***Resolution on the new MFF, own resources and Recovery plan***

*The European Parliament,*

* Having regard to Articles 225, 310, 311, 312, 323 and 324 of the Treaty on the Functioning of the European Union (TFEU);
* Having regard to the Schuman declaration of 9 May 1950;
* having regard to the European Commission (Commission) proposals of 2 May 2018 on the multiannual financial framework (MFF) for the years 2021 to 2027;
* 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 agreement[[1]](#footnote-1);
* having regard to its resolution of 10 October 2019 on the 2021-2027 multiannual financial framework and own resources: time to meet citizens' expectations[[2]](#footnote-2);
* Having regard to its resolution of 17 April 2020 on EU coordinated action to combat the COVID-19 pandemic and its consequences[[3]](#footnote-3);
* Having regard to the Final report and recommendations of the High Level Group on Own Resources;
* having regard to the Commission’s European Economic Forecasts: Spring 2020;
* having regard to the European Parliament resolution of 15 January 2020 on the European Green Deal (2019/2956(RSP)[[4]](#footnote-4);
* having regard to the Communication of the Commission of 14 January 2020 on the Sustainable Europe Investment Plan (COM(XXX));
* having regard to European Parliament resolution of 18 December 2019 on fair taxation in a digitalised and globalised economy: BEPS 2.0 (2019/2901(RSP)[[5]](#footnote-5);
* having regard to the Communication of the Commission of the 11 December 2019 on the European Green Deal (COM (2019) 640);
* Having regard to Rule [...] of its Rules of Procedure

**Recitals**

1. whereas the COVID-19 pandemic has resulted in tragic disasters for people and their loved ones;
2. whereas this crisis has put high constraints on welfare and healthcare systems of Member States;
3. whereas the COVID 19 crisis is affecting vulnerable groups in particular, resulting in increased inequalities, poverty, unemployment and social divergences as well as undermining social and employment standards in Europe;
4. whereas the European Union and its Member States committed to the UN 2030 Agenda, the implementation of the European Pillar of Social Rights and the Paris Agreement;
5. Whereas Member States’ asymmetric economic responses could endanger the EU’s convergence efforts and create distortions to the Single market;
6. whereas many businesses have, or face a risk to, shut down, and large parts of our economy are at a standstill;
7. whereas the disruption is affecting the economy of the EU as a whole, an equal debt issuance capacity and access to funding, including for non-euro Member States, must be insured in order to deal with the crisis;
8. whereas the GDP contraction is expected to be as high as 7.4% of the EU’s GDP according to the European Commission’s Spring 2020 economic forecast;
9. whereas the European Council has not been able to agree on a common roadmap for the recovery after the crisis yet and tasked the European Commission to come up with a recovery package with an adjusted MFF at its core;
10. whereas Parliament has already expressed its concerns over the size of the next MFF as proposed by the European Commission in May 2018 before the COVID-19 crisis, which would not allow the Union to deliver on its political commitments and respond to the important challenges ahead;
11. whereas SMEs are the backbone of our economy and need less bureaucracy, fit for purpose regulations, better networks of entrepreneurs and scientists and investments in transborder infrastructure;
12. Whereas Article 312 of the FEU Treaty states that the European Parliament must give its consent to the MFF;
13. whereas the Commission is expected to urgently prepare an MFF contingency plan to protect EU beneficiaries and eliminate any risk of discontinuity, in case an agreement on the next MFF is not reached in time to enter into force on 1 January 2021, as formally requested by the Parliament;
14. whereas the MFF contingency plan is fully compatible with the Recovery Plan;
15. whereas the European Union commemorated the 70-year anniversary of the Schuman Declaration on 9 May 2020;

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1. Stresses that European citizens must be at the heart of the recovery strategy; Recalls that their interests are represented by the European Parliament. Hence, this Parliament warns the Commission against any attempt to design a European recovery strategy outside the community method and resort to intergovernmental means.
2. Recalls that the MFF is the budgetary tool through which the EU fulfils its ambitions; Warns the Commission against any attempt to design this European recovery strategy that would not be built on the MFF and its programmes; Demands that the Parliament be involved in the shaping, adoption and implementation of the Recovery Fund, and that it be at the centre of the decision-making process to ensure democratic accountability;
3. Insists that the revamped MFF and Europe’s recovery strategy should be based on the principles of economic and territorial cohesion, social dialogue, and the transformation towards a resilient, sustainable, socially just and competitive economy;
4. Recalls that one of the European Parliament’s main missions is to keep the executive in check; Warns the Commission against the use of misleading headlines figures when presenting its Recovery Plan; Stresses that the Union’s credibility is at stake;
5. Recalls Parliament must give its consent to the MFF; Warns the Commission against presenting a revised MFF where the Recovery Plan is financed to the detriment of existing and upcoming programs; Warns the Commission against the temptation to build budgetary tools without parliamentary participation and escaping democratic oversight; Recalls the possibility offered by article 324 TFEU in that regard; stands ready to reject any proposals that would not meet these standards; Recalls that Parliament will not give its consent to the MFF without an agreement on the reform of the EU’s own resources system;

**A strong Multiannual Financial Framework for the recovery and beyond**

1. Recalls the Parliament's position on the need for an ambitious MFF that meets EU citizens’ expectations and matches the political commitments and ambitions of the EU with the necessary financial means; Demands that the revised proposal by the Commission on the 2021-2027 MFF calculates the new Recovery and Transformation Fund on top of the next MFF; believes that the new MFF proposal should take account of both the need to effectively address the fallout of the crisis and of the additional instruments and initiatives linked to the political agenda of the new Commission;
2. Insists on an assessment before the end of the recovery strategy and to revise the MFF during its mid-term revision accordingly;
3. Notes that frontloading of resources can help mitigate the immediate effects of the crisis, especially in cohesion policy, but that it does not provide for additional money and cannot be advertised as such; Warns that excessive frontloading will result in a weakened budget that will not enable our Union to invest in its common future, and that will leave it more vulnerable against further crises;
4. Calls on EU leaders and the Commission to take bold decisions regarding the reform of the EU own resources system, including the introduction of a basket of new own resources; reaffirms its position, as set out in the MFF interim report, regarding the list of potential candidates for new own resources (a common consolidated corporate tax base, digital services taxation, a financial transaction tax, income from the emissions trading scheme, a plastics contribution and a carbon border adjustment mechanism); reiterates its position in favour of the abolition of all rebates and corrections, the simplification of the VAT-based own resource and the use of fines and fees as extra revenue for the EU budget;
5. Warns Member States that if they do not want to accept the creation of new own resources, securing a viable MFF will inevitably entail accepting a further increase in their direct GNI contributions;
6. Calls for an immediate and permanent increase of the own resources ceiling in order to meet the needs of MFF and the Recovery and Transformation Fund and factor in the anticipated GNI drop after the recession induced by the crisis;
7. Is determined to oppose any attempts to jeopardize the adequate funding of the next MFF in order to provide immediate financing for the recovery strategy; Demands that the recovery plan needs to be embedded in an increased MFF that includes new own resources;
8. Insist that the Recovery and Transformation Fund must be financed on top of the existing or upcoming EU policies and must not affect our long-term priorities and strategic objectives nor result in a smaller MFF;

**A credible European Recovery and Transformation Fund**

1. Calls on the Commission to present a massive recovery package in line with the European Parliament’s 17 April 2020 Resolution; Calls for the Recovery and Transformation Fund to be financed through the issuance of long-dated recovery bonds guaranteed by the EU budget, maximizing the headroom and subject to a repayment plan; the Fund will be a principal component of an overall Package providing an investment impulse, including by drawing in private investment, of 2 trillion euros in size and be of a duration commensurate to the expected deep and long-lasting impact of the current crisis,
2. Urges for the Package to be disbursed through loans and, mostly, through grants, direct payments for investment and equity, and for the Fund to be managed directly by the Commission; Believes that money should go to programmes within the EU budget, enjoying full parliamentary oversight and participation, and being subject to appropriate auditing and reporting requirements;
3. Highlights however that the Fund should not put additional burden on national treasuries and should be guided by the principles of sound finance; Is ready to consider maintaining Member States’ GNI contributions at current nominal levels in exchange for the establishment of new own resources which would not only pay the interest and principal repayments of the issuances but would also finance an ambitious MFF;
4. Recalls the need to preserve our Union’s credibility and warns the Commission against the use of financial wizardry and dubious multipliers to advertise ambitious figures; Warns that headline figures of investments to be mobilized do not constitute, and cannot be presented as, the genuine size of a Recovery and Transformation Fund;
5. Recalls the Treaty provisions that the EU Budget revenue and expenditure shall be in balance and that the institutions shall ensure that financial means are made available to allow the Union to fulfil its legal obligations in respect of third parties; Calls in that respect for a budgetary treatment of the recovery bonds that is economically sound and that is in line with the normal accounting of every public authority, including Member States; Proposes that, instead of putting the entirety of the outstanding amount in the yearly budget, only the payments due in each year must be covered within the headroom under the Own Resources ceiling, while maintaining full transparency over outstanding repayments of interest and principal and notwithstanding the necessity of a repayment plan;
6. Stresses that timing is of essence and that the Recovery and Transformation Fund must be linked to the current and the next MFF and be aligned with its structure and objectives; Urges the Recovery and Transformation Fund to become operational as soon as possible this year;
7. Calls for this massive recovery package to transform our economies and strengthen its resilience through the pooling of strategic investments to support SMEs, and increase job opportunities and skills to mitigate the impact of the crisis on workers, consumers and families; Calls therefore for investments to be prioritized into the Green Deal, the digital agenda and achieving European sovereignty in strategic sectors, with a consistent industrial strategy and while shortening and diversifying supply chains and reorienting trade policies; Calls for the creation of a new standalone European health programme;
8. Considers it crucial that these efforts have a strong social dimension and aligned with the objectives of the European Pillar of Social Rights, the United Nations Sustainable Development Goals (UNSDGs) and the objective of gender equality, so as to ensure that the recovery strengthens territorial cohesion and competitiveness and that it addresses social and economic inequalities and the needs of the hardest hit by the crisis such as women, minorities and those on the poverty line;
9. Stresses that these funds will be directed to projects and beneficiaries that comply with our Treaty-based fundamental values, with the Paris Agreement, EU’s climate neutrality and biodiversity objectives, and the fight against tax evasion, tax avoidance and money laundering; Urges the Commission to ensure that State Aid guidelines are compatible with such conditions;
10. Recalls the importance of international solidarity; Calls on the Commission and the Member States to lead recovery and transformation efforts resulting from covid-19 at international level while upholding our values of solidarity, the protection of human rights, democratic principles, the rule of law and multilateralism;
1. Citation needed. [↑](#footnote-ref-1)
2. Citation needed. [↑](#footnote-ref-2)
3. Citation needed. [↑](#footnote-ref-3)
4. Citation needed. [↑](#footnote-ref-4)
5. Citation needed. [↑](#footnote-ref-5)