (in 2018 prices) per year for the years 2024 to 2027.	The annual adjustments referred to in the first subparagraph shall not exceed EUR 15 000 million (in 2018 prices) per year for the years 2024 to 2027.
3. The Commission shall communicate the results of the annual adjustments referred to in paragraph 2 to the European Parliament and to the Council within 15 days of submission of the provisional accounts for year n-1 in accordance with Article 245(3) of the Financial Regulation.;'	3. The Commission shall communicate the results of the annual adjustments referred to in paragraph 2 to the European Parliament and to the Council within 15 days of submission of the provisional accounts for year n-1 in accordance with Article 245(3) of the Financial Regulation.';
	Article 4b
	Specific annual adjustment based on carbon price fluctuation
	1. Starting in 2025, an annual upward adjustment to the expenditure ceiling for the commitment appropriations of heading 3 "Natural Resources and Environment" and to the ceiling for payment appropriations for the current year shall be made in the event that the average carbon price calculated in year n-1 is higher than the initial assumption.
	2. The annual upward adjustment referred to in paragraph 1 of this Article shall be equivalent to the amount calculated by multiplying the annual allocation deriving from the financial envelope set out in Article 9 of Regulation (EU) [XXX] of the European Parliament and of the Council establishing a Social Climate Fund by the percentage by which the average carbon price calculated in year n-1 exceeded the initial assumption.';

Modification 5

Proposal for a regulation

Article 1 — paragraph 3

Text proposed by the Commission	*Modification*
(3) in Article 11(3), the second subparagraph is replaced by the following:	(3) in Article 11(3), the second subparagraph is replaced by the following:
'Amounts corresponding to the upward adjustments referred to in Article 4a(1) and in the second subparagraph of Article 5(2) shall be in addition to the maximum amounts referred to in the first subparagraph of this paragraph.';	'Amounts corresponding to the upward adjustments referred to in Article 4a(1)***, Article 4b*** and in the second subparagraph of Article 5(2) shall be in addition to the maximum amounts referred to in the first subparagraph of this paragraph.';

Modification 6

Proposal for a regulation

Article 1 — paragraph 4

Text proposed by the Commission	*Modification*
(4) Annex I is replaced by the ***text in the Annex to this Regulation***.	(4) Annex I is replaced by the ***following:***

‘ANNEX I

MULTIANNUAL FINANCIAL FRAMEWORK (EU-27)

(EUR million — 2018 prices)

COMMITMENT APPROPRIATIONS	2021	2022	2023	2024	2025	2026	2027	Total 2021-2027
1. Single Market, Innovation and Digital	**19 712**		**19 133**	**18 633**	**18 518**	**18 646**	**18 473**	**133 326**
2. Cohesion, Resilience and Values	**49 741**	**51 920**	**52 194**	**53 954**	**55 182**	**56 787**	**58 809**	**378 587**
2a. Economic, social and territorial cohesion	45 411	45 951	46 493	47 130	47 770	48 414	49 066	330 235
2b. Resilience and Values	4 330	5 969	5 701	6 824	7 412	8 373	9 743	48 352
3. Natural Resources and Environment	**55 242**	**52 214**	**51 489**	**[50 617]**	**[51 895]**	**[58 064]**	**[56 947]**	**[376 468]**
Of which: Market related expenditure and direct payments	38 040	37 544	37 604	36 983	36 373	35 772	35 183	257 499
4. Migration and Border Management	**2 324**	**2 947**	**3 164**	**3 282**	**3 672**	**3 682**	**3 736**	**22 807**
5. Security and Defence	**1 700**	**1 725**	**1 737**	**1 754**	**1 928**	**2 078**	**2 263**	**13 185**
6. Neighbourhood and the World	**15 309**	**15 522**	**14 789**	**14 056**	**13 323**	**12 592**	**12 828**	**98 419**
7. European Public Administration	**10 021**	**10 215**	**10 342**	**10 454**	**10 554**	**10 673**	**10 843**	**73 102**
Of which: Administrative expenditure of the institutions	7 742	7 878	7 945	7 997	8 025	8 077	8 188	55 852
TOTAL COMMITMENT APPROPRIATIONS	**154 049**	**154 754**	**152 848**	**[152 750]**	**[155 072]**	**[162 522]**	**[163 899]**	**[1 095 894]**
TOTAL PAYMENT APPROPRIATIONS	**156 557**	**156 322**	**149 936**	**[149 936]**	**[152 112]**	**[159 068]**	**[158 722]**	**[1 082 652]’.**

7. Stands ready to enter into negotiations to improve the Commission proposal;

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8. Instructs its President to forward this resolution to the Council and the Commission.