EUROPEAN PARLIAMENT

2017-2018 SESSION

Sitting of 12 March 2018

The Minutes of this session have been published in OJ C 377, 18.10.2018.

TEXTS ADOPTED

2018-2019 SESSION

Sittings of 13 to 15 March 2018

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TEXTS ADOPTED

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RESOLUTIONS

European Parliament

Tuesday 13 March 2018


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Key to symbols used

* Consultation procedure

*** Consent procedure

***I Ordinary legislative procedure: first reading

***II Ordinary legislative procedure: second reading

***III Ordinary legislative procedure: third reading

(The type of procedure depends on the legal basis proposed by the draft act.)

Amendments by Parliament:

New text is highlighted in bold italics. Deletions are indicated using either the symbol or strikeout. Replacements are indicated by highlighting the new text in bold italics and by deleting or striking out the text that has been replaced.
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I

(Resolutions, recommendations and opinions)

RESOLUTIONS

EUROPEAN PARLIAMENT

P8_TA(2018)0063

A European strategy on Cooperative Intelligent Transport Systems


(2019/C 162/01)

The European Parliament,

— having regard to the Commission communication of 30 November 2016 entitled ‘A European strategy on Cooperative Intelligent Transport Systems, a milestone towards cooperative, connected and automated mobility’ (COM(2016)0766),

— having regard to Directive 2010/40/EU of the European Parliament and of the Council of 7 July 2010 on the framework for the deployment of Intelligent Transport Systems in the field of road transport and for interfaces with other modes of transport (1), and the extension of the timeframe of the mandate to adopt delegated acts,

— having regard to the opinion of the European Committee of the Regions of 11 October 2017 on Cooperative Intelligent Transport Systems (CDR 2552/2017),

— having regard to the opinion of the European Economic and Social Committee of 31 May 2017 on the ‘Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions – A European strategy on Cooperative Intelligent Transport Systems, a milestone towards cooperative, connected and automated mobility’ (2),

— having regard to the reports of the Cooperative Intelligent Transport Systems (C-ITS) Deployment Platform, in particular on C-ITS certificate and security policy,

— having regard to its resolution of 14 November 2017 entitled ‘Saving lives: Boosting car safety in the EU’ (3),

— having regard to the Declaration of Amsterdam of 14 April 2016 on cooperation in the field of connected and automated driving,

— having regard to its resolution of 1 June 2017 entitled ‘Internet connectivity for growth, competitiveness and cohesion: European gigabit society and 5G’ (4),

— having regard to Rule 52 of its Rules of Procedure,

— having regard to the report of the Committee on Transport and Tourism and the opinions of the Committee on the Environment, Public Health and Food Safety, the Committee on the Internal Market and Consumer Protection and the Committee on Civil Liberties, Justice and Home Affairs (A8-0036/2018),

A. whereas the European strategy on Cooperative Intelligent Transport Systems (the Strategy) is closely linked to the Commission’s political priorities, notably its Agenda for Jobs, Growth and Investment, the creation of a single European transport area, the digital single market, climate protection and the Energy Union strategy;

B. whereas Member States’ authorities and the industrial sector must respond to the pressing need to make transport safer, cleaner, more efficient, sustainable, multimodal and accessible for all road users, including the most vulnerable and those with reduced mobility;

C. whereas the positive trend in road safety that the EU has witnessed over the last decade has slowed down, whereas 92 % of road accidents are due to human error and whereas the use of C-ITS technologies is important for the efficient functioning of certain driver assistance systems; whereas road transport is still responsible for the bulk of space use in cities, accidents and transport emissions in terms of noise, greenhouse gases and air pollutants;

D. whereas the system of C-ITS will allow road users and traffic managers to share and use information and to coordinate their actions more effectively;

E. whereas the cyber-security of C-ITS is a key element of their implementation, whereas fragmented security solutions would jeopardise the interoperability and safety of the end user, and whereas there is therefore a clear need for action at EU level;

F. whereas algorithmic accountability and transparency means implementing technical and operational measures that ensure the transparency and non-discriminatory nature of automated decision-making and of the process of calculating the probability of individual behaviour; whereas transparency should give individuals meaningful information about the logic involved, and the significance of the process and its consequences; whereas this should include information about the data used for training the analytics and enable individuals to understand and monitor the decisions affecting them;

G. whereas the EU should encourage and further develop digital technologies not only to reduce human error and other inefficiencies, but also to cut costs and optimise the use of infrastructure by relieving traffic congestion, thereby reducing CO₂ emissions;

H. whereas this cooperative element, thanks to digital and mobile connectivity, will significantly improve road safety, traffic efficiency, sustainability and multimodality; whereas at the same time it will generate huge economic potential and reduce road traffic accidents and energy consumption; whereas C-ITS are fundamental to the development of autonomous vehicles and driving systems;

I. whereas connected and automated driving is an important digital development in the sector and whereas coordination with all new technologies used in the sector, such as the European global satellite-based navigation systems GALILEO and EGNOS, has now reached a high level of technological capacity;

J. whereas the EU is bound to respect the Charter of Fundamental Rights of the European Union, notably Articles 7 and 8 on the right to privacy and the protection of personal data;

K. whereas several countries around the world (for example, the US, Australia, Japan, Korea and China) are moving rapidly towards deploying new digital technologies and whereas C-ITS vehicles and services are already available on the market;

**General framework**

1. Welcomes the Commission communication on a European strategy on Cooperative Intelligent Transport Systems and the intensive work it has done with experts from both the public and private sectors, which laid the groundwork for the communication; supports the results and calls, therefore, for the introduction of interoperable C-ITS services throughout Europe without delay;
2. Highlights the need for a clear legal framework to support the deployment of C-ITS and welcomes a future delegated act under the ITS Directive (Directive 2010/40/EU) to ensure the continuity of services, deliver interoperability and support backward compatibility;

3. Notes the potential of C-ITS to improve fuel efficiency, lowering the cost of individual transport and reducing the negative impact of traffic on the environment;

4. Highlights the potential of digital technologies and related business models in road transport and recognises the Strategy as an important milestone towards the development of C-ITS and, ultimately, fully connected and automated mobility; notes that cooperative, connected and automated vehicles can boost the competitiveness of European industry, make transport seamless and safer, reduce congestion, energy consumption and emissions, and improve interconnectivity between different modes of transport; points out, with that in mind, that infrastructure requirements must be established to ensure that the systems concerned can function safely and effectively;

5. Notes that EU industries should capitalise on their advantageous position on the global scene in the development and application of C-ITS technologies; underlines the urgent need to establish an ambitious EU strategy that coordinates national and regional efforts, prevents fragmentation, speeds up the deployment of C-ITS technologies that have proven to have safety benefits, and maximises cooperation between different sectors such as transport, energy and telecommunications; urges the Commission to present a specific timetable with clear targets for what the EU needs to achieve between 2019 and 2029, to prioritise the deployment by 2019 of those C-ITS services that have the highest safety potential as set out in the list of services prepared by the C-ITS Platform in its Phase II Report, and to ensure that these services are available in all new vehicles across Europe;

6. Emphasises the need to introduce a coherent framework of social, environmental and safety rules in order to enforce the rights of workers and consumers and guarantee fair competition in the sector;

7. Welcomes the results of the C-ITS Platform Phase II and underlines the importance of the results (5);

8. Underlines that while the communication constitutes an important milestone towards an EU strategy on cooperative, connected and automated vehicles, there should be no confusion between C-ITS and these different concepts;

9. Urges the need to ensure that the development and deployment of connected and automated vehicles and C-ITS will fully comply with and support the aims of decarbonising the transport system and vision zero in road safety;

10. Recalls that C-ITS are systems allowing different ITS stations (vehicles, roadside equipment, traffic control centres and nomadic devices) to communicate and share information using a standardised communication architecture and that interoperability of the individual systems is therefore essential;

11. Recalls that connected vehicles are vehicles using C-ITS technologies that allow all road vehicles to communicate with other vehicles, with traffic signals, with durable roadside and horizontal infrastructure – which needs to be enhanced and adapted, but which can also provide innovative on-the-go charging systems and communicate safely with vehicles – and with other road users; recalls that 92 % of road accidents are due to human error and that the use of C-ITS technologies is important for the efficient functioning of certain driver assistance systems;

12. Recalls that automated vehicles are vehicles capable of operating and manoeuvring independently in real traffic situations and where one or more of the primary driving controls (steering, acceleration, braking) are automated for a sustained period of time;

13. Highlights the necessity of incorporating safeguard systems during the transition phase of co-existence between connected and automated vehicles and traditional non-connected vehicles, so as not to jeopardise road safety; points out that certain driver assistance systems should be further developed and installed on a compulsory basis.

14. Calls on the Commission to consider how to address the coexistence on the roads of cooperative, connected and automated vehicles and non-connected vehicles and drivers, taking into account that the age of the vehicle fleet and the residual proportion of non-connected people mean that provision needs to be made for a persistently large number of vehicles not being part of the system.

15. Regrets the absence of clear time scheduling for recommended Day 1.5 services and beyond, as well as the absence of a full impact assessment and precise information on the deployment initiatives in developing C-ITS services and potential service extensions.

16. Calls on the Commission to give priority to the C-ITS services providing the highest safety potential and to drawing up the definitions and requirements needed, and to update without further delay the European Statement of Principles on human-machine interface (HMI) for in-vehicle information and communication systems, as interaction between the human driver and the machine is important (6);

17. Reiterates the key role of connected and automated vehicles, C-ITS and new technologies in meeting climate targets, and the need to ensure that their development and deployment will fully comply with and support the aim of decarbonising the transport system; welcomes the use of C-ITS as a means to improve traffic efficiency, lower fuel consumption and the impact of road transport on the environment (for example, in terms of CO$_2$ emissions) and optimise the use of urban infrastructure.

18. Stresses the potential of innovative technologies such as automated driving and ‘platooning’ (grouping diverse vehicles) in road freight transport, which enable better use of slipstream, thereby reducing fuel consumption and emissions; calls for further support for research and development in that area, notably in relation to the requisite digital infrastructure.

19. Underlines the need to provide road users with more choices, more user-friendly, affordable and customised products, and more information; encourages the Commission, in this regard, to facilitate the exchange of best practices aimed inter alia at achieving economic efficiency; urges all Member States to join the C-Roads Platform, as it is intended to play a significant coordination role in implementing the Strategy, provided that it observes technology neutrality which is needed to encourage innovations; underlines the need to ensure that advanced digital tools are deployed widely and in a coordinated manner in Member States, and that they also cover public transport; invites car manufacturers to initiate C-ITS deployment to implement the Strategy.

20. Urges the Commission to develop statistics that complement existing ones, in order to better evaluate the digitalisation progress in different areas of the road transport sector; highlights the importance of further investment in research into sensor systems and stresses that in the development of C-ITS, special attention should be paid to urban driving, which is very different from out-of-town driving; notes that urban driving in particular involves greater interaction with motorcyclists, cyclists, pedestrians and other vulnerable road users, including persons with disabilities.

21. Urges the Member States to make every effort to ensure that vocational training and university courses meet the knowledge needs of the industry that is to develop the ITS strategy; calls for prospective analyses of the new careers and jobs linked to this new approach to mobility, and for the exchange of best practices in the development of models for cooperation between businesses and the education system, geared towards creating integrated areas for training, innovation and manufacturing.

22. Believes that C-ITS services should be integrated into the Space Strategy for Europe since the deployment of C-ITS is to be based on geolocation technologies such as satellite positioning;

23. Points out that the Member States should take into account the deployment of C-ITS services within a broader perspective of mobility as a service (MaaS) and integration with other modes of transport, in particular in order to prevent any rebound effects such as an increase in the modal share of road transport;

**Privacy and data protection**

24. Draws attention to the importance of applying the EU legislation on privacy and data protection with regard to C-ITS and connected ecosystem data, for which reason these data should, as a matter of priority, be used for C-ITS purposes only and not be retained or used for other ends; stresses that smart vehicles should comply fully with the General Data Protection Regulation (GDPR) and related rules, and that C-ITS service providers must offer easily accessible information and clear terms and conditions to drivers, enabling them to give their freely informed consent, in accordance with the provisions and restrictions laid down in the GDPR;

25. Emphasises the need for much greater transparency and algorithmic accountability with regard to data processing and analytics performed by businesses; recalls that the GDPR already foresees a right to be informed about the logic involved in data processing; underlines, furthermore, the need to prevent ‘driving walls’, which would mean that users could not drive their own smart car if they refused to give consent; calls for an ‘offline mode’ option to be made available in smart cars, which would enable the user to turn off transfers of personal data to other devices without hampering their ability to drive the car;

26. Draws attention to the fact that data protection and confidentiality must be taken into account throughout the processing of data; stresses that the implementation of ‘privacy and data protection by design and default’ should be the starting point when designing ITS applications and systems; recalls that anonymisation techniques may increase the trust of users in the services they are using;

**Cybersecurity**

27. Points to the importance of the application of high standards of cybersecurity in preventing hacking and cyber-attacks in all Member States, particularly in the light of the critical nature of security of C-ITS communications; notes that cybersecurity is an essential challenge to be tackled as the transport system becomes more digitised and connected; stresses that automated and connected vehicles and the databases in which the data are processed and/or stored are at risk of cyber-attack, and therefore that all weaknesses and risks that are identifiable and conceivable in the light of the stage of development reached should be excluded through the development of a common security policy, including strict security standards, and certificate policy for C-ITS deployment;

28. Underlines that equally high and harmonised standards of security should be applied in the EU and all Member States and in any possible cooperation arrangements with third countries; points out that those standards should not, however, impede the access of third-party repairers to on-board systems, in order to ensure that vehicle owners are not dependent on car manufacturers to carry out any necessary checks on and/or repairs to on-board software;

**Communication technologies and frequencies**

29. Believes that a technology-neutral hybrid communication approach that ensures interoperability and backward compatibility and combines complementary communication technologies is the appropriate approach and that the most promising hybrid communication mix appears to be a combination of wireless short-range communication and cellular and satellite technologies, which will ensure the best possible support for deployment of the basic C-ITS services;
30. Takes note of the mention of the link between connected cars and the European satellite navigation systems, EGNOS and GALILEO; suggests, therefore, that strategies centred around connected cars should be included in space technologies; considers interoperability to be essential for both safety and consumer choice and underlines that vehicles’ capacity to communicate with 5G and satellite navigation systems must be included in the hybrid communication mix in the future, as noted in the Commission’s 5G Action Plan;

31. Encourages car manufacturers and telecom operators that support C-ITS services to cooperate, inter alia, for the smooth deployment of C-ITS communication technologies, road charging and smart digital tachograph services without interference between these services;

32. Calls on the Commission and the Member States to continue to provide funding for research and innovation (Horizon 2020), in particular to pave the way for the development, in the long term, of infrastructure that is suitable for the deployment of C-ITS;

33. Stresses the importance of sensor systems in providing data on vehicle dynamics, congestion and air quality, for example; calls for more and properly coordinated investment in the Member States to ensure the full interoperability of the sensors used and in their possible usage for applications other than safety, for example remote emission sensing;

34. Calls for the Commission to come forward with proposals to ensure that information on pollutant emissions available through sensors installed in vehicles is collected and made available to competent authorities;

Common European approach

35. Encourages the Member States and local authorities, vehicle manufacturers, road operators and the ITS industry to implement C-ITS by 2019, and recommends that the Commission, local authorities and Member States designate proper funding under the Connecting Europe Facility, European Structural and Investment Funds and the European Fund for Strategic Investments for the upgrading and maintenance of the future road infrastructure by means of a cross-cutting thematic approach; calls on the Commission and the Member States to continue to provide funding for research and innovation (Horizon 2020) in full respect of the principle of transparency and with the provision of regular information on EU co-financing;

36. Encourages the Member States and the Commission to support initiatives and actions to promote more research and fact-finding on the development and impact of C-ITS in EU transport policy; is of the opinion that if no significant progress is made by 2022, legislative action may be required to introduce ‘minimum rules’ and enforce integration in this respect;

37. Stresses the importance of the quality of physical road infrastructure which should gradually be complemented by digital infrastructure; calls for the upgrading and maintenance of the future road infrastructure;

38. Stresses that a truly multimodal transport system should be created, integrating all modes of transport into a single mobility service using real-time information, taking into account integrated ticketing and shared mobility services as well as walking and cycling, allowing people and freight to travel smoothly from door to door, and enhancing overall transport efficiency, sustainability and durability; calls on the Commission, in this regard, to ensure and promote cooperation and investments at EU level in the field of transport industry digitalisation through existing and new funds, in order to integrate smart transport systems into the various modes of transport (C-ITS, ERTMS, SESAR, RIS (7)); underlines the importance of an integrated approach to information, booking and ticketing tools in establishing attractive door-to-door mobility chains;

(7) European Rail Traffic Management System (ERTMS); Single European Sky ATM Research (SESAR); River Information Services (RIS).
39. Calls for this planning process to draw on users’ vision of passenger and goods transport as a basic source of information, in order to broaden the scope of C-ITS application and create business models linked to this new concept of sustainable integrated mobility;

40. Encourages the EU and the Member States to properly enforce the UN Convention on the Rights of Persons with Disabilities (CRPD) and the forthcoming directive on accessibility requirements for products and services, in order to achieve barrier-free accessibility to C-ITS for all citizens;

41. Recommends that the Commission rapidly establish an adequate legal framework to achieve EU-wide cross-border interoperability and a framework laying down rules on liability for the use of the various forms of connected transport; calls on the Commission to publish a legislative proposal on access to in-vehicle data and resources by the end of the year; recommends that this proposal should enable the entire automotive value chain and end users to benefit from digitalisation and guarantee a level playing field and maximum security with regard to storage of in-vehicle data and access thereto for all third-parties, which should be fair, timely and unrestricted in order to protect consumer rights, promote innovation and ensure fair, non-discriminatory competition on this market in line with the principle of technological neutrality; stresses the need to contribute to the modernisation of all urban and rural infrastructure linked to public transport services; calls on the Commission to guarantee that it will, in all cases, ensure full compliance with the GDPR, reporting to Parliament on its monitoring on an annual basis;

42. Calls on the Commission to adopt a global approach to technical harmonisation and standardisation of data, in order to ensure the compatibility of C-ITS, economies of scale for manufacturers and improved consumer comfort;

43. Underlines the importance of opening a dialogue with the social partners and consumer representatives at an early stage in order to establish an atmosphere of transparency and confidence, with a view to finding a proper balance between positive and negative effects on social and employment conditions and on consumer rights; notes that a road map for C-ITS deployment must be established by the eSafety Forum in the same way as for the eCall system;

44. Stresses that in order to fulfil international climate commitments and meet internal EU targets, a comprehensive move towards a low-carbon economy is required; highlights the need, therefore, for the renewal of the allocation criteria of different EU funds so as to foster decarbonisation and energy-efficiency measures, including in C-ITS; considers that EU funding should not under any circumstances be allocated to projects that are not compliant with CO₂ reduction targets and policies;

45. Calls on car manufacturers to provide consumers with sufficient and clear information about their rights and the benefits and limitations of new C-ITS technologies in terms of safety; encourages the use of information campaigns to familiarise current drivers with new C-ITS technologies, to create the necessary trust among end users and to achieve public acceptance; considers that the use of C-ITS can improve the safety and efficiency of the transport system while ensuring compliance with data protection and privacy rules;

46. Instructs its President to forward this resolution to the Council and the Commission.
Gender equality in EU trade agreements

European Parliament resolution of 13 March 2018 on gender equality in EU trade agreements (2017/2015(INI))

(2019/C 162/02)

The European Parliament,

— having regard to Articles 2 and 3(3) of the Treaty on European Union (TEU),

— having regard to Articles 8, 10, 153(1), 153(2), 157 and 207 of the Treaty on the Functioning of the European Union (TFEU),

— having regard to Articles 23 and 33 of the Charter of Fundamental Rights of the European Union,

— having regard to the 2015 EU Action Plan on Human Rights and Democracy,

— having regard to the Council conclusions of 16 June 2016 on gender equality (00337/2016),


— having regard to the European Pact for gender equality for the period 2011-2020 annexed to the Council conclusions of 7 March 2011 (07166/2011),


— having regard to the Commission’s 2017 report on equality between women and men in the European Union,

— having regard to the Commission’s 2015 communication entitled ‘Trade for All – Towards a more responsible trade and investment policy’(COM(2015)0497),


— having regard to the Conflict Minerals Regulation (Regulation (EU) 2017/821 of the European Parliament and of the Council of 17 May 2017 laying down supply chain due diligence obligations for Union importers of tin, tantalum and tungsten, their ores, and gold originating from conflict-affected and high-risk areas (g)),

— having regard to the Convention for the Protection of Human Rights and Fundamental Freedoms (ECHR), in particular Article 4(1) prohibiting slavery and servitude, and Article 14 prohibiting discrimination,

— having regard to the UN Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) of 18 December 1979,

— having regard to the Beijing Declaration and Platform for Action adopted by the Fourth World Conference on Women on 15 September 1995, and to the subsequent outcome documents adopted at the UN Beijing +5 (2000), Beijing +10 (2005) and Beijing +15 (2010) special sessions,

— having regard to the Council of Europe Convention on preventing and combating violence against women and domestic violence (Istanbul Convention), and its Article 3 defining ‘gender’ as ‘the socially constructed roles, behaviours, activities and attributes that a given society considers appropriate for women and men’, and the Inter-American Convention on the Prevention, Sanctioning and Elimination of Violence against Women (Convention of Belem do Pará) of 1994,

— having regard to the 2007 joint strategy of the EU and its Member States entitled ‘Aid for trade: Enhancing EU support for trade-related needs in developing countries’ and to the Commission’s communication of 13 November 2017 entitled ‘Achieving Prosperity through Trade and Investment – Updating the 2007 Joint EU Strategy on Aid for Trade’ (COM(2017)0667);

— having regard to the resolution adopted by the UN General Assembly on 25 September 2015, entitled ‘Transforming our world: the 2030 Agenda for Sustainable Development’,

— having regard to the OECD Guidelines for Multinational Enterprises,

— having regard to the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas,

— having regard to the UNCTAD Investment Policy Framework for Sustainable Development (2015),

— having regard to the key conventions of the International Labour Organisation (ILO) on gender equality, including the Equal Remuneration Convention (No 100), the Discrimination (Employment and Occupation) Convention (No 111), the Workers with Family Responsibilities Convention (No 156) and the Maternity Protection Convention (No 183),

— having regard to Chapter 7 of the Action Plan of the EU-CELAC Summit of Heads of State 2015-2017, adopted in Brussels in June 2015,

— having regard to its resolution of 14 February 2006 on the human rights and democracy clause in European Union agreements (3),

— having regard to its resolution of 25 November 2010 on human rights and social and environmental standards in international trade agreements (4),

— having regard to its resolution of 25 November 2010 on international trade policy in the context of climate change imperatives (5).

(5) OJ C 99 E, 3.4.2012, p. 94.
— having regard to its resolution of 11 September 2012 on the role of women in the green economy (6),

— having regard to its resolution of 9 June 2015 on the EU Strategy for equality between women and men post-2015 (7),

— having regard to its resolution of 28 April 2016 on women domestic workers and carers in the EU (8),

— having regard to its resolution of 26 May 2016 on poverty: a gender perspective (9),

— having regard to its resolution of 14 March 2017 on equality between women and men in the European Union in 2014-2015 (10),

— having regard to its resolution of 5 July 2016 on implementation of the 2010 recommendations of Parliament on social and environmental standards, human rights and corporate responsibility (11),

— having regard to its resolution of 12 September 2017 on the impact of international trade and the EU’s trade policies on global value chains (12),

— having regard to its recommendation of 14 September 2017 to the Council, the Commission and the European External Action Service on the negotiations of the modernisation of the trade pillar of the EU-Chile Association Agreement (13),

— having regard to the ‘Trio Presidency Declaration on Equality between Women and Men’ presented on 19 July 2017 by Estonia, Bulgaria and Austria, the Member States holding the Presidency of the Council of the European Union during the 18-month period from July 2017 to December 2018,

— having regard to the study by the International Centre for Research on Women entitled ‘Trade liberalisation & women’s reproductive health: linkages and pathways’,

— having regard to the Africa Human Development Report 2016 entitled ‘Accelerating Gender Equality and Women’s Empowerment in Africa’ (14),

— having regard to the 2014 OECD report ‘Enhancing Women’s Economic Empowerment through Entrepreneurship and Business Leadership in OECD Countries’ (15),

— having regard to the results of the most recent high-level international debates on gender and trade, with particular attention to those organised under the umbrella of the EU and the WTO/UNCTAD/ITC, including, in inverse chronological order, the ‘International Forum on Women and Trade’, organised jointly by the European Commission and the International Trade Centre (Brussels, June 2017) (16), the annual plenary session of the Parliamentary Conference on the WTO on ‘Trade as a vehicle of social progress: The gender perspective’ (Geneva, June 2016) (17) and the WTO plenary session on ‘What future for the WTO? Trade and Gender: Empowering Women through Inclusive Supply Chains’ (Geneva, July 2015) (18).


(18) https://www.wto.org/english/forums_e/parliamentarians_e/ipuconf2016_e.htm
(19) https://www.wto.org/english/tratop_e/development_e/a4t_e/global_review15prog_e/global_review15prog_e.htm
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— having regard to the increasing international efforts to promote gender equality through trade policies, such as the UNCTAD programme on gender and development (\(^{(19)}\)) (which includes studies on the impact of trade on women, a teaching packet on trade and gender, and online training on the creation of the status of 'gender champions') and the World Bank working areas, all 14 of which have, since 2016, a gender strategy,

— having regard to the International Centre for Trade and Sustainable Development (ICTSD) issue paper 'The Gender Dimensions of Global Value Chains'(September 2016) (\(^{(20)}\)),

— having regard to the ICTSD issue paper 'The Gender Dimensions of Services'(September 2016) (\(^{(21)}\)),

— having regard to the 2015 UN Women report entitled 'Progress of the world’s women 2015-2016. Transforming economies, realising rights' (\(^{(22)}\)),

— having regard to the 2017 WIDE+ gender and EU trade position paper entitled ‘How to transform EU trade policy to protect women’s rights’ (\(^{(23)}\)),

— having regard to the 2016 study prepared at request of Parliament’s Women’s Rights and Gender Equality Committee and entitled ‘Gender Equality in Trade Agreements’ (\(^{(24)}\)),

— having regard to the 2015 study prepared at request of Parliament’s Committee on International Trade entitled ‘The EU’s Trade Policy: from gender-blind to gender-sensitive?’ (\(^{(25)}\)),

— having regard to Rule 52 of its Rules of Procedure,

— having regard to the joint deliberations of the Committee on International Trade and the Committee on Women’s Rights and Gender Equality under Rule 55 of the Rules of Procedure,

— having regard to the report of the Committee on International Trade and the Committee on Women’s Rights and Gender Equality and the opinion of the Committee on Development (A8-0023/2018),

A. whereas Article 8 of the TFEU states that the European Union shall, through all its actions inside and outside of the Union, aim at eliminating inequalities and promote gender equality and combat discrimination, among others, on the grounds of sex, when defining and implementing its policies and activities;

B. whereas trade policy could serve as a tool to promote global and European values, including gender equality; whereas EU trade and investment agreements and policy are not gender-neutral, meaning that they have different impact on women and men due to structural inequalities; whereas women face gender-specific constraints, such as limited access to and control over resources, legal discrimination and the overburden of carrying out unpaid care work resulting from traditional gender roles;


\(^{(20)}\) https://www.ictsd.org/sites/default/files/research/the_gender_dimensions_of_global_value_chains_0.pdf

\(^{(21)}\) https://www.ictsd.org/sites/default/files/research/the_gender_dimensions_of_services.pdf


C. whereas gender equality should concern both women and men equally; whereas engagement and partnership between public and private sector stakeholders, at international and local levels, are key to promoting the synergies needed to achieve gender equality and women empowerment, and to raise awareness about issues such as: property rights; access to finance, education and vocational training; corporate behaviour; government procurement; the digital gap; and cultural bias;

D. whereas trade policies aim to achieve, among other things, the sustainable and equitable economic growth and development needed to ensure poverty reduction, social justice and decent work and better living conditions for both women and men, as well as to safeguard women’s rights; whereas gender equality and the empowerment of women and girls is not only to be mainstreamed across all UN sustainable development goals (SDGs), but is also a standalone goal; whereas the SDG agenda acknowledges that trade contributes to the promotion of sustainable and equitable development and could contribute to the promotion of the highest international labour and environmental standards and human rights; whereas EU trade policy is an important part of the SDG framework, and a strong gender perspective is an essential element of that framework, the aim of which is to ensure fairer and beneficial outcomes for all; whereas trade policy can also expand opportunities for women entrepreneurship, access to apprenticeship and employment;

E. whereas the complex relationship between international trade and gender demands a deep understanding of the forces at work, involving the identification, analysis and monitoring of the economic and social dynamics required to develop an efficient trade policy in pursuit of economic development that also promotes women’s empowerment and gender equality; whereas trade policy must therefore take account of its direct and indirect impacts on gender, as well as of specific local contexts, in order to avoid reproducing or exacerbating existing gender gaps and stereotypes, and to strengthen gender equality proactively; whereas the success of trade policy should also be evaluated on the basis of whether it has a positive and equal impact on both women and men;

F. whereas economic development and gender equality frequently go hand-in-hand; whereas there is a broad understanding that societies in which gender inequalities are lower also tend to grow faster;

G. whereas the impact of trade liberalisation on individuals also depend on their geographical localisation and on the economic sector in which they are active; whereas important differences exist, both between and within countries, in terms of production structures, female labour force participation rates and welfare regimes; whereas women comprise the majority of workers in sectors such as garment and textile manufacturing, telecommunication, tourism, the care economy and agriculture, where they tend to be concentrated in more low-wage or low-status forms of formal and informal employment than men; whereas this may lead to abuses at the workplace and to discrimination, gender segregation in types of occupations and activities, gender gaps in wages and working conditions, and gender-specific constraints in access to productive resources, infrastructure and services; whereas free trade agreements (FTAs) can lead to employment shifts and losses, particularly in export-related sectors in which women often form the majority of the workforce; whereas country-specific and sector-specific gender assessments therefore bring important added value when designing trade agreements;

H. whereas in the EU in 2011, export-dependent employment accounted for about one out of every nine jobs (11 %) held by women in the EU;

I. whereas, according to a 2017 Commission study, almost 12 million women in the EU have jobs that depend on the exports of goods and services to the rest of the world (26);

J. whereas on the basis of fact-based studies, UNCTAD insists in highlighting the limitations that women face in taking advantage of the opportunities offered by trade, arising from factors such as lack of technical training for better jobs, lack of public services to alleviate household responsibilities, and restricted access and control over resources, including credit and land, information as well as networks; whereas, on this basis, UNCTAD recommends that evaluations address the potential impact of trade policies on gender equality and women empowerment in areas such as employment, small business, prices, productivity in agriculture, subsistence agriculture and migration (27);

K. whereas current EU trade policy and its ‘Trade for All’ strategy is based on three key principles: effectiveness, transparency and values, but lack a gender equality perspective; whereas the Commission has renewed and expanded its commitment on gender equality and women’s economic empowerment in its review of the Aid for Trade strategy, stating that gender equality is not only a fundamental human right, but also crucial for economic development, making the most of the wide range of EU policy tools available in order to increase their overall impact on growth and poverty reduction; whereas following the provisions included in CEDAW, the EU should provide the basis for realising equality between women and men through ensuring women’s equal access to, and equal opportunities in, political, economic and public life, as well as education, health and employment;

L. whereas women are affected by trade and trade agreements as potential entrepreneurs, consumers, workers and informal workers; whereas there is a crucial need to recognise and better understand gender-specific impacts of trade policy in order to deliver adequate policy responses; whereas in order to meet this aim, it is necessary to develop an adequate methodology to ensure that the possible impacts of EU trade policy and agreements on gender equality and women’s rights are always evaluated; whereas the Commission should make quantitative gender-disaggregated research by sectors such as, among other, business, science, and technology; whereas, until now, the EU has concluded trade agreements without undertaking assessments of their impact on women and gender equality; whereas the Commission has announced that a modernised Association Agreement between Chile and the EU will include, for the first time for the EU, a specific chapter on gender and trade;

M. whereas gender issues and women rights are not sufficiently taken into account in the sustainable impact assessments of trade agreements;

N. whereas an ex-ante assessment of the gender implications of trade policies can make a contribution to women’s empowerment and well-being and, at the same time, help mitigate existing disparities and avoid increasing gender inequality;

O. whereas a review of current EU multilateral and bilateral agreements shows that 20 % of the agreements with non-European trading partners make reference to women’s rights, and that 40 % of these agreements include references that aim to promote gender equality; whereas references in these agreements to promote women’s empowerment are mainly voluntary and, when binding, they are not enforceable in practice; whereas a recent study by the Commission shows that a gender gap persists in terms of opportunities for access to jobs; whereas the study shows that empowering women could increase global GDP by USD 28 billion by 2025, and that it is essential as much from economic as social and poverty eradication perspectives, given the role of women in communities;

P. whereas in both developing and developed countries, micro, small and medium-sized enterprises (MSMEs) constitute the largest part of the private sector and a vast majority of employment; whereas, according to the International Trade Centre (ITC), MSMEs together represent 95 % of all firms globally, approximately 50 % of global GDP and over 70 % of total employment; whereas up to 40 % of all MSMEs are owned by women while only 15 % of exporting firms are led by women; whereas, however, OECD figures show that women entrepreneurs still frequently earn 30-40 % less than their male counterparts (28);

Q. whereas the public debate and reaction across Europe on trade negotiations such as the Transatlantic Trade and Investment Partnership (TTIP), the EU-Canada Comprehensive Economic and Trade Agreement (CETA) and the Trade in Services Agreement (TiSA) have shown the need for transparent and inclusive negotiations, taking into account the strong concerns voiced by European citizens in many countries; whereas EU trade policy should not lower any of the EU’s standards, and whereas public services should always be excluded from trade negotiations; whereas any dispute settlement mechanism should be designed to guarantee the capacity of individual governments to regulate in the public interest and to serve public policy objectives; whereas progress must be expected in other critical areas of concern, such as reinforcing companies’ corporate social responsibility (CSR) obligations in relation to human rights; whereas a global holistic approach to corporate liability for human rights abuses is needed in the context of global value chains;

R. whereas the UN Guiding Principles on business, trade and human rights are binding on all states and all enterprises, regardless of their size, sector, location, ownership or structure;

S. whereas the Global Strategy for the European Union’s Foreign and Security Policy, adopted by the Council in 2016, affirms that human rights must be mainstreamed systematically across all policy sectors and institutions, including international trade and commercial policy;

T. whereas the Generalised Scheme of Preferences (GSP) aims, among other things, to contribute to poverty eradication and promote sustainable development and good governance; whereas GSP+ includes a conditionality aimed at ensuring the ratification and implementation of 27 international conventions – on human and labour rights, environmental protection and good governance – by eligible developing countries; whereas it is crucial to monitor their implementation on a regular basis, to take action when needed and to pay particular attention to gender equality; whereas CEDAW is one of the relevant conventions under GSP+;

U. whereas more than 40 % of agricultural work in the Global South is done by women;

V. whereas the expansion of global trade and integration of developing countries into global value chains (GVCs) can carry the risk of creating gender inequalities when those are used to produce more economically competitive products; whereas it has also allowed many women workers to move from informal to the formal sector; whereas rules of origin have become increasingly important in the context of GVCs, in which the production spans across several countries; whereas clearer and more well-defined rules of origin can create a framework towards establishing full transparency and accountability throughout supply chains, and this can have a positive impact on women, particularly those working in the garment sector;

W. whereas these new trade-related employment opportunities for women in developing countries contribute significantly to household incomes and poverty reduction;

X. whereas the garment sector mainly employs women; whereas it is important to recall that 289 people perished in a blaze in Karachi, Pakistan, in September 2012, that a fire at the Tazreen Fashions factory, in Bangladesh, in the same year caused the death of 117 people and injured more than 200 workers, and that the structural failure of the Rana Plaza, also in Bangladesh, in 2013 resulted in 1129 casualties and caused injuries to approximately 2500 people; whereas all of these were garment factories;

Y. whereas the majority of the workers in export processing zones (EPZs) are women; and whereas, in some countries, EPZs are exempt from local labour laws, ban or limit union activity and do not provide legal redress to workers, in clear violation of ILO core standards;

Z. whereas the public and private sectors, civil society (in particular women’s rights organisations), social partners and trade unions have the knowledge and potential to play a crucial role in shaping and monitoring trade policy, and in collecting data that can inform on the issues women face with regard to trade liberalisation, with a view to strengthening women’s rights, their economic empowerment and the promotion of women entrepreneurship;

AA. whereas events such as the International Forum on Women and Trade organised by the Commission on 20 June 2017 enable many economic stakeholders and representatives of civil society to exchange and launch initiatives on the impact of trade on gender equality;

AB. whereas multilateral platforms and intergovernmental fora such as the UN SDGs and the Women20 (W20) are crucial for fostering gender-related discussion and action among experts, and for providing a good basis for consensus-building;
AC. whereas public services, existing or future services of general interest, and services of general economic interest should be excluded from the negotiations on, and scope of application of, any trade agreement concluded by the EU (including, but not limited to, water, sanitation, health, care, social services, social security systems, education, waste management and public transport); whereas, the Commission has committed itself to ensuring that these services remain the competence of the Member States and that governments cannot be required to privatise any service, nor be prevented from defining, regulating, providing and supporting services, in general interest at any time;

AD. whereas trade in services and public procurement can affect women disproportionately, and whereas public procurement remains a tool allowing governments to have a positive impact on disadvantaged groups of people, especially women: whereas privatisation of health and care services risks increasing inequality and can have a negative impact on the working conditions of many women; whereas an above-average number of women are employed in public services or in the public service sector and, as users of these services, are more dependent on high-quality, affordable, accessible and demand-driven public services than men, particularly with regard to social services such as childcare and care for dependents; whereas cuts in national households and cuts to public services, as well as price increases, tend to shift this care burden nearly exclusively onto women, which will consequently hinder gender equality;

AE. whereas the intellectual property rights (IPR) system contributes to EU's knowledge-based economy; whereas IPR provisions related to patents that prohibit the production of generic medicines can have a significant impact on the particular health requirements of women; whereas women rely more than men on affordable access to healthcare and to medicines and their availability, especially with regard to their sexual and reproductive health and rights; whereas access to medicines in non-EU countries should not be challenged on the basis of IPR protection;

AF. whereas decisions on trade and trade agreements are only to a small extent made by women, as negotiating teams, parliaments and governments are still far from achieving gender balance: whereas gender balance in these institutions could not only lead to better integration of gender-equality issues, but also increase the democratic legitimacy of decision making;

AG. whereas not enough human resources are allocated within the Commission and the EEAS to ensure that a gender perspective is mainstreamed in EU trade policies and, particularly, in the entire process of trade negotiations;

AH. whereas the Commission, when working on the legal framing of relatively new trade policy areas such as e-commerce, should from the start factor in their impact on gender roles, work-life balance and the amount of unpaid work;

AI. whereas trade in conflict minerals has proven to be linked directly to widespread human rights violations, including rape and sexual violence against women and girls, child and slave labour and mass displacements;

I. **Strengthening gender equality in trade: general considerations and objectives**

1. Stresses that the EU is obliged to conduct a value-based trade policy, which includes ensuring a high level of protection of labour and environmental rights as well as the respect of fundamental freedoms and human rights, including gender equality; recalls that all EU trade agreements must include an ambitious and enforceable chapter on trade and sustainable development (TSD); stresses that trading commitments in EU agreements should never overrule human rights, women’s rights or environmental protection, and should take into account the local, social and economic environment;
2. Recalls that gender equality is firmly established in all EU policies, as stated in Article 8 of the TFEU; notes that this Article stipulates that ‘in all its activities, the Union shall aim to eliminate inequalities, and to promote equality, between women and men’; calls on the Commission to increase policy coherence between different policies such as trade, development, agriculture, employment, migration and gender equality;

3. Stresses that fair and inclusive international trade policies require a clear framework contributing to enhancing women’s empowerment and their living and working conditions, strengthening gender equality, protecting the environment and improving social justice, international solidarity and international economic development;

4. Stresses that the overarching purpose of trade policy must be to promote mutually beneficial economic growth; recalls that while trade policy can promote other values that the European Union is pushing for in the multilateral arena, there are limits to the global issues that can be solved through trade policy and through trade agreements;

5. Insists that the new generation of trade agreements should promote relevant international standards and legal instruments, including on gender equality, such as CEDAW, the Beijing Platform for Action, the core ILO Conventions and the SDGs;

6. Stresses that trading commitments in EU agreements should never overrule human rights; welcomes the UN Guiding Principles on Business and Human Rights, and calls on the Member States to adopt and elaborate national action plans in accordance with the UN Guiding Principles, taking into account women’s rights and the need to combat gender-based violence; calls on the Commission to use trade negotiations to encourage the EU’s trade partners to adopt national action plans of their own; supports the ongoing negotiations to create a binding UN instrument on transnational corporations and other business enterprises with respect to human rights; stresses the importance of the EU being actively involved in this intergovernmental process and calls on the Commission and the Member States to encourage trading partners to engage constructively in these negotiations;

7. Calls on the Commission to ensure that Articles 16 and 17 of the Universal Declaration of Human Rights are fully respected by the EU’s trade partners, as a means of combating gender-based inequalities in the field of social and economic rights;

8. Recalls that only Member States have the competence to regulate and reverse liberalisation in services of general interest, and therefore calls on them to protect fundamental objectives such as gender equality, human rights and fundamental freedoms, public health, and social and environmental standards;

9. Emphasises the need for governments to maintain their ability to allocate resources to the achievement of women’s rights and gender equality in order to guarantee an inclusive and sustainable future for societies: stresses, in this regard, the paramount importance of respecting, in accordance with SDG target 17.15, partner countries’ democratic policy space to regulate and take suitable decisions for their own national context, respond to the demands of their populations, and fulfil their human rights obligations and other international commitments, including those on gender equality;

10. Recalls that it has called on the Commission to put an end to the investor-state dispute settlement (ISDS) system, and underlines that any dispute settlement mechanism should be designed to guarantee the capacity of individual governments to regulate in the public interest and to serve public policy objectives, including measures to promote gender equality as well as stronger labour, environmental and consumer rights;

11. Notes that IPR provisions in trade often have an impact on public health and on the particular health requirements of women; calls on the Commission and the Council to ensure that IPR provisions in trade agreements take due account of women’s rights, particularly with regard to their impact on women’s health, including access to affordable healthcare and medicines; calls on the Commission and the Council to promote the protection of geographical indications (GIs) as a tool of particular importance for the empowerment of rural women; calls, furthermore, on the Commission, the Council and the Member States to reconsider the extension of protection to non-agricultural products, bearing in mind that the EU has already agreed to protect non-agricultural GI products in FTAs;
12. Recalls that the SDG require gender-disaggregated data to allow progress to be tracked towards all goals, including SDG 5 on gender equality; stresses that there is no adequate data available on the impact of trade on gender equality; and calls for sufficient and adequate gender disaggregated data on the impact of trade to be collected; stresses that such data would make it possible to establish a methodology with clear and measurable indicators at regional, national and sectorial levels, improve analysis and define objectives to be achieved and measures to be taken to ensure that women and men benefit equally from trade; underlines that particular attention should be put on quantitative and qualitative gender-disaggregated analysis of labour evolution, ownership of assets and financial inclusion in sectors that have been impacted by trade; encourages the Commission to cooperate with European and international organisations such as the World Bank, the United Nations, the OECD and the European Institute for Gender Equality (EIGE), as well as with national statistics offices, with a view to improving the collection and availability of such data; calls on the EU and its Member States to include in ex-ante and ex-post impact assessments the country-specific and sector-specific gender impact of EU trade policy and agreements; stresses that the results of the gender-focused analysis should be taken into account in trade negotiations – considering both positive and negative impact throughout the whole process, from the negotiation stage to implementation – and should be accompanied by measures to prevent or compensate possible negative effects.

II. Strengthening gender equality in trade: sector-specific considerations and objectives

13. Underlines that services of general interest and services of general economic interest – including, but not limited to, water, social services, social security systems, education, waste management, public transport and healthcare – must remain exempted from the scope of trade negotiations and fall under the competence of Member State governments; urges the EU to ensure that trade and investment treaties do not lead to the privatisation of public services that could impact women, both as service providers and service users, and increase gender inequality; stresses that the issue of public provision of social services is especially salient for gender equality, given that changes in access to, and user fees of, such services and their quality can lead to uneven gender distribution in unpaid care work; points out that governments, and national and local authorities, must retain the full right and ability to introduce, regulate, adopt, maintain or repeal any measures with regard to the commissioning, organisation, funding and provision of universal access to services of general interest and services of general economic interests.

14. Stresses that trade policy can have an impact on access to essential health services, and can therefore influence access to, and the advancement of, reproductive and sexual health and rights objectives in policies, programmes and services; emphasises, therefore, that basic healthcare – in particular access to sexual and reproductive health and rights services – are exempted from trade negotiations and notes that they fall under the competence of the Member States.

15. Calls for binding, enforceable and effective measures to combat the exploitation, and improve the working and living conditions, of women in export-oriented industries, in keeping with the objective of improving the living and working conditions of women in countries and sectors of concern, in particular in the garment, textile and agriculture sectors, in order to avoid that trade liberalisation contributes to precarious labour rights and increased gender wage gaps; believes that such measures, and the establishment of common definitions, should allow for clearer and better coordinated action with international organisation such as the UN, the WTO, the ILO and the OECD; values the Bangladesh Sustainability Compact as a good example, and as a step forward in terms of getting a monitoring mechanism in place, and calls for full compliance of its terms; calls, in this context, on the Commission, on all international actors and on all businesses concerned to acknowledge and adhere to the new OECD Due Diligence Guidelines for Responsible Supply Chains in the Garment and Footwear sector.

16. Calls for an increased focus on women working in the informal sector, recognising the need to reinforce decent work standards for women workers in this sector.

17. Underlines that women and girls tend to be ones who suffer the most, as labour trafficking is strongly linked to trafficking for sexual purposes.
18. Stresses that the impact of increasing agricultural exports generally favours women less than men, as emerging trends indicate that small farmers, many of whom are women, are often not in a position to compete in overseas markets owing to inheritance laws and a lack of access to credit, information, land and networks, as well as of possibilities to comply with new rules and standards; notes that particular efforts must be made to improve the positive impact of trade on women in the agricultural sector, where they have been identified as being particularly vulnerable, but also as having a clear potential for empowerment; stresses that women-owned businesses would benefit from the elimination of gender stereotypes, from increased market access and facilitated access to finance, marketing formation and networks, and from improved capacity building and training; notes that trade liberalisation could impact women negatively in sectors such as agriculture and food processing; stresses that although women workers predominate in world food production (accounting for 50-80% of the global labour force), they own less than 20% of the land, and, consequently, that increasing commercial demands on and for land makes it difficult for poorer women to gain or retain secure and equitable land access; recalls the need to prevent the potentially negative impact of IPR clauses, e.g. on seed privatisation, in trade agreements on food sovereignty;

19. Stresses that women who work in subsistence agriculture face additional barriers to maintaining food sovereignty owing to the strong protection of new varieties of plants under the International Convention for the Protection of New Varieties of Plants (UPOV Convention) in trade agreements;

20. Underlines that EU agricultural imports may undercut traditional small-scale farms and thereby endanger women’s livelihoods;

21. Recalls the importance of MSMEs in the EU’s economic structure; calls on the Commission to continue its efforts to support MSMEs, with specific focus on, and measures for, women-led MSMEs; calls on the EU and its Member States to pay particular attention to the special circumstances of women-led MSMEs when establishing export help-desks, to take advantage of the possibilities created by FTAs and to strengthen services, technologies and infrastructures (such as access to internet) that are of particular importance to the economic empowerment of women and women-led MSMEs; calls on the Commission to help set up partnerships between female entrepreneurs in the EU and their counterparts in developing countries;

III. Strengthening gender equality in trade: actions required at EU level

22. Insists that certain elements of EU trade policy, such as TSD chapters and the GSP+ system and the monitoring thereof, can help promote and uphold human rights, including gender equality, workers’ rights and environmental protection; insists that binding and enforceable provisions in EU trade agreements are needed to ensure respect for human rights, including gender equality and environmental and labour protection, as well as to ensure that EU trade policy is coherent with the Union’s overarching aims of sustainable development, poverty reduction and gender equality;

23. Calls on the EU and the Member States to ensure that the objectives of the SDGs, in particular Goal 5 on gender equality, and the Strategic engagement for gender equality 2016-2019 are fully reflected in EU trade policies;

24. Regrets the fact that the EU’s trade strategy entitled ‘Trade for All’ does not mention gender equality; welcomes the fact that the ‘Report on the Implementation of the Trade Policy Strategy Trade for All of 13 September 2017 mentions gender equality in trade and specifies that it is essential for EU decision makers to improve their understanding of the impact of trade instruments on gender equality; calls on the Commission to take this dimension into account in its mid-term review of the Trade for All strategy, and to ensure that the gender perspective is included and mainstreamed in the EU’s trade and investment policy, as it would maximise the overall gains from trade opportunities for all; recalls that trade policy could contribute to promoting gender equality on the international scene, and should be used as a tool to improve the living and working conditions of women, on equal terms as men, for instance by supporting the reduction of gender pay gaps by promoting the creation of better quality jobs for women;
25. Calls on the Commission, the Council and the Member States to ensure that public procurement provisions have a positive impact – not least from a gender perspective – when they are included in the EU trade agreements; calls on the Commission to continue its efforts to support MSME access to public procurement and to develop specific measures for MSMEs owned by women; calls for the inclusion of provisions aimed at simplifying procedures, and increasing transparency, for bidders, including those from non-EU countries; calls for further promotion of socially and environmentally responsible public procurement, taking into account the aim of ensuring equal treatment of women and men, equal pay for male and female workers and the promotion of gender equality, building on the experience of the sustainable public procurement rules of ‘Chile Compras’.

26. Calls on the Commission and the Council to promote, in trade agreements, the commitment to adopt, maintain and implement gender equality laws, regulations and policies effectively, including the necessary active measures to promote gender equality and women empowerment at all levels;

27. Welcomes the commitment by the Commission to ensure that the trade negotiations to modernise the current EU-Chile Association Agreement will include, for the first time in the EU, a specific chapter on gender and trade; stresses the need to be informed of the content of this chapter; calls on the Commission and the Council to promote and support the inclusion of a specific gender chapter in EU trade and investment agreements, building on existing examples such as the Chile-Uruguay and the Chile-Canada FTAs, and to ensure that it specifically foresees the commitment to promote gender equality and women empowerment; calls for the promotion of international commitments on women’s rights, gender equality, gender mainstreaming and the empowerment of women in all EU trade agreements, based on the Beijing Platform for Action and the SDGs; calls as well for provisions to be included in these trade agreements ensuring that their institutional structures guarantee periodical compliance reviews, substantial discussions and the exchange of information and best practices on gender equality and trade, through, among others, the inclusion of women and experts on gender equality at all levels of the administrations concerned, including trade negotiating teams, joint committees, expert groups, domestic advisory groups, joint consultative committees and dispute settlement bodies;

28. Calls on the Commission, the Council and the Member States to promote agreements at multilateral level to expand the protection granted by gender-sensitive EU laws such as the Conflict Minerals Regulation;

29. Calls on the European Investment Bank (EIB) to ensure that companies participating in projects co-financed by the EIB shall be required to adhere to the principle of equal pay and pay transparency, and to the principle of gender equality, as set out in Directive 2006/54/EC of the European Parliament and of the Council (

30. Is convinced that CEDAW is of great importance for all policy areas, including trade; stresses that all Member States have acceded to CEDAW; invites, therefore, the Commission to include a reference to CEDAW in trade agreements and to take steps towards the EU’s accession and ratification of the Convention; calls on the Member States to incorporate the principle of gender equality in their legal systems, abolishing all discriminatory laws and adopting appropriate ones prohibiting discrimination against women;

31. Calls on the EU to ensure that provisions based on the core labour standards and conventions of the ILO are included in trade agreements; calls on the Commission to work with the Member States towards the ratification and implementation of these conventions, in particular Convention No 189 concerning Decent Work for Domestic Workers and Convention No 156 on Workers with Family Responsibilities, as they address the needs of workers globally, and to ensure that social rights, non-discrimination and equal treatment are included in trade agreements; calls on the Commission, the Council and the Member States to work further within the ILO towards the implementation of these conventions and the reinforcement of international labour standards for decent work on global value chains, with particular focus on women; recalls that effective implementation of these standards and conventions has a positive impact on working conditions for women in the EU and in non-EU countries; calls on the Commission to ensure that trade agreements between the EU and other partners contribute to the eradication of practices such as the exploitation of employees, especially women;

32. Calls on the Commission to ensure that social and environmental standards, particularly labour rights subscribed to in FTAs and autonomous regimes, apply throughout the territory of trade partners, and, particularly, in EPZs;

33. Stresses the importance of monitoring the implementation of the EU's Generalised Scheme of Preferences (GSP) and GSP+ systems, particularly as regards the implementation of core conventions; points out that the GSP+ conventions include the Convention on the Elimination of All Forms of Discrimination against Women of 1979, Convention No 111 concerning Discrimination in Respect of Employment and Occupation, and Convention No 100 concerning Equal Remuneration for Men and Women Workers for Work of Equal Value; points out that upholding and implementing such conventions helps further gender equality; acknowledges that the GSP and GSP+ systems are valuable tools for promoting respect for human rights; calls on the Commission to find ways to improve these systems by means such as reinforcing their conditionality to the removal of legal discrimination against women, and to continue linking economic incentives to the effective adoption, implementation and appropriate monitoring of core human rights, and of environmental and labour conventions that are particularly relevant to women; welcomes the Commission's mid-term evaluation of the GSP systems in this regard;

34. Calls on the Commission, the Council and the Member States to ensure, in negotiations at WTO level: that due consideration is given to gender equality when preparing new rules and agreements, and implementing and reviewing existing agreements, included in the WTO Trade Policy Review Mechanism; that transparency is increased in the entire process of WTO negotiations; and that a gender focus informs all current and future negotiations in areas such as agriculture, fisheries, services and e-commerce; calls on the Commission, the Council and the Member States, furthermore, to defend and promote an improved position for women in global value chains (making the best use of WTO tools such as the Trade Facilitation Agreement), to develop capacity-building programmes and organise regular expert discussions and the exchange of good practices, to support the adoption of gender-related measures within the WTO's administrative structure and, more particularly, to ensure that the WTO Secretariat has the technical capacity to undertake gender analysis of trade rules (including the means to conduct gender impact assessments in all phases of its work, such as, e.g., quantitative studies of women benefitting from technical assistance); calls on the Commission, the Council and the Member States, lastly, to make use of WTO tools to address gender issues, both in its jurisprudence and in on-going trade negotiations, and, equally, to support improved cooperation between the WTO and other international organisations, such as UNCTAD, UN-Women and the ILO, in efforts aimed at promoting inclusive international trade and women's rights and equality;

35. Calls on the Commission to support international efforts to promote the inclusion of a gender perspective in trade policy and in programmes such as the She Trades initiative of the International Trade Centre (ITC), aimed at connecting one million women entrepreneurs to markets by 2020 (30), and encourages, in this regard, the international exchange of best practices on gender-responsive policies and programmes within such organisations and bodies such as the WTO, the ITC and the UN;

36. Calls on the Commission to reinforce CSR and due diligence in FTAs, in accordance with the UN Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidelines; urges the EU to reinforce CSR, and to take due diligence into account, in free trade agreements, and encourages the WTO to take gender equality into account in its trade policy; stresses as well the importance of addressing this issue in other international and multilateral organisations and forums, such as the UN, the World Bank and the OECD; recalls that in 2010 Parliament requested that companies publish their CSR balance sheets and called for the introduction of due diligence requirements for all undertakings and the consolidation of the CSR concept; welcomes, therefore, that large companies are required to disclose non-financial and diversity information as of 2017, in accordance with the Non-Financial Reporting Directive;

37. Emphasises the need to enhance codes of conduct, labels and fair-trade schemes, and of ensuring alignment with international standards such as the UN Guiding Principles on Business and Human Rights, the UN Global Compact and the OECD Guidelines for Multinational Enterprises;

(30) http://www.intracen.org/itc/women-and-trade/SheTrades/
38. Calls on the EU to ensure that the secretariats of the EU institutions responsible for trade policy and negotiations have the knowledge and the technical capacity to incorporate a gender perspective in the entire process of negotiations, from inception to application and evaluation; welcomes the appointment within the structure of DG Trade of a gender focal point responsible for monitoring whether gender aspects are taken into account in EU trade agreements and for ensuring gender mainstreaming in EU trade policy; asks the Commission to provide gender training, or to make use of the training provided by, for example, UNCTAD, to ensure that officials and negotiators are aware of the issues pertaining to gender equality and trade; calls on the Member States to recruit women at all levels within their trade ministries; calls on international organisations such as the WTO, the World Bank, the IMF and the ILO to promote the equal presence of women in their internal structures, particularly in leading positions; calls on the Commission, the Council and the Member States to engage actively in, and to support, efforts to organise regular discussions and actions on gender and trade;

39. Calls on the Commission and the Council to promote, in trade agreements, the commitment to ensure an improved participation of women in decision-making bodies, both in the public and in the private sector;

40. Calls on the Commission and the Council to conduct trade negotiations transparently, to respect fully the best practices established in other negotiations and to ensure that, at all stages of negotiations, Parliament is kept informed in a timely and regular manner; calls for negotiating teams to be gender balanced in order that they are fully able to take into account all gender aspects of trade agreements; calls on the EU and the Member States to ensure inclusive participation in trade consultations, both at EU and WTO level, including for women’s rights organisations, trade unions, businesses, civil society and development organisations, and to increase transparency for European citizens putting forward initiatives and publishing information relevant to the negotiations;

41. Calls on the Commission and the Member States to ensure that the goal of gender equality is given particular attention in their development cooperation, and that it is mainstreamed throughout the assistance programmes, especially programmes linked to the Aid for Trade Strategy; calls on the EU to make more funds available for cooperation programmes linked to gender equality and the professional training of women; calls on the Commission to support the least developed countries, financially and through capacity building, in an effort to increase the coherence between trade, development and human rights, including gender equality; stresses that decreased tax revenues resulting from cuts in tariffs need to be addressed in the framework and financing of the sustainable development agenda;

42. Calls on the Commission to promote female entrepreneurship in developing countries, focusing especially on those countries in which women face greater constraints than men when it comes to access to credit, infrastructure and productive assets;

43. Calls on the Commission to evaluate the possibility of building up pre-apprenticeship training programmes for providers, employers, workforce practitioners and other industry stakeholders, allowing them to network with their peers from across the EU and to learn from a variety of successful programme models, ultimately with a view to creating favourable conditions for women to partake in the opportunities offered by free trade agreements;

44. Calls on Commission and the Member States to combine their efforts to adapt policies in areas such as education and vocational training with a view to promoting greater gender equality in the distribution of employment opportunities offered by exports;

45. Calls on the Commission and the Council to promote, in trade agreements, the commitment to carry out bilateral cooperation activities aimed at improving the capacity of, and conditions for, women to fully benefit from the opportunities offered by these agreements and, with this in sight and to institute and facilitate cooperation, to establish a joint committee on trade and gender and to supervise its application, ensuring appropriate participation of private stakeholders, including experts and civil society organisations active in the field of gender equality and the empowerment of women, and guaranteeing wide representation, by community and by sector, through accessible means of consultation (such as online discussions) beyond structured dialogues;
46. Calls on the Commission to explore further how EU policies and trade agreements can promote women's economic empowerment, and female participation in areas such as science, technology, engineering and mathematics (STEM), and how to close gender gaps when it comes to access to, and the use of, new technologies:

47. Instructs its President to forward this resolution to the Council and the Commission.
Lagging regions in the EU

European Parliament resolution of 13 March 2018 on lagging regions in the EU (2017/2208(INI))

(2019/C 162/03)

The European Parliament,

— having regard to Articles 174, 175 and 176 of the Treaty on the Functioning of the European Union (TFEU),


— having regard to Regulation (EU) No 1299/2013 of the European Parliament and of the Council of 17 December 2013 on specific provisions for the support from the European Regional Development Fund to the European territorial cooperation goal (2),

— having regard to the Commission communication of 14 December 2015 entitled ‘Investing in jobs and growth – maximising the contribution of European Structural and Investment Funds’ (COM(2015)0639),

— having regard to its resolution of 8 October 2013 on effects of budgetary constraints for regional and local authorities regarding the EU’s Structural Funds expenditure in the Member States (3),

— having regard to its resolution of 6 July 2016 on preparation of the post-electoral revision of the MFF 2014-2020: Parliament’s input ahead of the Commission’s proposal (4),

— having regard to its resolution of 16 February 2017 on investing in jobs and growth – maximising the contribution of European Structural and Investment Funds: an evaluation of the report under Article 16(3) of the CPR (5),

— having regard to its resolution of 13 June 2017 on increasing engagement of partners and visibility in the performance of European Structural and Investment Funds (6),

— having regard to its resolution of 13 June 2017 on building blocks for a post-2020 EU cohesion policy (7),

— having regard to its resolution of 24 October 2017 on the Reflection Paper on the Future of EU Finances (8),

— having regard to the Commission staff working document of 10 April 2017 on competitiveness in low-income and low-growth regions: the lagging regions report (SWD(2017)0132),

— having regard to ex ante conditionalities for smart specialisation strategies,

(3) OJ C 181, 19.5.2016, p. 29.
— having regard to the seventh report on economic, social and territorial cohesion, published by the Commission on 9 October 2017,

— having regard to Rule 52 of its Rules of Procedure,

— having regard to the report of the Committee on Regional Development and the opinions of the Committee on Agriculture and Rural Development and the Committee on Fisheries (A8-0046/2018),

A. whereas the protracted economic and financial crisis in the EU has adversely affected economic growth at regional level, although cohesion policy has contributed around one third of the EU budget towards growth and employment and reducing disparities between EU regions; calls on the Commission, in this context, and in the framework of the European Semester, to look into regional and national co-financing under the European Structural and Investment (ESI) Funds and its impact on national deficits;

B. whereas cohesion policy – implemented through the European Regional Development Fund (ERDF), the European Social Fund (ESF) and the Cohesion Fund (CF) – is the EU’s main investment, growth and development policy, is aligned with the goals of the Europe 2020 strategy for smart, sustainable and inclusive growth, and aims to reduce economic, social and territorial disparities between regions, promote convergence and ultimately improve the quality of life of European citizens;

C. whereas the principal objective of the ERDF, ESF and CF for the period 2014-2020 is investment in growth and employment with a view to strengthening the labour market, regional economies and European regional cooperation, improving cross-border, transnational and interregional cooperation within the Union, and ultimately reducing development disparities between the individual regions of Europe;

D. whereas according to the Commission’s lagging regions report, 47 regions in eight Member States are lagging behind; whereas the report may lead to a better understanding of the complexity of the challenges faced by lagging regions, and should therefore be publicly available in all the official EU languages;

E. whereas cohesion policy plays an important role in all lagging regions and accounts for a very high share of public investment in most of them;

F. whereas lagging regions have lower productivity, employment and school attendance rates than other regions in the same Member State;

G. whereas the Commission’s report distinguishes between two types of lagging regions: ‘low-growth regions’ – less-developed and transition regions that did not converge to the EU average between 2000 and 2013 in Member States with a GDP per head in purchasing power standards (PPS) below the EU average in 2013, which comprise almost all the less-developed and transition regions in Greece, Spain, Italy and Portugal; and ‘low-income regions’ – all regions with a GDP per head in PPS below 50 % of the EU average in 2013, which comprise several less-developed regions in Bulgaria, Hungary, Poland and Romania;

H. whereas low-growth regions suffer from economic stagnation, owing, in particular, to a drop in public and private investment, unlike low-income regions, which generally maintain their development potential;

I. whereas lagging regions suffer more than others from the shortage of public and private investment, which is also due to public debt reduction requirements imposed by the Stability Pact;

J. whereas lagging regions are often characterised by a lack of structural reforms, which reduces the impact of already limited public investments;
K. whereas lagging regions suffer from serious disadvantages in terms of public transport, economic and energy infrastructure, and require more efficient and effective investments;

L. whereas the Commission takes the view that a closer relationship between cohesion policy and country-specific recommendations in the framework of the European Semester is needed;

M. whereas lagging regions, and in particular low-income regions, are often confronted with the flight of young people and skilled labour, both of which are necessary resources for the economic and social revitalisation of the areas concerned, making those regions less attractive in terms of employment and investments;

N. whereas the definition of low-income and low-growth regions should be refined;

O. whereas it is important to raise awareness among end-users of EU-funded regional and local programmes and the results achieved, regardless of funding levels in any specific region;

P. whereas good governance and an efficient public administration are needed in lagging regions, as they contribute significantly to creating the conditions for economic growth; whereas reducing the excess of rules and controls, and the length and complexity of procedures, and using ICT tools better, would contribute to improving efficiency and good governance in lagging regions;

Q. whereas according to the seventh report on economic, social and territorial cohesion, lagging regions are ranked lowest in the European Quality of Government Index, which means that the impact of public investment is reduced;

R. whereas reliable, up-to-date and disaggregated figures and statistics are important for well-informed, more transparent, impartial and fairer political decisions;

S. whereas obstacles to growth should be removed and gaps in infrastructures reduced in lagging regions;

T. whereas SMEs in lagging regions are financed with much higher interest rates and encounter more difficulties in being granted loans from the banking sector in order to co-finance ESI fund projects;

U. whereas four out of five lagging regions have at least 25% of their population in a city or its commuting zones, known as a functional urban area (FUA), and one out of five lagging regions has more than 50% of its population in an FUA;

V. whereas traditional activities, such as small-scale artisanal fishing or farming, define identities and lifestyles in most coastal and rural areas of lagging regions, and are of economic, territorial, social and cultural importance; whereas development strategies are needed in order to enhance the capacity to retain and attract talent, adopt new technologies, and stimulate new investments;

1. Welcomes the fact that the Commission has presented a staff working document on competitiveness in low-income and low-growth regions: the lagging regions report; notes that the report proposes a number of positive solutions to support economic growth, sustainable development and job creation in these regions; stresses, furthermore, that the analysis concerning their competitiveness makes an important contribution to the future debate on cohesion policy;

2. Welcomes the implementation of the pilot initiatives for lagging regions in two regions in Romania and, with the support of the World Bank, two regions in Poland, particularly the definition of strategic priorities and concrete, quickly implementable actions; looks forward to the publication of the results of these initiatives;
3. Stresses that cohesion policy plays a key role in ensuring and promoting public and private investment in all EU regions, both directly and by contributing to the creation of a favourable environment for investment; considers that the EU as a whole, in order to promote its overall harmonious development, should carry out actions which strengthen its economic, social and territorial cohesion and reduce disparities between the levels of development of the various regions and the backwardness of lagging regions;

4. Calls on the Commission to define lagging regions at NUTS III level, on the basis of general economic and social conditions, and to better target the financing of these areas in line with ESI fund programming cycles;

5. Calls on the Commission and the Member States to create tailor-made strategies, programmes and actions for the different lagging regions, taking into account the trends and sub-regional disparities, as the paths taken and the challenges facing low-income and low-growth regions differ greatly, depending on their specificities, using smart specialisation strategies, to accelerate their convergence and secure the best solutions for job creation, economic growth and sustainable development; considers that these strategies, programmes or actions should be coordinated with the Urban Agenda, as lagging regions are not purely rural;

6. Stresses that, in addition to the low development of and investment in SMEs, unemployment remains drastically high, particularly among young people, and represents one of the most serious and pressing problems in the vast majority of lagging regions; underlines the fundamental role of secondary and higher education, of professional, on-the-job training and of knowledge transfer in combating the alarming levels of youth unemployment and the large numbers of young people departing these regions; points out the importance of education and training and of increased investments in relation to the needs and development of SMEs and family businesses; is of the opinion that the involvement of young people leads to improved performance, since they often provide innovative solutions;

7. Notes that the presence of an educated and trained workforce that matches the needs of the regional economy has a powerful impact on competitiveness, productivity and the attractiveness of the labour market, which can then flourish in an environment of growth and openness to public and private investment; is of the opinion that, in this context, account should be taken of the present situation of lagging regions, particularly the negative migration rate and its adverse impact on employment; highlights the role that agriculture and fisheries play in lagging regions, as they, through the promotion of family businesses and jobs, and the facilitation of social inclusion, supply food and guarantee food security;

8. Notes that diversification has become a necessity for farmers and fishermen, particularly in the lagging regions, as a means to provide additional sources of income and boost economically and environmentally sustainable activities; notes, however, that such diversification must in no way replace more traditional activities, such as sustainable fishing; encourages the Member States and regional and local authorities to support blue economy and similar projects in order to help people in the lagging regions develop environmentally sustainable income sources;

9. Hopes that the implementation of the EU 2020 Strategy in the area of employment, education and training, as well as the forthcoming EU long-term strategy and its objectives, will continue to take due account of the specific needs of lagging regions, and in particular of the persistent infrastructure gaps and the development of human capital, focusing particularly on the rate of early school leavers and their adverse impact on employment; calls on the Commission, in this context, to look into the impact of a possible increase in the ESF co-financing rate for the next financing period;

10. Considers it necessary to strike the right balance between structural interventions, social policies and industrial policies in the programming and implementation of ESI funds, in order to stimulate economic growth, sustainable development and job creation by combining grants with financial instruments and attracting extra financial support, thereby helping to address the remaining shortcomings; stresses, in this regard, that low-risk financial instruments could be preferable to higher-risk ones wherever the economic outlook allows for it;
11. Notes that cohesion policy can serve as a tool for rectifying competitiveness gaps and imbalances, as well as macroeconomic asymmetries between regions, by encouraging the creation of an attractive and sustainable environment for businesses and citizens; underlines the fact that, in low-growth regions, accessing credit, enforcing contracts and protecting minority investments are the main problems identified, while in low-income regions, the biggest issues are resolving insolvency, electricity supply and contract enforcement;

12. Notes that lagging regions are under considerable migratory pressure; believes that the contribution of the ESI funds to tackling this challenge can only be successful if the principle of solidarity is also applied effectively; considers that refugees and migrants under international protection need to receive appropriate training and education with a view to being integrated into the labour market;

13. Notes that many of the problems of lagging regions are similar to those experienced in the outermost regions; welcomes, therefore, the strategy proposed by the Commission in its communication: ‘A stronger and renewed strategic partnership with the EU’s outermost regions (*);

14. Considers that demographic and social development criteria, such as the Regional Social Progress Index, and environmental or other indicators, along with GDP, could be considered in the context of cohesion policy and included in future Commission reports on lagging regions, in order to ensure that the potential of lagging regions is fulfilled;

15. Highlights the adverse effects of the economic and financial crisis, especially for low-growth regions, which have reduced the margins of budgetary policies, leading to public investment cuts; stresses, on the other hand, the importance of debt reduction with a view to eliminating the budgetary deficit and tailoring public investment to growth requirements;

16. Considers that cohesion policy has a positive impact in creating growth and employment; stresses the need to apply the agreed position on the Stability and Growth Pact regarding flexibility for cyclical conditions, structural reforms and government investments aimed at implementing major structural reforms and similar projects, with a view to achieving the Europe 2020 goals; recognises the necessity of clarifying the context and scope of application of structural reforms within cohesion policy; notes, however, that such structural reforms in Member States and regions under support programmes may help to achieve a better outcome for investments under cohesion policy;

17. Calls for stronger action to increase convergence between all regions, including action to ensure their resiliency to sudden shocks;

18. Notes that access to credit is harder in lagging regions, especially in low-income regions, because of higher interest rates and, to a certain extent, the risk aversion of the credit system; stresses the importance of ensuring easier access to credit in order to assist SMEs, to encourage new business models, and to promote growth in lagging regions;

19. Stresses the importance of EU funds in boosting the economic resilience and cohesion of those regions, as well as competitiveness, investment and opportunities for cooperation; acknowledges, therefore, the input of local action groups in developing local strategies; suggests that the Commission should look into the possibility of proposing the allocation of a larger share of support to community-led local development (CLLD), thus helping to both tackle challenges and build up capacities; recalls that lagging regions often experience difficulties in accessing finance, as well as bureaucratic and administrative delays which hamper the operations of EU funds;

20. Is of the opinion that positive incentives could be sought for the regions within the existing framework of the macroeconomic conditions imposed by the European Semester.

21. Takes into consideration the importance of sound economic governance for an efficient overall performance of ESI funds, with the ultimate aim of rectifying shortcomings and preventing delays; supports, in this regard, the need to analyse and subsequently review the very rationale of the link between the European Semester and cohesion policy;

22. Believes that solidarity, stronger institutional capacity, respect for the principle of good governance, better connectivity and digitalisation in these regions have a significant impact on their economic growth and on the more efficient and effective use of existing resources; draws attention, for this reason, to the issue of supporting and improving the quality of administration and institutions in the regions affected; calls on the Commission and the Member States to disseminate best practice examples on the increased efficiency of public administration, as effective governance should be the basic recommendation for lagging regions;

23. Underlines, in this context, the importance of the partnership principle, and of multi-level governance, which needs to be strengthened without prejudice to the principle of subsidiarity; believes that the involvement of all levels of government and interested stakeholders in designing and implementing strategies and specific programmes and actions aimed at these regions is fundamental in order to create effective European added value for citizens;

24. Reiterates the importance of innovation, digitalisation, and improving local services (health, social, postal) and infrastructure for creating a positive environment and a good foundation for boosting growth and enhancing cohesion in lagging regions; considers that the provision of high-speed internet connections is a precondition for the viability of rural and mountainous areas; highlights the potential of multi-sectoral projects that promote economic, social and territorial development by capitalising on synergies between European funds;

25. Suggests that country-specific recommendations within the framework of the European Semester should be made on a multiannual basis, with medium-term monitoring and reviews, and seen as positive incentives for the launch of structural reforms rather than as instruments that could exclude access to investments under the cohesion policy, with a view to contributing to the common objectives of the Union;

26. Believes that the measures linking the effectiveness of ESI funds to sound economic governance, as outlined in Regulation (EU) No 1303/2013, should be carefully analysed, including through the involvement of all stakeholders; believes, furthermore, that the rationale behind the link between the ESI funds and sound economic governance should be rethought, with a view to the next programming period and taking into account its implementation over the period 2014-2020; is of the opinion that the Commission should consider adjustments to how the European Semester and cohesion policy are linked; suggests, in this regard, a system of positive incentives, with margins to be created in the new multiannual financial framework (MFF), which could serve as an envelope to be used when Member States comply with the country-specific recommendations and other requirements under the European Semester;

27. Considers it particularly necessary to support productive and indigenous business activities specific to lagging regions, including sustainable tourism, the circular economy, local energy transition, agriculture, manufactured products, and innovation focused on SMEs; considers that synergies arising from the effective combination of funding from regional and national bodies and from EU instruments, using integrated territorial investments, should help to create economic opportunities, particularly for young people;

28. Underlines the importance of exploiting all the opportunities offered by the EU for sustainable development and growth in these regions; considers that Member States should pay particular attention to lagging regions when preparing operational and cross-border cooperation programmes; recalls, therefore, that it is important to encourage the use of funds under direct management and the EFSI, alongside and in coordination with the opportunities offered by cohesion policy;

29. Stresses the importance of reliable, up-to-date, disaggregated statistics; requests, therefore, that the Commission and Eurostat provide statistics with the greatest possible detail and geographical disaggregation, so that they may be used to devise suitable cohesion policies, including in the lagging regions; welcomes, in this context, the information provided in the Commission’s report;
30. Calls on the Commission to consider reviewing the existing relationship between cohesion policy and macroeconomic governance, recalling that the policy has legitimacy stemming directly from the Treaties, and is one of the most visible European policies and the most important expression of European solidarity and added value across all European regions; believes that the link between cohesion policy and economic governance processes within the framework of the European Semester must be balanced, reciprocal and focused on a system of positive incentives; supports further recognition of the territorial dimension, which could be beneficial for the European Semester; considers it necessary, accordingly, to take a balanced approach to economic governance and economic, social and territorial cohesion objectives as laid down by the Treaties and to sustainable growth, employment and environmental protection;

31. Recalls the need for all political actors to recognise the role played by cohesion policy as the main European economic policy instrument to promote public and private investments which take into account regions’ specific economic, social and territorial characteristics;

32. Calls on the Member States, as proposed in the Commission’s report, to adopt national and regional development strategies and programmes aimed at supporting lagging regions and improving their administrative capacities, governance and other key growth factors; calls on the Commission, in this regard, to provide technical, professional and practical assistance to Member States, regions and municipalities in order to use best practices and support the digitalisation of public services;

33. Calls for cohesion policy to continue to be a priority for the Union and to be backed by ambitious funding accordingly, even in the light of pressures on the EU budget, and for the synergies with other EU funds to be increased and complementary financial support via financial instruments in the post-2020 multiannual programming framework to be attracted; stresses that values such as European solidarity, which cohesion policy embodies, should not be undermined;

34. Recalls Parliament’s responsibility in designing and approving the appropriate legislative framework for the future cohesion policy; highlights the need to preserve the basic role and goal of cohesion policy in line with Article 174 TFEU, in order not only to achieve convergence, but also to prevent territories from falling behind; points out the need to streamline rules, and to ensure a proper balance between the simplification of the policy and adequate controls, while reducing excessive administrative burdens; is of the opinion that the Commission and the Member States should consider an extension of the provisions of Article 7 of Regulation (EU) No 1301/2013 on the ERDF, by financing the links of cities with their surrounding areas in the lagging regions;

35. Calls on the Commission to better support the development of innovation systems, such as innovation strategies for smart specialisation, and to strengthen the interaction between businesses, universities and research centres in lagging regions; stresses, furthermore, that well-connected territories are essential for the work of research partnerships, including European Innovation Partnership initiatives, so that innovative practices can further enhance the sustainable development of agriculture and associated businesses in lagging regions;

36. Instructs its President to forward this resolution to the Council, the Commission, the Committee of the Regions, the European Economic and Social Committee, and the governments and national and regional parliaments of the Member States.
The European Parliament,

— having regard to the United Nations Framework Convention on Climate Change (UNFCCC) and the Kyoto Protocol thereto,

— having regard to the Paris Agreement, Decision 1/CP.21 and the 21st Conference of the Parties (COP 21) to the UNFCCC, and the 11th Conference of the Parties serving as the Meeting of the Parties to the Kyoto Protocol (CMP 11) held in Paris, France from 30 November to 11 December 2015,

— having regard to Articles 7(2) and 11(2) of the Paris Agreement which recognise the local, subnational and regional dimensions of climate change and climate action,

— having regard to its position of 4 October 2016 on the draft Council decision on the conclusion, on behalf of the European Union, of the Paris Agreement adopted under the United Nations Framework Convention on Climate Change (1),

— having regard to its resolution of 6 October 2016 on the implementation of the Paris Agreement and the 2016 UN Climate Change Conference in Marrakesh, Morocco (COP 22) (2),

— having regard to its resolution of 4 October 2017 on the 2017 UN Climate Change Conference in Bonn, Germany (COP 23) (3),

— having regard to the new UN Sustainable Development Goals, and in particular goal 11: to ‘make cities inclusive, safe, resilient and sustainable’,

— having regard to the provisions of the Pact of Amsterdam establishing the Urban Agenda for the EU,

— having regard to its resolution of 9 September 2015 on the urban dimension of EU policies (4),

— having regard to the European Environment Agency (EEA) reports No 12/2016 ‘Urban adaptation to climate change in Europe 2016’ and No 1/2017 ‘Climate change, impacts and vulnerability in Europe 2016’,

— having regard to the Commission communication of 2 March 2016 entitled ‘The road from Paris: assessing the implications of the Paris Agreement’ (COM(2016)0110),

— having regard to the Commission communication of 16 April 2013 on ‘An EU Strategy on adaptation to climate change’ (COM(2013)0216),

— having regard to the European Committee of the Regions opinion of 8 February 2017 entitled ‘Towards a new EU climate change adaptation strategy – taking an integrated approach’ (5).

— having regard to the Commission communication of 18 July 2014 on ‘The urban dimension of EU policies – key features of an EU urban agenda’ (COM(2014)0490),

— having regard to Article 8 of the Common Provisions Regulation (CPR) (Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 (6)), which provides that ‘the objectives of the ESI Funds shall be pursued in line with the principle of sustainable development’,

— having regard to the Partnership Agreements and programmes under the CPR, which, pursuant to Article 8 CPR, shall promote ‘resource efficiency, climate change mitigation and adaptation’,

— having regard to the specific thematic objectives supported by each ESI Fund, including technological development and innovation, the shift towards a low-carbon economy, climate change adaptation and the promotion of resource efficiency,


— having regard to the Intergovernmental Panel on Climate Change Fifth Assessment Report,

— having regard to Rule 52 of its Rules of Procedure,

— having regard to the report of the Committee on Regional Development and the opinion of the Committee on the Environment, Public Health and Food Safety (A8-0045/2018),

A. whereas the increase in extreme weather events is a direct consequence of human-induced climate change and will continue to have a negative impact on many parts of Europe with greater frequency, making its inhabited ecosystems more vulnerable; whereas, according to scenarios of the Intergovernmental Panel on Climate Change, the earth’s temperature could rise by between 0,9 and 5,8 °C by 2100;

B. whereas the 7th Environment Action Programme (EAP), which will guide European environment policy until 2020, identifies the improvement of the sustainability the Union’s cities as a priority objective, along with the three key horizontal objectives of protecting, conserving and enhancing the Union’s natural capital, of turning the Union into a resource-efficient, green, and competitive low-carbon economy and of safeguarding the Union’s citizens from environment-related pressures and risks to their health and wellbeing;

C. whereas climate change could exacerbate societal changes if no further steps are taken; whereas account should be taken of the important migration flows that are predicted as a result of these global climate changes and are implied by the consequences of population movements that will place new demands on the infrastructure of cities;

D. whereas, according to the key findings of EEA report No 12/2016, the reality of climate change is already being felt in the EU in the form of extreme weather phenomena and gradual long-term effects such as hurricanes, storms, desertification, droughts, land and shores’ corrosion, heavy rains, heat waves, floods, the rise in sea levels, water shortages, forest fires and the spread of tropical diseases;

E. whereas, as a result of climate change, there is an increased risk of the disappearance of some plant and animal species and the incidence of infectious diseases caused by climatic factors; whereas areas, such as the outermost regions and other regions of the EU that may suffer from topographic vulnerability, experience the effects of climate change even more keenly;

F. whereas, moreover, recent studies show that various observed changes in the environment and society, such as changes in forest species, the establishment of invasive alien species and outbreaks of disease, have been caused or exacerbated by global climate change, making people, nature and the ecosystems they inhabit more vulnerable unless concrete measures are taken; whereas integrated EU support to improve solidarity and the exchange of best practices among Member States would help to ensure that the regions most affected by climate change are capable of taking the necessary measures to adapt;

G. whereas climate change is affecting the social disparities that have already been widening in the EU over the past decade, increasing the vulnerability of the weakest populations of society who are less able and have fewer resources to cope with its effects; whereas the vulnerability of individuals to the effects of climate change is to a large extent determined by their ability to access basic resources and whereas public authorities ought to guarantee access to those basic resources;

H. whereas almost 72.5 % of the EU’s population, approximately 359 million people, live in cities; whereas, moreover, the EU is responsible for 9 % of global emissions and urban areas account for 60 to 80 % of global energy consumption and around the same share of CO₂ emissions;

I. whereas the urban infrastructure choices made will have an impact on cities’ capacity to withstand climate change; whereas cities, companies and other non-state actors have mitigation potential in the range of 2,5-4 billion tonnes of CO₂ by 2020; whereas regions and cities are capable of reducing global emissions by 5 % to meet the Paris Agreement targets and whereas they have the potential to reduce global emissions significantly;

J. whereas Sustainable Development Goal (SDG) 11 (‘Make cities and human settlements inclusive, safe, resilient and sustainable’) aims to substantially increase, by 2020, the number of cities and human settlements adopting and implementing integrated policies and plans towards inclusion, resource efficiency, mitigation and adaptation to climate change and resilience to disasters, and to develop and implement, in line with the Sendai Framework for Disaster Risk Reduction 2015-2030, holistic disaster risk management at all levels;

K. whereas municipal authorities are among the main beneficiaries of European funding;

L. whereas Article 7(2) of the Paris Agreement recognises that ‘adaptation is a global challenge faced by all with local, subnational, national, regional and international dimensions’; whereas action by local authorities and non-state actors is key to enabling governments to implement their commitments within the framework of global climate action;

M. whereas the EU strategy on adaptation to climate change (COM(2013)0216) as well as the respective EU regulations on the European Structural and Investment (ESI) Funds identify main objectives and associated policy actions, notably through the introduction of mechanisms such as ex-ante conditionalities and climate-relevant thematic objectives in the 2014-2020 Cohesion Policy Framework, such as thematic objectives (TO) 4: ‘Supporting the shift towards a low-carbon economy in all sectors’; TO5: ‘Promoting climate change adaptation, risk prevention and management’and TO6: ‘Preserving and protecting the environment and promoting resource efficiency’, which have led to more and better-focused climate action funding under at least some of the ESI Funds;

N. whereas regions and cities have demonstrated their commitment to the UNFCCC process through their involvement in the Lima-Paris Action Agenda (LPAA) and Non-State Actor Zone for Climate Action (NAZCA) initiatives;

General context

1. Welcomes the role played by the EU in the Paris/COP 21 Agreement and its role as world leader in the fight against climate change; points out that Europe has one of the most ambitious climate change goals in the world; urges that climate change mitigation be considered an important priority in EU cohesion policies in order to meet and maintain the Paris Agreement/COP 21 commitments by promoting clean energy innovation, the circular economy, renewable energy and energy efficiency, without prejudice to the necessary adaptation measures, while maintaining the basic role and objectives of cohesion policy in line with the Article 174 of the Treaty on the Functioning of the European Union (TFEU);
2. Approves the approach to tackling climate change put forward in the Sustainable Development Goals (United Nations) and the Pact of Amsterdam (Urban Agenda for the EU); stresses that Europe must become a true world leader in renewable energy as proposed by the Commission and recalls that the EU's urban agenda contributes to the implementation of the UN's 2030 Agenda for Sustainable Development through the objective of inclusive, safe and sustainable cities; takes into account, in this context, the variety of differences among European local authorities and their varying potential; calls for a flexible, tailor-made approach in the implementation of Urban Agenda, providing incentives and guidance to fully exploit the potential of cities.

3. Recalls that its resolution of 14 October 2015 on Towards a new international climate agreement in Paris (7) calls on the Member States to consider complementary greenhouse gas (GHG) reduction commitments; underlines the need for a maximum of transparency and scrutiny of the COP 21 process.

4. Invites the Commission and the Member States to implement ambitious targets for mitigation and adaptation in line with existing EU legislation on climate action, and following the request made by the Committee of the Regions in its opinion of 9 February 2017 on Towards a new EU climate change adaptation strategy taking an integrated approach.

5. Deplores irresponsible strategies that put the environment at risk, such as certain economic activities and specific industrial sectors that generate high levels of pollution, and stresses the responsibility of all sections of society for contributing to measures that are vital to reversing a trend that threatens life on the planet; stresses the fact that there is a lack of information on the measures taken by some industrial sectors to combat the effects of pollution and on finding less polluting solutions; regrets, however, that certain opinion leaders in the fields of science, the media and politics, continue to deny the evidence of climate change.

6. Regrets the stated intention of the US to withdraw from the Paris Agreements and welcomes the large number of non-federal actors, in particular US states and cities, who have reaffirmed their commitment to meet the targets set by the Paris Agreement; encourages the local and regional authorities in the United States that wish to be involved in fighting climate change to cooperate and partner with other public and private partners in their projects and to exchange good practices in this regard; calls for new governance that could secure funds for climate action and for better integration of regions and cities and their representative bodies.

7. Emphasises that cities need to play a decisive role in tackling climate change, in coordinated interdependence with national authorities and their surrounding regions; encourages further engagement between subnational leaders and national governments at international level through platforms such as Friends of Cities; believes that in the specific case of integrated sustainable urban development, local authorities should be empowered not only to select projects, but also to prepare, design and implement local development schemes; underlines the possible positive aspects for growth and green jobs.

8. Notes that local authorities are responsible for implementing the majority of the mitigation and adaptation measures for climate change and most of the EU legislation on the subject; stresses the need to act on urban planning, mobility, public transport and infrastructure, the energy performance of buildings, education campaigns, smart cities, smart grids and regional subsidies in order to implement the Paris Agreement.

9. Notes that city mayors are directly accountable to their constituents for their decisions, and can act more effectively and quickly and often with immediate results which have a major impact.

10. Calls for national governments to help cities and regions to fulfil international commitments to support climate and energy initiatives at local and regional level.

11. Points out that climate change interacts with social and economic factors and that this requires an overarching vision, which will be effective on a local and regional scale.

12. Warns of the societal costs and of the economic impact caused by GHG emissions that are currently affecting urban infrastructure, public health and social care systems which are – at certain times and in certain cities and regions – overburdened and which face a precarious economic situation; notes that these systems will thus be placed under additional strain and will be required to meet growing and more complex needs; welcomes the potential economic benefits for cities that invest and lead the way in low-carbon infrastructure, including reduced power costs, decreased maintenance costs and reduced spending on public health, which is improved by reductions in pollutants;

13. Recognises that mitigation and adaptation are long-term processes that transcend both election cycles and decisions taken at local and regional level, and calls for mitigation and adaptation to be seen as a source of opportunities in the face of other challenges such as employment and action to improve health, the quality of life and public services; notes that the Paris Agreement envisages the active engagement of Non-Party Stakeholders through the technical examination processes on mitigation and adaptation;

14. Recognises the vital role of regions, cities and towns in promoting ownership of the energy transition and in pushing for climate and energy-related targets from below; notes that regions and urban areas are the most suitable for testing and implementing integrated energy solutions in direct cooperation with citizens; stresses the need to stimulate the energy transition and local investment in climate mitigation and adaptation measures; highlights that clean energy innovations and small-scale renewable energy projects could play a major role in achieving the targets of the Paris Agreement; urges the Commission and the Member States to embark on providing access to financial measures that take account of the specific features and of the long-term value of local energy communities for the energy market, the environment and society, and to promote the role of single prosumers in connection with renewables, with a view to greater self-sufficiency and self-generation; calls on cities and regions to take the lead in the promotion of energy efficiency and renewable energy production in order to reduce GHG emissions and air pollution;

15. Reiterates the need for regions to implement Directive 2010/31/EU on the energy performance of buildings and Directive 2012/27/EU on energy efficiency, and calls for the Structural Funds to be focused or boosted in order to promote energy efficiency in public buildings and self-sufficiency in municipalities through regenerative energy; and calls for cooperative Citizens’ Energy Projects to be supported under the Structural Funds and through a reduction of the administrative burdens at national and regional level;

16. Notes that, according to the most recent statistics, the EU’s share in the global GHG emissions is approximately 10 %, and that, therefore, without global action the negative climate trends cannot be reversed; points out, however, that the EU could play a leading role in this respect, particularly by promoting clean energy solutions and technologies;

17. Recalls that the EU Urban Agenda is promoting a new working method whereby the potential of cities is fully used in order to respond to global climate change challenges, and which involves paying particular attention to better regulation, access to finance and the exchange of knowledge;

**The EU and cohesion policy**

18. Takes the view that the future multiannual financial framework (MFF) should, where appropriate, increase its level of ambition in relation to achieving climate goals, and that there should be an increase in the proportion of spending earmarked for this purpose;

19. Recalls the commitment to devote at least 20 % of the EU budget for the period 2014-2020 (approximately EUR 212 billion) to climate-related action; asks the Commission and the Member States to take due note of the European Court of Auditors’ Special Report No 31 from 2016, which warns that there is a serious risk that the 20 % target will not be met if no additional measures are taken, and calls for the Commission to keep Parliament updated on progress in this important area; stresses that in the European Social Fund, as well as in the agricultural, rural development or fisheries policies, there has been no significant shift towards climate action and not all potential opportunities for financing climate-related action have been fully explored;

20. Emphasises the key role that cohesion policy has to play in tackling the challenges of climate change at regional and local level; reiterates the need to increase the post-2020 cohesion policy budget; stresses that cohesion policy should pay particular attention to urban investment in air quality, the circular economy, climate adaptation, solutions for the development of green infrastructure and energy and digital transition;
21. Supports the creation of a cost-benefit tool to enable local government to understand the impacts of projects in terms of carbon reduction and to enable them to take full advantage of financing opportunities available at EU level;

22. Believes that cohesion policy should encompass both the mitigation and adaptation approaches, differentiating between them, but bearing in mind that they need to be coordinated, and putting in place clear financing mechanisms to stimulate and provide incentives for policies and measures in each area; takes the view that these mechanisms could be implemented through clear and measurable investment plans with the participation of cities and regions (including public authorities, industry, stakeholders and civil society), and that this participation should also cover the implementation and evaluation stages;

23. Notes that only fifteen Member States have adopted an action plan and an adaptation strategy, with few concrete measures on the ground; believes that the future planning of ESI Funds should be better integrated with the national energy and climate plans for 2030; emphasises that, in the future Multiannual Financial Framework, the mainstreaming of climate objectives should be further improved, for instance by linking cohesion policy investment more closely to Member States’ overall plans to deliver the 2030 target; points out that the EU’s climate goals will have to be taken into account, therefore, in assessing the Partnership Agreements, while operational programmes will have to maintain a close link to each Member State’s adaptation strategies and plans with a view to achieving coordination and coherence at all levels of planning and management, particularly in cases where EU funds account for a high percentage of the public spending available; observes that, as a result, the assessment of operational programmes will have to consider how effective they have been in contributing to cutting GHG emissions, while aiming at a common tracking methodology and monitoring process in order to avoid green-washing;

24. Urges that cohesion policy investments should be consistent with an effective climate policy to guarantee environmental sustainability;

25. Emphasises that innovation policy and the urban dimension are suitable fields for synergies between climate goals and cohesion policy’s broader economic goals; calls, therefore, for specific provisions to be developed for sustainable urban development and urban innovation, so that these fields enjoy noticeably better financial health in post-2020 cohesion policy;

26. Calls on the various partnerships working on issues related to climate mitigation in the framework of the Urban Agenda for the EU to swiftly adopt and present their action plans; calls, furthermore, on the Commission to take into account the proposals contained therein, specifically with reference to better regulation, funding and knowledge in the future legislative proposals;

27. Stresses that, in order to deliver the longer-term objectives of the Paris Agreement, greater coherence is needed in relation to investments with a long-term decarbonisation trajectory for the regional/Member State/EU market as a whole, and calls for measures to facilitate access to funding that will allow smaller cities and regions to access funding; stresses, furthermore, that priority funding should be made available for carbon-dependent regions so as to allow a smooth transition towards a low-emissions economy, and that priority should be given to transition to alternative employment for workers in carbon-intensive industries; calls on the Commission to propose that, in the post-2020 cohesion policy framework, the delivery of emission reductions (along with other actions such as reclamation works or activities aimed at regenerating and decontaminating brownfield sites) should be an important element in assessing the performance of Operational Programmes;

28. Stresses the importance of using additional financial instruments and policies, such as the European Fund for Strategic Investments, the Connecting Europe Facility and Horizon 2020, in order to finance projects that will help mitigate or adapt to climate change;

29. Insists that grants to cities and regions continue to be the main form of EU funding under cohesion policy, and of climate actions in particular; stresses, however, that, in spite of the improved coherence and precision of climate-relevant impact and result indicators, the latter are not sufficient to establish the level of the cohesion policy’s contribution to delivering the EU’s overall climate objectives and considers that the monitoring and tracking system for climate-related expenditure needs improvement in order to ensure that EU expenditure provides a specific, measurable contribution towards the delivery of the EU targets; calls for an adaptation roadmap to monitor regional and local climate action, and calls on the Commission to assess the percentage of funds that Member States spend at local level on reducing GHG emissions and on ensuring spatial adaptation to climate change;
30. Recognises the role of Integrated Territorial Development Instruments, such as Integrated Territorial Investment and Community-Led Local Developments (CLLDs), that can be used by cities as additional tools in financing sustainable urban development strategies or functional areas; calls for integrated local bottom-up approaches and strategies to ensure more efficient use of resources, to build resilience and adapt to the impact of climate change in the areas most affected by it;

31. Recognises that EU cities contain the vast majority of Europe’s research and development industry focused on climate change; calls on the Commission to provide increased support for cities and regions in the fields of training and awareness-raising, financial guidance, know-how, communication, research and development, education in climate protection and advice both on mitigation and adaptation, notably by strengthening existing instruments such as the urban investment advisory platform URBIS, URBACT and the Urban Innovative Actions (UIA) Initiative; calls on the Commission to ensure that these industries take full advantage of global research cooperation and to reinforce these instruments to help local governments deliver fit-for-purpose projects, as well as to access financing options in order to test innovative solutions in urban development strategies; calls for non-EU subnational authorities to be able to voluntarily participate in European science, research and technology initiatives, such as H2020, both formally and informally, in order to meet collective targets; believes that financial facilities such as the global climate funds should be directly accessible to local authorities; believes that synergies between cohesion policy and research and innovation policies should be strengthened to ensure the rapid deployment of new low-carbon technologies;

32. Calls on the Commission to ensure that the Horizon 2020 Programme devotes greater attention and funding to innovation and research projects in the area of the circular economy and sustainable cities; encourages Member States, with the support of the Commission and the European Investment Bank (EIB), to strengthen the administrative capacity of regions and cities in order to enable them to take full advantage of the public and private financing opportunities available at EU level;

33. Calls on the competent authorities to tackle the problem of waste with a view to bringing the circular economy to fruition and promoting modes of disposal other than the incineration for waste that is not reusable or recyclable;

34. Believes that, in the forthcoming programming period, climate change will need to be mainstreamed into territorial cooperation programming; highlights the important role played by territorial cooperation, cross-border cooperation and macro-regional strategies in the actions carried out by regions and cities, both within and outside of the EU’s borders, and reiterates the need to strengthen this tool politically and financially, both for mitigation and adaptation; underlines that a framework for the implementation of joint actions and policy exchanges between national, regional and local actors from different Member States, such as Interreg, is particularly appropriate for tackling climate change and carrying out suitable actions aimed at mitigating its effects; welcomes, in this regard, the fact that seven of the 15 transnational Interreg programmes across Europe finance strategies, pilot actions, training and tools, to help towns build up capacities to lower CO\textsubscript{2} emissions and mitigate climate change in order to reach EU targets;

Cities and regions

35. Welcomes initiatives such as the Global Covenant of Mayors for Climate and Energy and the role a number of cities and regions have played in the fight against climate change and in environmental protection; urges cities and regions to cooperate and incorporate the fight against climate change into the institutional agenda to an even greater extent and as a matter of urgency; recommends that urban authorities implement and regularly update smart urban long-term planning strategies and innovative approaches such as the smart city initiative; stresses the need for sustainable and energy efficient housing projects and smart buildings that will save energy, renewable energy investments, environmentally friendly public transport systems, further support for projects promoting low-carbon cities and regions and for alliances of cities and local and regional governments cooperating to combat global warming;

36. Notes the importance of implementing a reporting framework based on objective parameters and tried-and-tested methodologies, and of monitoring climate actions undertaken by cities and regions in order to share data on climate commitments and to increase transparency among actors to achieve climate targets;
37. Recalls that the transport sector is also responsible for emissions of both GHGs and air pollutants that are hazardous to health, the concentration of which in urban air is regulated by Directive (EU) 2016/2284 on the reduction of national emissions of certain atmospheric pollutants; takes the view that regions and cities have enormous potential to reduce GHG emissions from transport, and highlights the need for funding for initiatives that facilitate local and regional low-carbon mobility; stresses the importance of cities taking a leading role in promoting the use of public transport and in promoting the electrification of public and private transport, and calls for a number of model regions to be promoted for the purpose of research into intelligent, interconnected transport systems between urban and rural areas;

38. Welcomes initiatives by cities, such as smart cities and smart grids, that seek to reduce GHG emissions and increase resource efficiency; stresses that regions have to improve green city arrangements by promoting energy and digital transformation and that solutions such as smart grids offer the potential to deliver energy more efficiently to homes and buildings; recognises that collaboration between businesses and cities helps to create innovative and inclusive solutions and calls for them to be promoted; stresses the need to step up investments in other sustainable solutions such as green infrastructure and, in particular, in increasing woody vegetation cover in cities; recalls that not only must emissions be reduced, but the CO₂ absorption capacity of soil must also be increased, and calls for increased protection for existing and newly established urban forests in the EU regions;

39. Underlines that locally produced seasonal food can reduce the GHG emissions from transport and thus reduce the overall carbon footprint of the food; calls on the Commission to work with the food sector in order to increase local and regional sustainable food production, and promotes voluntary measures (such as traffic light labelling) to ensure the visibility of the climate impact and carbon footprint of food and other products; calls for EU-wide common indicators to enable voluntary but comparable labelling and calls on local authorities to conduct information campaigns, to raise awareness about the carbon footprint of food;

40. Points out that mitigation measures must be planned on the basis of a fair distribution of the efforts and benefits among the various actors, and that adaptation measures must focus on protecting the most vulnerable sections of the population as a whole;

41. Recognises the diversity and specific nature of regional vulnerabilities and potential, and points out that challenges, resources and the most effective measures may vary in each territory; reiterates, therefore, its commitment to the principle of subsidiarity and stresses that cities and regions must have the necessary competence and sufficient political, administrative and financial autonomy to plan and implement individual actions; stresses the need for cities to tailor their own urban planning by investing in green infrastructure, mobility, public transport and smart grids to meet the targets set out in the Paris Agreement; reiterates that local and regional authorities (LRAs), as the tiers of governance closest to each citizen and also closest to the impacts of climate change-related challenges, have the most comprehensive insight into many problems and therefore underlines the importance of providing LRAs with the administrative capacity and financial tools to develop tailor-made solutions for mitigating climate change;

42. Calls for more effective multilevel governance with full transparency that could better involve local government, regions and cities and their representative bodies in the EU’s decision making process and within the UNFCCC process; calls for coordination among all public authorities to be promoted and guaranteed, and for the involvement of the public, and of social and economic stakeholders, to be fostered, and calls on the Commission to promote the coordination and exchange of information and best practices between Member States, regions, local communities and cities; points out that participatory models of local governance should be encouraged;

43. Welcomes the Intergovernmental Panel on Climate Change’s decision to draft a special report on cities and climate in 2023, a commitment which will drive an increase in research into the importance of cities in combating climate change; believes that cities should provide input into the 2018 Global Climate Report; believes, furthermore, that cities and regions can influence policy making following the Paris Agreement, implementing a strategic approach to tackle global warming and support mitigation and adaptation measures in urban areas, where more than half of the world’s population lives; calls on the Commission to advocate a multilevel vision of climate action in this process in order to promote an inclusive climate regime which recognises the actions taken by local and sub-national authorities;
44. Calls on national authorities to bring about decentralisation and give better effect to the subsidiarity principle, thereby enabling local and regional authorities to play a stronger role in tackling climate change;

45. Notes that many elements of industry are investing in green transformation and have committed to a decarbonisation policy; recognises that collaboration between businesses and cities creates innovative and inclusive solutions for climate action and helps the EU reach its targets; recalls that industry plays a key role in financing and closing the investment gap in urban areas; calls for the promotion of city-business partnerships;

46. Highlights that smart planning and investments in low-carbon, climate-resilient urban infrastructure can improve the environment and citizens’ quality of life, create jobs, and stimulate the local and regional economy;

47. Calls on cities and regions to take advantage of EU initiatives, such as the Urban Innovative Actions, to deploy pilot projects in the field of sustainable urban development;

48. Welcomes the ‘Women4Climate’ initiative and the private sector’s involvement in this initiative, which should contribute to greater involvement of leading women in the fight against climate change in order to strengthen their leadership skills and to encourage the next generation of leading women to participate in the fight against climate change;

49. Recognises the special responsibility on the part of cities to tackle climate change given that they account for 70% of global CO₂ emissions, and reiterates Parliament’s commitment to achieving the successful global roll-out of the Covenant of Mayors for Climate and Energy, including the Initiative on Climate Change Adaptation (‘Mayors Adapt initiative’), the Under 2 Degrees Memorandum of Understanding, the Pact of Amsterdam and the Regions Adapt initiative; believes that the commitments made in the Paris City Hall Declaration in 2015 will only be met through engagement with the Global Covenant of Mayors for Climate and Energy, and encourages all EU and non-EU cities to join the Covenant of Mayors and without prejudice to their participation in other sectoral or institutional networks with the same objectives to commit to ambitious climate action and to organise exchanges of experiences of good practices; notes that a number of Action Plans submitted by cities contain commitments through to 2020 and therefore urges that additional work be undertaken by these cities up to 2030; believes that the EU should continue to give cities autonomy to plan their climate mitigation strategies as they often result in more ambitious targets;

50. Stresses the need for a clear reference to the role of local and regional governments in the Paris Agreement in order to ensure a long-term response to climate change; underlines that the EU has to work on the ground with cities and regions to make EU regions and cities better connected and more sustainable, create energy-efficient municipalities and develop smarter urban transport networks;

51. Believes that the transfer of knowledge and experience should be encouraged at local and regional level, given the wealth of experience acquired by individual regions and cities, as well as by certain regional environmental protection or energy agencies;

52. Believes that European and international or worldwide organisations and associations or networks of cities, municipalities, and regions should be put to use in order to make for better cooperation when dealing with climate change problems at local and regional level;

53. Notes that during COP 22 in Marrakesh, local and regional authorities developed the Marrakesh Roadmap for Action which highlights the need for the more direct involvement of local authorities and which should be formally recognised as part of the official discussion on climate change, rather than considered as having the same status as other non-state actors, such as NGOs and the private sector;

54. Instructs its President to forward this resolution to the Council and the Commission, the European Committee of the Regions, the European Economic and Social Committee, the Member States and the national and regional parliaments of the Member States.
Guidelines on the framework of future EU-UK relations


( 2019/C 162/05)

The European Parliament,

— having regard to the Treaty on European Union (TEU) and the Treaty on the Functioning of the European Union (TFEU),

— having regard to the Charter of Fundamental Rights of the European Union of 7 December 2000 (the Charter), which was proclaimed on 12 December 2007 in Strasbourg and entered into force with the Treaty of Lisbon in December 2009,

— having regard to its resolution of 5 April 2017 on negotiations with the United Kingdom following its notification that it intends to withdraw from the European Union (1) and its resolutions of 3 October 2017 (2) and of 13 December 2017 (3) on the state of play of negotiations with the United Kingdom,

— having regard to the European Council (Art. 50) Guidelines of 29 April 2017 following the United Kingdom’s notification under Article 50 TEU and to the Annex to the Council Decision of 22 May 2017 which lays down the directives for the negotiation of an agreement with the United Kingdom of Great Britain and Northern Ireland setting out the arrangements for its withdrawal from the European Union,

— having regard to the Joint Report from the negotiators of the European Union and the United Kingdom Government of 8 December 2017 on progress during phase 1 of negotiations under Article 50 TEU on the United Kingdom’s orderly withdrawal from the European Union, and to the European Commission draft Withdrawal Agreement of 28 February 2018,

— having regard to the European Council (Art. 50) Guidelines of 15 December 2017 and to the Annex to the Council Decision of 29 January 2018 supplementing the Council Decision of 22 May 2017 authorising the opening of negotiations with the United Kingdom of Great Britain and Northern Ireland for an agreement setting out arrangements for its withdrawal from the European Union,

— having regard to Rule 123(2) of its Rules of Procedure,

A. whereas the purpose of negotiations between the European Union (EU) and the United Kingdom (UK) pursuant to Article 50 of the Treaty on European Union (TEU) is to provide for an orderly withdrawal of the UK from the EU;

B. whereas Article 50 TEU states that the arrangements for the UK’s withdrawal should take account of the framework for its future relationship with the Union;

C. whereas, with sufficient progress having been achieved in December 2017 in the negotiations on separation issues, it is appropriate that negotiations can now deal with the framework of the future EU-UK relationship, provided that there is commensurate progress in the negotiations on the Commission’s draft Withdrawal Agreement;

D. whereas those negotiations can only begin once the EU’s Chief Negotiator has been given a mandate to start them by the EU institutions;

E. whereas any agreement on a framework for a future relationship will be treated as integral to the overall withdrawal settlement and will inform the European Parliament’s deliberations during its consent procedure;

F. whereas it is in the interests of all parties that the framework for the future relationship be as detailed as possible;

G. whereas the United Kingdom will become a third country after withdrawal whatever framework is agreed for its future relationship with the EU;

H. whereas, in addition to the elements included in the UK's notification of 29 March 2017 that it intends to withdraw from the European Union, the UK Prime Minister has delivered a number of speeches – at Lancaster House on 17 January 2017, in Florence on 22 September 2017, in Munich on 17 February 2018 and, most recently, at Mansion House on 2 March 2018; whereas she has not yet set out a consistent view on future EU-UK relations;

I. whereas the UK and the EU will remain close neighbours and will continue to have many interests in common; whereas such a close relationship in the form of an association agreement between the EU and the UK could be considered an appropriate framework for the future relationship by which these common interests can be protected and promoted, including a new trade relationship;

J. whereas the advantage of an association agreement for the future relationship is that it provides a flexible framework allowing for varying degrees of cooperation across a wide variety of policy areas; whereas that cooperation will require both parties to maintain high standards and their international commitments in a number of policy areas;

K. whereas it is crucial to safeguard EU agreements with third countries and international organisations, including the Agreement on the European Economic Area (EEA Agreement);

L. whereas the EU and the UK, as a departing Member State, have an overriding obligation to ensure a comprehensive and reciprocal approach to protecting the rights of EU citizens living in the UK and of UK citizens living in the EU-27;

M. whereas, with a view to preserving the 1998 Good Friday Agreement in all its parts and the rights of the people of Northern Ireland, the UK must abide by its commitments to ensure that there is no hardening of the border on the island of Ireland, either by means of detailed proposals to be put forward in negotiations on the framework of the future EU-UK relationship, in the form of specific solutions for Northern Ireland, or through continued regulatory alignment with the EU acquis;

N. whereas transitional arrangements involving the prolongation of the full EU acquis will be necessary to avoid a cliff-edge scenario when the UK leaves the EU, and to give the EU and UK negotiators the possibility to negotiate a future relationship agreement;

O. whereas it is appropriate that the EU institutions and the Member States, together with public and private institutions, undertake work to prepare for all eventualities that may arise as a result of the negotiations;

P. whereas the unity of the EU institutions and Member States is crucial in order to defend the interests of the Union and its citizens throughout the subsequent phases of negotiations, in particular as regards the framework for the future relationship, but also to ensure the successful and timely conclusion of those negotiations;

1. Recalls that Article 50(2) TEU states that the agreement setting out the arrangements for a Member State's withdrawal shall take account of the framework of its future relationship with the EU;

2. Notes that such a framework for the future relationship should take the form of a political declaration associated with the Withdrawal Agreement; stresses that the contents of the declaration will be assessed by the European Parliament when it is asked to give its consent to the Withdrawal Agreement;

3. Reiterates that an international agreement on the new relationship between the EU and the UK can only be formally negotiated once the UK has left the EU and is a third country; recalls that this agreement can only be concluded with the full involvement and final consent of the European Parliament;
4. Recalls that the European Parliament will endorse a framework for the future EU-UK relationship only if this framework is in strict concordance with the following principles:

— a third country must not have the same rights and benefits as a Member State of the European Union, or a member of the European Free Trade Association (EFTA) or EEA,

— protection of the integrity and correct functioning of the internal market, the customs union and the four freedoms, without allowing for a sector-by-sector approach,

— preservation of the autonomy of the EU’s decision-making,

— safeguarding of the EU legal order and the role of the Court of Justice of the European Union (CJEU) in this respect,

— continued adherence to democratic principles, human rights and fundamental freedoms, as defined in particular in the UN Universal Declaration of Human Rights, the European Convention on Human Rights and Fundamental Freedoms and its Protocols, the European Social Charter, the Rome Statute on the International Criminal Court and other international human rights treaties of the United Nations and the Council of Europe, as well as respect for the principle of the rule of law,

— a level playing field, in particular in relation to the United Kingdom’s continued adherence to the standards laid down by international obligations and the Union’s legislation and policies in the fields of fair and rules-based competition, including state aid, social and workers’ rights, and especially equivalent levels of social protection and safeguards against social dumping, the environment, climate change, consumer protection, public health, sanitary and phytosanitary measures, animal health and welfare, taxation, including the fight against tax evasion and avoidance, money laundering, and data protection and privacy, together with a clear enforcement mechanism to ensure compliance,

— safeguarding of EU agreements with third countries and international organisations, including the EEA Agreement, and maintaining the overall balance of these relationships,

— safeguarding of the financial stability of the EU and compliance with its regulatory and supervisory regime and standards and their application,

— a right balance of rights and obligations, including, where appropriate, commensurate financial contributions;

5. Reiterates that an association agreement negotiated and agreed between the EU and the UK following the latter’s withdrawal pursuant to Article 8 TEU and Article 217 TFEU could provide an appropriate framework for the future relationship, and secure a consistent governance framework, which should include a robust dispute resolution mechanism, thus avoiding a proliferation of bilateral agreements and the shortcomings which characterise the EU’s relationship with Switzerland;

6. Proposes that this future relationship be based on the following four pillars:

— trade and economic relations,

— foreign policy, security cooperation and development cooperation,

— internal security,

— thematic cooperation;

Framework for the future relationship

7. Notes that, given the shared basis of common values held by the EU and the UK, their close links and current regulatory alignment in virtually all fields, their geographic proximity and common history, including the UK’s membership of the EU for more than 40 years, and also the UK’s role as a permanent member of the UN Security Council and member of NATO, the UK will continue to be an important partner for the EU in all four of the aforementioned pillars and it is in the mutual interest of both parties to establish a partnership that ensures continued cooperation;
8. Notes, nevertheless, that such cooperation with the UK as a third country can only take place in accordance with the principles outlined in paragraph 4 of this resolution; recalls that the EU has binding common rules, common institutions and common supervisory, enforcement and adjudicatory mechanisms and that third countries, even those with identical legislation or full regulatory alignment, are not able to enjoy the same benefits or market access as EU Member States, for instance in relation to the four freedoms and financial contributions from the EU budget;

9. Considers that the agreement on the future relationship should include specific provisions concerning the movement of citizens from the EU to the UK and from the UK to the EU after the transition period, which should be at least commensurate with the degree of cooperation in the four pillars below;

10. Recalls that the European Parliament will have to approve any future EU-UK agreement; emphasises that it must be immediately and fully informed at all stages of the procedure in accordance with Articles 207, 217 and 218 TFEU and with relevant case-law;

(i) Trade and economic relations

11. Reiterates that the UK's membership of the internal market and the customs union would be the best solution for both the UK and the EU-27 and the only one which can guarantee continued frictionless trade and fully preserve the benefits of our economic relations; recalls that internal market participation requires full adherence to the four freedoms and incorporation of corresponding EU rules, a level playing field, including through a competition and state aid regime, binding CJEU jurisprudence and contributions to the EU budget; notes that a customs union removes tariff barriers and some customs controls, but requires compliance with EU trade policy and a common external border; takes note that the UK Government continues to rule out both the internal market and the customs union;

12. Notes that a Deep and Comprehensive Free Trade Area requires a binding mechanism for convergence with the EU acquis and a binding role for the CJEU in the interpretation of Union law and does not allow cherry-picking of sectors of the internal market;

13. Considers that the current UK position is only compatible with a trade agreement pursuant to Article 207 TFEU, which could form the trade and economic pillar of an association agreement; stands ready to engage with the UK on the basis of the other above-mentioned models, provided that the UK reconsiders its current red lines;

14. Recalls that all recent Free Trade Agreements (FTAs) are based on three main parts: market access, regulatory cooperation, and rules; underlines that, on top of the principles set out in paragraph 4 above:

— the level of access to the EU market must correspond to the degree of continued convergence with and alignment to EU technical standards and rules, with no provision for any sector-by-sector approach and preserving the integrity of the internal market,

— the EU's autonomy in setting EU law and standards must be guaranteed, as well as the role of the CJEU as the sole interpreter of EU law,

— a level playing field is ensured and EU standards are safeguarded to avoid a race to the bottom and prevent regulatory arbitrage by market operators,

— rules of origin are to be based on EU standard preferential rules and the interests of EU producers,

— reciprocal market access must be negotiated in full compliance with World Trade Organisation (WTO) rules, including for goods, services, public procurement and – where relevant – foreign direct investment, and all modes of supply of services, including commitments on the movement of natural persons across borders (mode 4), and be regulated in full compliance with EU rules in relation to equal treatment principles, especially for workers,
— regulatory cooperation should be negotiated, with a specific focus on SMEs, mindful of the voluntary nature of regulatory cooperation and the right to regulate in the public interest, while recalling that provisions on regulatory cooperation in a trade agreement cannot fully replicate the same frictionless trade as provided for by membership of the internal market;

15. Stresses that this EU-UK agreement should safeguard the framework of existing commercial relationships between the EU and third countries and avoid any free-riding by ensuring consistency in keeping a tuned tariff and quota system and rules of origin for products vis-à-vis third countries;

16. Underlines that under an FTA market access for services is limited and always subject to exclusions, reservations and exceptions;

17. Underlines that leaving the internal market would lead to the UK losing both passporting rights for financial services and the possibility of opening branches in the EU subject to UK supervision; recalls that EU legislation provides for the possibility, in some areas, to consider third-country rules as equivalent based on a proportional and risk-based approach, and notes the ongoing legislative work and upcoming Commission proposals in this area; stresses that decisions on equivalence are always of a unilateral nature; stresses also that in order to safeguard financial stability and ensure full compliance with the EU regulatory regime and standards and their application, prudential carve-out and limitations in the cross-border provisions of financial services are a customary feature of FTAs;

18. Underlines that an EU-UK agreement should include a robust dispute settlement mechanism as well as governance structures; emphasises in this regard the competence of the CJEU in the interpretation of questions related to EU law;

19. Recalls that the UK’s current position and red lines would lead to customs checks and verification which would affect global supply chains and manufacturing processes, even if tariff barriers can be avoided; underlines the importance of a high level of alignment between the Single EU VAT Area and the UK; believes that taxation matters should be included in any further agreement between the UK and the EU to ensure a maximum level of cooperation between the EU and the UK and its dependent territories in the field of corporate taxation;

20. Reiterates that, with respect to food and agricultural products, access to the EU market is conditional on strict compliance with all EU law and standards, notably in the fields of food safety, GMOs, pesticides, geographical indications, animal welfare, labelling and traceability, sanitary and phytosanitary standards, and human, animal and plant health;

(ii) Foreign policy, security cooperation and development cooperation

21. Notes that, on common foreign and security policy, the UK as a third country will not be able to participate in the EU’s decision-making process and that EU common positions and actions can only be adopted by EU Member States; points out, however, that this does not exclude consultation mechanisms that would allow the UK to align with EU foreign policy positions, joint actions, notably on human rights, or multilateral cooperation, especially in the frameworks of the UN, OSCE and Council of Europe; supports coordination on sanctions policy and implementation, including arms embargos and the Common Position on arms exports;
22. Stresses that such a partnership could be established under the Framework Participation Agreement which administers the role of third countries, thereby making it possible for UK participation in civilian and military EU missions (with no lead role for the UK) and operations, programmes and projects, the sharing of intelligence, the training and exchange of military personnel, and collaboration on armaments policy, including projects developed under the permanent structured cooperation (PESCO); underlines that such participation should be without prejudice to and consistent with relevant EU positions, decisions and legislation, including on procurement and transfers in the field of defence; affirms that such cooperation is conditional on full compliance with international human rights law and international humanitarian law and EU fundamental rights;

23. Notes that any cooperation in the above areas that involves sharing EU classified information, including on intelligence, is conditional on a security information agreement for the protection of EU classified information;

24. Notes that, based on other similar third-country arrangements, the UK could participate in Union programmes in support of defence and external security (such as the European Defence Fund, Galileo and cyber-security programmes); is open to the possibility of the UK continuing to contribute to the EU’s external financing instruments in pursuit of common objectives, especially in the common neighbourhood;

25. Notes that the UK is a major development cooperation and humanitarian aid actor and that EU-UK cooperation in these areas post-Brexit would be mutually beneficial;

(iii) Internal security

26. Stresses that it is in the mutual interest of the EU and the UK to establish a partnership that ensures continued security cooperation to face shared threats, especially terrorism and organised crime, and avoids the disruption of information flows in this field; notes that third countries (outside the Schengen area) do not benefit from any privileged access to EU instruments, including databases, in this field, nor can they take part in setting priorities and the development of the multiannual strategic goals or lead operational action plans in the context of the EU policy cycle;

27. Notes also that, in addition to the need to protect ongoing procedures and investigations involving the UK, through transitional arrangements, separate arrangements will have to be found with the UK as a third country as regards judicial cooperation in criminal matters, including on extradition and mutual legal assistance, instead of current arrangements such as the European Arrest Warrant;

28. Is of the view that future cooperation can be developed on the basis of non-Schengen third-country arrangements enabling the exchange of security-relevant data and operational cooperation with EU bodies and mechanisms (such as Europol and Eurojust);

29. Stresses that such cooperation should provide legal certainty, must be based on safeguards with regard to fundamental rights as set out in the European Convention on Human Rights and must provide a level of protection essentially equivalent to that of the Charter; stresses furthermore that it should fully respect EU data protection standards and rely on effective enforcement and dispute settlement; considers it necessary to find a solution to regulate future EU-UK data exchange in the field of law enforcement, intelligence and counter-terrorism operations; underlines that an adequacy decision by the Commission would be the preferred and most secure option; recalls that in any case the UK must provide a level of data protection that is as robust as Union data protection rules;

(iv) Thematic cooperation

30. Underlines that the principles set out in paragraph 4 above should also fully and unconditionally apply to future cooperation with the UK in a number of areas of common interest: stresses that such agreements would need to strike a balance between rights and obligations commensurate with that of similar agreements with other third countries, but taking account of the geographical proximity and close links between the EU and the UK;
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31. Believes that, in light of the above principles and conditions, and in the interest of passengers, air carriers, manufacturers and workers’ unions, connectivity has to be ensured by means of an air transport agreement and aviation safety agreement; stresses, however, that the degree of market access is conditional on the level of regulatory convergence and alignment with the EU acquis, and on the setting up of a solid dispute settlement and arbitration mechanism; does not exclude, moreover, future cooperation with the UK to support projects of common interest in the transport sector;

32. Considers, with respect to fisheries, that a novel form of third-country-type of bilateral partnership agreement should be negotiated with the aim of maintaining a high level of cooperation, coherence and convergence, ensuring stable and continued mutual access to waters and resources in accordance with common fisheries policy principles and governance provisions, and sustainable management of shared stocks in order to restore and maintain populations of these stocks above levels which can produce the maximum sustainable yield; underlines that the common management of shared stocks requires the continuation of the UK’s contribution to the scientific assessment of those stocks; stresses, however, that reciprocal market access for fishery products has to be negotiated as part of the future agreement, and that the access to the EU domestic market must be conditional on the access for EU vessels to the UK fishing grounds and their resources, as well as on the level of cooperation in the management of shared stocks;

33. Underlines the value of cultural and educational cooperation, including learning and youth mobility, as well as the importance of the cultural and creative industries, in helping the EU to deepen ties with neighbouring countries, and would welcome continued cooperation between the EU and the UK in those areas, including through relevant programmes such as Erasmus or Creative Europe;

34. Could consider, in relation to cooperation on research and innovation, the UK’s participation as a third country in the EU Framework Programme for Research and Innovation and in the EU space programmes, without permitting any net transfers from the EU budget to the UK, or any decision-making role for the UK;

35. Believes that the best option for the environment, for action against climate change, and for public health and food safety would be for the UK to remain fully aligned with current and future EU legislation, including adherence to commitments and targets for 2030 already agreed under the EU’s Clean Air package and Clean Energy package; should this not, however, be the case, calls for arrangements between the EU and the UK to ensure close cooperation and high standards on those issues and to deal with trans-boundary environmental issues; stresses that any cooperation with the EU agencies in those areas must be based on bilateral agreements;

36. Could consider similar third-country arrangements be made in the areas of energy, electronic communications, cybersecurity and ICT; is of the opinion, in relation to energy, that any such arrangements should respect the integrity of the internal energy market, contribute to energy security, sustainability and competitiveness and take account of interconnectors between the EU and the UK; expects the UK to comply with the highest nuclear safety, security and radiation protection standards, including for waste shipments and decommissioning;

37. Believes that the EU PEACE programme, which aims at reinforcing a peaceful and stable society by fostering reconciliation in Northern Ireland and the Border region of Ireland, should be maintained with continued participation by the UK;

(v) Governance of the future agreement

38. Points out that any future EU-UK agreement with the UK as a third country should include the establishment of a coherent and solid governance system as an overarching framework for the four pillars, covering the joint continuous supervision/management of the agreement and dispute settlement and enforcement mechanisms with respect to the interpretation and application of the agreement’s provisions;
39. Insists on the absolute necessity for this governance system to fully preserve the autonomy of the EU’s decision-making and legal order, including the role of the CJEU as the sole interpreter of EU law;

40. Stresses that the design of governance arrangements should be commensurate with the nature, scope and depth of the future relationship and take account of the level of interconnection, cooperation and proximity;

41. Agrees with the idea of setting up a joint committee responsible for overseeing the implementation of the agreement, addressing divergences of interpretation and implementing agreed corrective measures in good faith, and fully ensuring the EU’s regulatory autonomy, including the legislative prerogatives of the European Parliament and the Council; underlines that the EU representatives on this committee should be subject to appropriate accountability mechanisms involving the European Parliament;

42. Considers that, for provisions based on EU law concepts, the governance arrangements should provide for referral to the CJEU; reiterates that, for the application and interpretation of provisions of the agreement other than those relating to Union law, an alternative dispute settlement mechanism can only be envisaged if it offers equivalent guarantees of independence and impartiality to the CJEU;

(vi) Level playing field

43. Recalls that the UK and its dependent territories should continue to respect and implement the standards that exist under its international commitments and the Union’s legislation and policies, particularly in the fields referred to in paragraph 4 above, in a way that reflects the breadth and depth of the future relationship; notes the benefit of maintaining regulatory alignment based on Union legislation;

44. Notes that the breadth and depth of the agreement on a level playing field will be essential in determining the extent of the overall future EU-UK relationship; recalls that the continued adherence of the UK to the European social model will play a key role in this;

45. Strongly believes that the UK should adhere to the evolving standards on taxation and anti-money laundering legislation within the Union acquis, including tax transparency, the exchange of information on tax matters and anti-tax avoidance measures, and should address the situation of its dependent territories and their non-compliance with EU good governance criteria and transparency requirements; insists that customs union access be made strictly conditional upon the UK’s alignment with the above-mentioned standards;

46. Reiterates the need to set up safeguards to ensure the maintenance both of high standards and a level playing field in the areas of environmental protection, action against climate change, food safety and public health; underlines that access to justice and a proper complaints mechanism must be guaranteed for citizens and NGOs with respect to the enforcement of labour and environmental standards;

47. Notes that, as with the rest of the agreement, provisions on the level playing field will require robust governance structures to include appropriate management, supervision, dispute settlement and enforcement mechanisms with sanctions and interim measures where necessary and with a requirement for both parties to establish or, where relevant, maintain independent institutions capable of effectively overseeing and enforcing implementation;

(vii) Possible participation in EU programmes

48. Stresses that the modalities for the UK’s participation in EU actions and programmes will be the rules applicable to third countries outside the EEA; underlines that UK participation must be jointly agreed by the EU while respecting all relevant rules and mechanisms and conditions of participation, including in relation to financing, implementation, control and discharge and without permitting net transfers from the EU budget to the UK;
Recalls that, as a general rule, the UK cannot as a third country participate in or have access to EU agencies; notes, however, that this does not exclude cooperation in specific cases in a strictly regulated manner requiring compliance with all relevant rules and financial contributions; points out that the next multiannual financial framework will need to incorporate the consequences of the future EU-UK relationship:

Withdrawal Agreement

Welcomes the Commission’s draft Withdrawal Agreement of 28 February 2018, which largely reflects Parliament’s views; notes that it has been drafted on the basis of the mutually agreed Joint Report of 8 December 2017 and of EU positions on other separation issues:

Welcomes the institutional provisions and the dispute settlement mechanisms set out in the draft Withdrawal Agreement, including the suspension of benefits during the transition period as provided for in Article 165 of the draft Withdrawal Agreement in the event of the non-fulfilment of commitments and provisions relating to the Withdrawal Agreement;

Citizens’ rights

Welcomes the general approach taken on citizens’ rights in Part Two of the Commission’s draft Withdrawal Agreement, but reiterates that addressing all outstanding issues with regard to citizens’ rights and making sure that the rights of EU citizens legally residing in the UK and of UK citizens legally residing in EU-27 are not affected by Brexit will be one of the key issues for Parliament’s consent; supports the inclusion of the reference to future spouses; takes note of the provisions on the administrative procedures to acquire permanent resident status and insists on the need to enable families to initiate the procedure by means of a single form that is declaratory in nature and places the burden of proof on the UK authorities; underlines that the European Parliament will scrutinise that these procedures are effectively implemented and are simple, clear and free of charge; insists that future free movement rights across the whole EU for UK citizens currently resident in an EU-27 Member State are guaranteed, as well as voting rights in local elections for all citizens covered by the Withdrawal Agreement; calls also for the lifelong right for EU citizens covered by the Withdrawal Agreement to return to the UK, protection against the expulsion of disabled citizens and their carers, as well as the protection of procedural rights related to expulsion as referred to in Directive 2004/38/EC and of the rights of third-country nationals as established in EU law;

Insists that during the transition period any EU citizens coming to the UK enjoy the same rights as those who arrived before the start of the transition period; rejects, in this context, the proposal in the recent policy paper published by the UK Government that maintains the discrimination between EU citizens who arrive before the start of the transition period and those who arrive after;

Reiterates that many UK citizens have expressed strong opposition to losing the rights they currently enjoy pursuant to Article 20 TFEU; proposes that the EU-27 examine how to mitigate this within the limits of EU primary law while fully respecting the principles of reciprocity, equity, symmetry and non-discrimination; notes the recent referral to the CJEU of a case brought in a Dutch court concerning the preservation of EU citizenship rights for UK citizens after Brexit;

Ireland and Northern Ireland

Welcomes the Protocol on Ireland and Northern Ireland in the Commission’s draft Withdrawal Agreement which makes the backstop option outlined in the Joint Report of 8 December 2017 operational; emphasises that this provides a concrete solution to preserve North-South cooperation and avoids a hard border between Northern Ireland and Ireland, which is necessary in the event of no alternative being found either through the overall EU-UK relationship or through specific solutions to be proposed by the UK, as referred to in paragraph 49 of the Joint Report;
56. Recalls the importance of the UK’s commitment to ensure that there will be no reduction in rights, including social and democratic rights, safeguards and equality of opportunity as set out in the Good Friday Agreement, in line with the commitments of the Joint Report; insists on the transposition of all elements of the Common Travel Area and on the free movement rights of EU citizens, as embedded in EU law and in the Good Friday Agreement;

(ii) Transitional period

57. Reiterates the principles contained in its resolution of 13 December 2017, that after the withdrawal date the UK will no longer be part of the EU institutions and bodies and no longer contribute to decision-making, and that transition can only consist of the prolongation of the EU acquis and the continued application of existing EU regulatory, budgetary, supervisory, judicial and enforcement instruments and structures to the UK; fully supports the negotiating mandate laid down in the European Council negotiating guidelines, the Council negotiating directives and the recent Commission position paper on this issue;

58. Welcomes and expresses support for Part Four of the draft Withdrawal Agreement on transitional arrangements; reiterates that all the rights conferred to citizens by Union law should be extended throughout the transition period; stresses that this applies also to EU citizens arriving in the UK during the transition period, who should benefit from exactly the same rights, especially concerning child allowances, family reunification and access to judicial redress with the CJEU;

59. Recalls that any transitional arrangements must be fully compatible with WTO obligations in order not to disrupt trade relations with third countries;

60. Insists that any future post-withdrawal trade agreements with third countries negotiated by the UK may only come into force at the end of the period during which transitional arrangements apply;

61. Recalls that, as from the date of the UK’s withdrawal from the EU, the UK will no longer benefit from the international agreements concluded by the EU, or by the Member States acting on its behalf, or by the EU and the Member States acting jointly; takes note that, during the transition period, the UK will remain bound by the obligations stemming from these agreements; stresses that the UK will not be able to participate in the governance structures and decision-making procedures provided for by these agreements;

62. Points out that, as part of the Withdrawal Agreement, the transitional arrangements can only be implemented once this agreement enters into force;

(iv) Other separation issues

63. Calls for an agreement to be found without delay on all separation provisions as set out in Part Three of the draft Withdrawal Agreement, and urges the UK to present a clear position, where it has not already done so, on all outstanding issues pertaining to its orderly withdrawal;

Preparedness

64. Underlines the importance of the work undertaken by the Commission and the Member States at various levels in terms of awareness raising and preparedness; stresses that, given the uncertainties created by Brexit, not only the EU institutions, but also national authorities, economic operators and especially citizens have to be alerted and receive proper information so that they can prepare adequately for all possible scenarios, including a no-deal scenario; calls, in particular, for the launch of actions targeting the maximum number of sectors and people concerned, including in the following areas:

— continued and safe access to medicines for veterinary and human use and medical devices for patients, including a secure and consistent supply of radioisotopes,

— financial services for economic operators,
— the preparedness of SMEs and small operators trading with the UK, such as agri-food producers and producers of fisheries products, which, for the first time ever, could be confronted with export procedures and certain types of requirements, including sanitary and phytosanitary,

— limitations and constraints that could stem from the new legal framework for the transport of passengers and goods and the impact these could have on just-in-time components of the food supply, processing and distribution chain,

— capacity regarding correct labelling, traceability and the genuine origin of agricultural and fisheries products, so as to ensure compliance with food safety and animal welfare standards and the provision of accurate consumer information on food products,

— the data protection legal framework,

— the full identification, by the Commission, of EU legislation requiring modification as a result of Brexit:

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65. Instructs its President to forward this resolution to the European Council, the Council of the European Union, the European Commission, the national parliaments and the Government of the United Kingdom.
The next MFF: Preparing the Parliament’s position on the MFF post-2020


(2019/C 162/06)

The European Parliament,

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


— having regard to the Interinstitutional Agreement of 2 December 2013 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management (3),

— having regard to its resolution of 6 July 2016 on the preparation of the post-electoral revision of the MFF 2014-2020: Parliament’s input ahead of the Commission’s proposal (4),

— having regard to the Commission’s Reflection Paper of 28 June 2017 on the Future of EU Finances (COM(2017)0358),

— having regard to its resolution of 24 October 2017 on the Reflection Paper on the Future of EU Finances (5),

— having regard to UN General Assembly Resolution 70/1, entitled ‘Transforming our world: the 2030 Agenda for Sustainable Development’,

— having regard to its resolution of 19 January 2017 on a European Pillar of Social Rights (6),

— having regard to the ratification of the Paris Agreement by the European Parliament on 4 October 2016 (7) and by the Council on 5 October 2016 (8),

— having regard to the EU Agency for Fundamental Rights report entitled ‘Challenges facing civil society organisations working on human rights in the EU’,

— having regard to the European Economic and Social Committee own-initiative opinion on the financing of civil society organisations by the EU,

— having regard to Rule 52 of its Rules of Procedure,

— having regard to the report of the Committee on Budgets, the opinions of the Committee on Foreign Affairs, the Committee on Development, the Committee on Budgetary Control, the position in the form of amendments of the Committee on Employment and Social Affairs, and the opinions of the Committee on the Environment, Public Health and Food Safety, the Committee on Industry, Research and Energy, the Committee on Transport and Tourism, the Committee on Regional Development, the Committee on Agriculture and Rural Development, the Committee on Fisheries, the Committee on Culture and Education, the Committee on Civil Liberties, Justice and Home Affairs, the Committee on Constitutional Affairs and the Committee on Women’s Rights and Gender Equality (A8-0048/2018),

A. whereas the current multiannual financial framework (MFF) was agreed in 2013 and entailed, for the first time, a reduction in real terms of both commitment and payment appropriations compared to the previous financial programming period in spite of growing EU competences and ambitions as set out in the Lisbon Treaty and the Europe 2020 strategy respectively; whereas it also involved a significant gap between the level of commitment and payment appropriations, which contributed to a backlog in unpaid bills in the two first years of the MFF; whereas the late adoption of the MFF and the related legal bases contributed to implementation delays, the repercussions of which are still felt today and which might lead to an accumulation of payment claims at the end of the current MFF, spilling over into the next period; whereas, at Parliament's insistence, new provisions were included in the MFF in order to use its global ceilings to the fullest possible extent and to provide for flexibility mechanisms;

B. whereas the MFF 2014-2020 quickly proved its inadequacy in meeting actual needs and political ambitions, as, from the outset, it was called upon to address a series of crises and new challenges in the areas of investment, social exclusion, migration and refugees, youth employment, security, agriculture, the environment and climate change, which had not been anticipated at the time of its adoption; whereas, as a result, the current MFF had already been pushed to its limits after only two years of implementation as available margins had been exhausted, flexibility provisions and special instruments had been mobilised to a substantial extent, existing policies and programmes had been put under pressure or even reduced, and some off-budget mechanisms had been created as a way of compensating for the insufficient level and flexibility of the EU budget;

C. whereas those shortcomings had already become evident at the time of the mid-term review and revision of the MFF launched at the end of 2016, and ought to have merited immediate actions, as demonstrated by Parliament in its resolution of 6 July 2016; whereas the agreed mid-term revision succeeded in broadening the potential of the existing flexibility provisions to a moderate extent, but fell short of revising the MFF ceilings;

D. whereas the Commission will present its package of proposals on the post-2020 MFF, including future own resources, in May 2018, while Council Regulation (EU, Euratom) No 1311/2013 stipulated that they should have been delivered before 1 January 2018; whereas this is expected to be followed shortly afterwards by draft legislative proposals for the financial programmes and instruments;

1. Adopts the present resolution in order to outline Parliament's position on the post-2020 MFF, with particular attention to its expected priorities, size, structure, duration, flexibility and other horizontal principles, and to point out the specific budgetary orientations for the respective EU policies covered by the next financial framework; expects the Commission to present the legislative proposal for the next MFF together with a new draft interinstitutional agreement that takes into account Parliament's positions and suggestions; stresses that this resolution also provides a basis for Parliament's engagement in the procedure leading to the adoption of the next MFF;

2. Adopts, in parallel, a separate resolution (*) to set out its position on the reform of the EU's own-resources system in line with the recommendations of the High Level Group on Own Resources: calls on the Commission to take due account of Parliament's position in preparing the legislative proposals on the EU's own resources, which should be ambitious in scope and presented together with the MFF proposals; stresses that both the expenditure and the revenue side of the next MFF will be treated as a single package in the upcoming negotiations, and that no agreement will be reached on the MFF without corresponding headway being made on own resources;

I. Priorities and challenges of the next MFF

3. Welcomes the discussion about the next MFF as an opportunity to prepare the ground for a stronger and more sustainable Europe through one of its most tangible instruments, the Union budget; believes that the next MFF should be embedded in a broader strategy and narrative for the future of Europe; considers that the MFF must be the translation of the EU's political project and policy priorities into budgetary means;

4. Is convinced that the next MFF should build on the Union's well-established policies and priorities, which aim at promoting peace, democracy, the rule of law, human rights and gender equality, boosting welfare, long-term and sustainable economic growth and research and innovation, providing quality employment leading to decent jobs, fighting climate change, and fostering economic, social and territorial cohesion, as well as solidarity between Member States and citizens; considers that these pillars are prerequisites for a properly functioning single market and Economic and Monetary Union as well as for reinforcing Europe's position in the world; trusts that they are more relevant than ever for Europe's future endeavours;

5. Believes that the next MFF should enable the Union to provide solutions and emerge strengthened from the crises of the decade: the economic and financial downturn, youth unemployment, persistent poverty and social exclusion, the phenomenon of migration and refugees, climate change and natural disasters, environmental degradation and biodiversity loss, terrorism and instability, to name but a few; underlines that these global, cross-border challenges with domestic implications reveal the interdependency of our economies and societies, and point to the need for joint actions;

6. Points out that the EU must deliver on its commitment to be a frontrunner in implementing the UN Sustainable Development Goals (SDGs), which provide a global roadmap for more sustainable, equitable and prosperous societies within planetary boundaries; underlines that the next MFF must be aligned with the SDGs; welcomes the Commission’s commitment to mainstreaming the SDGs into all EU policies and initiatives; expects the EU to fulfil its commitments to those goals; further highlights that the proclamation of the European Pillar of Social Rights and the commitment from the EU and Member States to ensure a more social Europe should be supported by adequate financial resources; considers that, following the Paris Agreement, climate-related spending should be significantly increased compared to the current MFF and reach 30% as soon as possible and at the latest by 2027;

7. Stresses that the next MFF provides an opportunity for the Union to demonstrate that it stands together and is able to address political developments such as Brexit, the rise of populist and nationalist movements and changes in global leadership; underlines that divisions and self-centredness are not an answer to global issues and to citizens’ concerns; considers that the Brexit negotiations, in particular, show that the benefits of being a Union member greatly outweigh the cost of contributing to its budget; asks in this context for the full observance of the framework of the commitments previously assumed, as in the case of the Good Friday Agreement in respect of rule of law and democracy;

8. Calls, therefore, for continuous support for existing policies, in particular the long-standing EU policies enshrined in the Treaties, namely the common agricultural and fisheries policies, and cohesion policy, since they bring tangible benefits of the European project to EU citizens; rejects any attempt to renationalise these policies, as this would neither reduce the financial burden on taxpayers and consumers, nor achieve better results, but would instead hamper growth, solidarity and the functioning of the single market while further deepening inequalities and widening the disparities between territories and economic sectors; intends to secure the same level of funding for the EU-27 for these policies in the next programming period while further improving their effectiveness and simplifying the procedures associated with them;

9. Believes that Europe should offer prospects to the younger generation as well as to the future-oriented undertakings that make the EU more successful in the global arena; is determined to substantially scale up two of its flagship programmes, namely the Research Framework Programme and Erasmus+, which cannot satisfy the very high demand involving top quality applications with their current means; stands firm in its support for a substantial increase in resources for the fight against youth unemployment and in support for small and medium-sized enterprises through the successor programmes of the Youth Employment Initiative and the programme for the Competitiveness of Enterprises and Small and medium-sized enterprises (COSME); also supports reinforcing the Connecting Europe Facility (CEF) 2.0;

10. Calls for the Union to assume its role in three emerging policy areas with internal and external dimensions which have appeared in the course of the current MFF:

— by developing and funding a comprehensive asylum, migration and integration policy and addressing the root causes of migration and displacement in third countries,

— by strengthening external border protection and promoting stability, in particular by safeguarding human rights abroad, conflict prevention and external development policies,

— by providing internal common security to European citizens and pooling research and capabilities in the area of defence, while stressing that actions taken in these areas should not come at the expense of the EU’s development policies;

11. Highlights that the future framework is expected to integrate two new types of financial support featuring prominently on the Union’s economic agenda, namely the continuation of the investment support schemes, such as the European Fund for Strategic Investment, and the development of a stabilisation function for Member States in the euro area, possibly through the proposed European Monetary Fund, together with a dedicated convergence facility for Member States on their way to joining the euro;
12. Underlines that, as a first step, the specific euro-area budgetary capacity should be part of the Union budget, counted over and above the ceilings of the multiannual financial framework, without prejudice to the other MFF programmes, and should be financed by euro-area and other participating members via a source of revenue to be agreed between participating Member States and considered to be assigned revenue and guarantees; considers that the fiscal capacity could be financed, once in a steady state, through genuine own resources, following the recommendations of the Monti report on the future financing of the EU.

13. Reaffirms the principle that additional political priorities should be coupled with additional financial means, whether they emerge at the time of adoption of a new MFF or in the course of its implementation, and underlines that the financing of new needs should not undermine existing policies and programmes; expects, furthermore, that sufficient flexibility provisions will be put in place in order to accommodate unforeseen circumstances that may arise in the course of the MFF.

14. Believes that a stronger and a more ambitious Europe can only be achieved if it is provided with reinforced financial means; calls, in the light of the above-mentioned challenges and priorities, and taking into account the UK’s withdrawal from the Union, for a significant increase in the Union’s budget; estimates the required MFF expenditure ceilings at 1.3% of the GNI of the EU-27, notwithstanding the range of instruments to be counted over and above the ceilings.

15. Is convinced that, unless the Council agrees to significantly increase the level of its national contributions to the EU budget, the introduction of new genuine EU own resources remains the only option for adequately financing the next MFF.

II. Horizontal issues

Principles of the EU budget and budget sincerity

16. Recalls the European budgetary principles of unity, budgetary accuracy, annuality, equilibrium, universality, specification, additonality, subsidiarity, sound financial management and transparency, which need to be respected when establishing and implementing the Union budget.

17. Reiterates its long-standing position that the Union’s political ambition must be matched with adequate financial resources and recalls that Article 311 TFEU states that ‘the Union shall provide itself with the means necessary to attain its objectives and carry out its policies’.

18. Points out, in this context, that the full implementation of political decisions and initiatives taken by the European Council is possible only if the necessary funding is ensured, and underlines that any other approach undermines the sincerity of the Union budget and citizens’ trust.

19. Believes that, by translating the political priorities of the EU into concrete investments, the MFF constitutes an excellent instrument for the long-term planning of EU spending and for ensuring a certain stable level of public investment in the Member States; regrets, however, the lack of mutually agreed long-term strategy ahead of the adoption of the next MFF; recalls, furthermore, that the EU budget is predominantly an investment budget that serves as an additional and complementary source of funding for actions undertaken at national, regional and local levels.

Duration

20. Is of the opinion that the decision on the duration of the MFF should strike the right balance between two conflicting requirements, namely, on the one hand, the need for several EU policies – especially those under shared management, such as agriculture and cohesion – to operate on the basis of the stability and predictability that is ensured through a commitment of at least seven years, and, on the other hand, the need for democratic legitimacy and accountability that results from the synchronisation of each financial framework with the five-year political cycle of the European Parliament and the Commission.

21. Stresses that it is a political imperative for each newly elected Parliament to be able to substantially influence the MFF during its electoral cycle, both in terms of amounts and political priorities; stresses that the European Parliament elections provide the opportunity for EU citizens to express directly their position on the budgetary priorities of the Union, which should be reflected in a binding post-electoral adjustment of the financial framework; believes, therefore, that during each political cycle the Commission must propose and both Parliament and the Council must decide either on the establishment of the subsequent MFF or on a mandatory mid-term revision of the ongoing MFF.
22. Underlines the need for the MFF’s duration to move progressively towards a 5+5 period with a mandatory mid-term revision; calls on the Commission to draw up a clear proposal setting out the methods for the practical implementation of a 5+5 financial framework; is convinced that a single five-year period cannot be considered for the duration of the MFF, owing to the serious impediments that it would impose on the programming and implementation requirements of several EU policies;

23. Acknowledges, however, that the timing of the next European Parliament elections in spring 2019, given that the current MFF runs until December 2020, does not allow for a 5+5 solution to be implemented immediately, as no satisfactory alignment of the different cycles would be achieved; takes the view, therefore, that the next MFF should be set for a period of seven years (2021-2027), including a mandatory mid-term revision, by way of a transitional solution to be applied for one last time;

Mid-term revision

24. Is convinced of the necessity to maintain a legally binding and compulsory MFF mid-term review and revision, enshrined in the new MFF Regulation; recalls that the 2016 mid-term revision was the historic first occasion on which an actual revision of the MFF Regulation took place and that was assessed positively by both Council and Parliament, notably in terms of reinforcing the MFF flexibility provisions;

25. Considers that, for the 2021-2027 MFF, the mid-term revision should be proposed and decided in due time to allow for the next Parliament and Commission to adjust the financial framework accordingly; underlines that any revision of the MFF should ensure the involvement of Parliament and safeguard its prerogatives as an equal arm of the budgetary authority; underlines, moreover, that any real revision also entails the revision of the MFF ceilings, should their inadequacy be established for the rest of the period;

Flexibility

26. Underlines that, during the current MFF, the budgetary authority approved a substantial mobilisation of the flexibility mechanisms and special instruments included in the MFF Regulation, in order to secure the additional appropriations needed to respond to serious crises or finance new political priorities;

27. Considers, therefore, that the flexibility provisions under the current MFF have worked well and have provided solutions in relation to the significant financing needed in particular to confront the challenges of migration and refugees and to address the investment gap; recalls that Parliament was the originator of several of these provisions, which it strongly defended during the previous MFF negotiations;

28. Believes that a further reinforcement of these provisions is still necessary in order to better cope with new challenges, unforeseen events and the evolving political priorities that arise during the implementation of a long-term plan, such as the MFF; calls for enhanced flexibility for the next MFF, which should allow for the largest possible use of the global MFF ceilings for commitments and payments;

Flexibility mechanisms in the MFF

29. Considers that the ceilings of the next MFF should be set at a level that allows not only the financing of EU policies, but also the provision of sufficient margins in commitments for each heading;

30. Is convinced that all unallocated margins should be carried over without restrictions to future financial years and mobilised by the budgetary authority, for any purpose deemed necessary, in the annual budgetary procedure; calls, therefore, for the Global Margin for Commitments to be maintained, but without any restrictions in scope and time;

31. Recalls that the Global Margin for Commitments can only mobilise the unallocated margins up to year N-1, once they have been confirmed through the technical adjustment preceding the presentation of the Draft Budget; considers, however, that it is essential to explore ways of also mobilising the unallocated margins of year N, in order to still allow for the financing of additional needs that may occur during that year;
32. Strongly believes that the commitments authorised by the budgetary authority should be used for their original purpose and that every effort should be made to ensure that this is the case across all policy fields; calls on the Commission, in particular, to continue to actively work in this direction; is convinced, nevertheless, that if decommitments actually occur, as a result of the total or partial non-implementation of the actions for which they had been earmarked, they should be made available again in the EU budget and be mobilised by the budgetary authority in the framework of the annual budgetary procedure; considers that the decommitments should feed directly into the Global Margin for Commitments, instead of any particular special instrument or reserve;

33. Recalls that decommitments stem from commitments that have already been authorised by the budgetary authority and should normally have led to corresponding payments, if the action they were meant to finance had been carried out as planned; stresses, therefore, that the recycling of decommitments in the EU budget is duly justified, but should not be a way to circumvent the relevant decommitment rules that are enshrined in the sectoral regulations;

34. Points to the need to ensure a full carry-over of payment margins through the Global Margin for Payments across the whole MFF; opposes any limitations or ceilings applied to the level of margins that can be transferred, as is the case in the current MFF, and recalls that these margins can only be mobilised if and to the extent that the budgetary authority decides to do so; stresses that the Global Margin for Payments could be instrumental in confronting any new payment crisis that might occur;

35. Stresses that the possibility of revising ceilings should remain an option in the MFF Regulation in the event of unforeseen circumstances, when the financing needs would exhaust or exceed available margins and special instruments; calls for the MFF Regulation to provide for a simplified procedure for a targeted revision under an agreed threshold;

36. Advocates maintaining the possibility of front- or backloading the financing of any EU programme, in order to allow for countercyclical action that corresponds to the rhythm of the actual implementation and to provide a meaningful response to major crises; calls, moreover, for the legislative flexibility – currently enshrined in Point 17 of the Interinstitutional Agreement (IIA) – that allows for an adjustment in the overall envelope of programmes adopted by the ordinary legislative procedure of up to +/-10 % to be further increased to +/-15 %;

37. Points to the flexibility that can be achieved through transfers within the same MFF heading, with the aim of placing the financial resources exactly where they are needed and ensuring a better implementation of the EU budget; considers that a lower number of headings contributes to enhanced flexibility in the MFF; requests, however, that the Commission proactively inform and consult the budgetary authority when adopting significant autonomous transfers;

MFF special instruments

38. Approves the overall architecture of the MFF special instruments, notably the Flexibility Instrument, the Emergency Aid Reserve, the EU Solidarity Fund and the European Globalisation Adjustment Fund (EGF), and points to their extensive mobilisation under the current MFF; calls for improvements to be made to their financial envelopes and operating provisions;

39. Calls, in particular, for a substantial increase in the financial envelope of the Flexibility Instrument of up to an annual allocation of at least EUR 2 billion; recalls that the Flexibility Instrument is not linked to any specific policy field and can thus be mobilised for any purpose that is deemed necessary; considers, therefore, that this instrument can be mobilised to cover any new financial needs as they occur during the MFF;

40. Points to the role of the Emergency Aid Reserve in providing a rapid response to specific aid requirements for third countries for unforeseen events, and stresses its particular importance in the current context; calls for a substantial increase in its financial envelope of up to an annual allocation of EUR 1 billion;

41. Notes, in particular, the significant mobilisation of the EU Solidarity Fund to provide assistance in a number of serious natural disasters with substantial budgetary consequences; stresses also the positive impact that this instrument has on public opinion; proposes the reinforcement of its financial envelope to an annual allocation of EUR 1 billion;
42. Considers that the use of the EGF, providing EU solidarity and support to workers losing their jobs as a result of major structural changes in world trade patterns arising from globalisation or as a result of the global economic and financial crisis, has not deployed its full potential and could be further improved and integrated within a long-term strategy, in order to effectively reach redundant workers and reintegrate them into the labour market, in all Member States; considers that the upcoming revision of the EGF should examine its scope and improve its coordination with other instruments; believes that a revised EGF should be endowed with at least an identical annual allocation under the new MFF;

43. Proposes the establishment of a special reserve for the MFF special instruments built on the unspent appropriations that lapse from each instrument; considers that this reserve should operate without any limitations in time; requests that this reserve be mobilised in favour of any MFF special instrument that is called to finance needs beyond its financial capacity, following a decision by the budgetary authority;

44. Notes that different rules currently apply in relation to the time span for the carrying over of unspent appropriations for each MFF special instrument; considers that these should be harmonised, so as to enable a single N+1 rule to apply to all of these instruments;

45. Considers that the Contingency Margin should be maintained as an instrument of last resort; stresses that this is a special instrument that can also be mobilised for payment appropriations only, and that its mobilisation was instrumental in responding to the 2014 payment crisis; calls, therefore, for an upward adjustment of its maximum annual allocation to 0.05 % of EU GNI;

46. Underlines that the MFF special instruments should be counted over and above the MFF ceilings both for commitment and payment appropriations; considers that the issue of budgeting the payments of these instruments was settled in an unequivocal manner during the 2014-2020 MFF mid-term revision, putting an end to the long-standing conflict of interpretation with the Council; advocates the introduction of a clear provision in the MFF Regulation, stating that payments resulting from the mobilisation in commitments of MFF special instruments should be counted over and above the annual MFF payment ceilings;

47. Notes that the current IIA requires a special majority in Parliament for the mobilisation of three MFF special instruments; considers this provision to be obsolete, given that it reflects the special majorities needed for the adoption of the EU budget before the Lisbon Treaty; calls for a homogeneous approach as regards the voting requirements for the mobilisation of these instruments, which should be the same as for the adoption of the EU budget;

Revenue – special reserve

48. Reiterates its long-standing position that any revenue resulting from fines imposed on companies for breaching EU competition law or linked to late payments of national contributions to the EU budget should constitute an extra item of revenue for the EU budget without a corresponding decrease in GNI contributions;

49. Calls, to this end, for a special reserve to be established in the EU budget, which will be progressively filled up by all types of unforeseen other revenue and duly carried over in order to provide additional spending possibilities when needs arise; considers that this reserve should be earmarked for the MFF special instruments and should provide for additional top-ups, both in commitments and payments, upon a decision by the budgetary authority;

Efficient and effective use of EU resources

50. Acknowledges that achieving European added value should be one of the main principles guiding the EU institutions when deciding about the type of spending in the next MFF; points out, however, the existence of multiple interpretations of the concept and calls for a single, clear and easily understandable definition of the relevant criteria that should take territorial specificities into account and include, where possible, measurable performance indicators; warns against any attempt to use such a definition to call into question the relevance of EU policies and programmes on purely quantitative or short-term economic considerations;
51. Notes the reference to the notion of European added value presented in several Commission documents; reiterates the list of parameters identified by Parliament in its above-mentioned resolution of 24 October 2017 in this context; recalls that the EU’s resources should be used to finance European public goods as well as to act as a catalyst in providing incentives for Member States at all administrative levels to take action in order to fulfil Treaty objectives and to attain common EU goals which would not be realised otherwise; agrees that the EU budget should be used to finance actions that can benefit the EU as a whole, which cannot be ensured efficiently by any single Member State alone and that can offer better value for money compared to actions taken solely at national, regional or local level; believes furthermore that the EU budget should contribute to the establishment and support of peace and stability in the EU’s neighbourhood and beyond; considers that European added value is created by programmes under both shared and direct management, the two being complementary methods for attaining EU goals; against this background, expects the Member States, in the negotiations on the next MFF, to refrain from following a ‘juste retour’ logic that takes into account only national interests in the form of net balances;

52. Considers that better spending, i.e. the efficient and non-discriminatory use of every single euro of the EU budget, can be achieved not only by directing EU resources towards actions with the highest European added value and the greatest increase in the performance of the EU’s policies and programmes, based on an in-depth assessment of the current expenditure, but also by achieving greater synergies between the EU budget and national budgets, and by ensuring the tangible improvement of the spending architecture; supports the recommendations of the 2016 Annual Report of the European Court of Auditors for an efficient measurement framework of indicators, more streamlined and balanced reporting on performance, and an easier access to the assessment results;

53. Calls for a genuine simplification of the EU budgetary system in the next MFF with the aim of facilitating absorption; underlines, in particular, the need to reduce unnecessary overlaps between instruments that serve similar types of actions, for example in the areas of innovation, SMEs or transport, without running the risk of losing important elements of the different programmes, and the necessity of eliminating the competition which exists between different forms and sources of funding, in order to ensure maximum complementarity and to provide for a coherent financial framework; believes that this would facilitate clearer communication of EU priorities to citizens;

54. Underlines that the ‘health check’ of EU spending cannot provide for a reduction in the level of EU ambition or a sectoralisation of EU policies and programmes, nor should it lead to a replacement of grants by financial instruments with a view to generating some savings, as the great majority of actions supported by the EU budget are not suitable to be funded by the latter; is of the opinion that the ‘health check’ should rather lead to identifying ways in which the implementation of EU spending programmes could be improved;

55. Calls for a far-reaching harmonisation of the rules with the aim of creating a single rulebook for all EU budgetary instruments, while taking into account fund-specific and sector-specific characteristics; encourages the Commission to tackle the issue of the combination of various sources of funding by providing clear guidelines in this respect and ensuring equal access to all types of funding in all Member States;

56. Advocates also a real simplification of sectoral implementation rules for beneficiaries and a reduction in administrative burdens through further standardisation and simplification of procedures and programming documents; points, moreover, to the need to provide for more capacity-building and technical assistance for beneficiaries; calls for a move towards a risk-based evaluation;

Unity, budgetary accuracy and transparency

57. Recalls that the principle of unity, whereby all items of revenue and expenditure of the Union are to be shown in the budget, is both a Treaty requirement and a basic democratic precondition if the budget is to be transparent, legitimate and accountable; regrets that this principle has increasingly gone unobserved, while financial complexity has grown, from the historical legacy of the European Development Fund (EDF), through the setting up of the European Stability Mechanism, to the recent inflation of ad hoc off-budget mechanisms in the form of innovative financial instruments and external trust funds or facilities that are not recorded in the Union balance sheet;

58. Questions the justification and added value of establishing instruments outside the Union budget; considers that decisions to set up or maintain such instruments are in reality driven by attempts to conceal the real financial needs and to bypass the constraints of the MFF and own-resources ceilings; deplores the fact that they often also result in bypassing Parliament in its triple responsibility as legislative, budgetary and control authority and run counter to the objective of enhancing transparency for the general public and beneficiaries;
59. Reiterates, therefore, its long-standing position that the European Development Fund, alongside other instruments outside the MFF, should be integrated into the Union budget in order to increase its legitimacy as well as the efficiency and effectiveness of the Union’s development policy; underlines, however, that the respective financial envelopes should be added on top of the agreed MFF ceilings so that the budgeting of these instruments has no detrimental impact either on their financing or on other EU policies and programmes; welcomes, in principle, the proposal to incorporate the European Stability Mechanism in the Union’s finances in the form of a European Monetary Fund, without prejudice to its future design;

60. Takes the view that EU trust funds can add value by pooling resources from various donors for specific situations, but that their use should not result in a simple relabelling of planned EU funding, and should not change the original objectives of EU financing instruments; emphasises the need for increased parliamentary scrutiny of their creation and implementation; insists that EU trust funds should only support actions outside the Union;

61. Considers also that, when a certain share of off-budget operations is deemed necessary to achieve certain specific objectives, for example through the use of financial instruments or trust funds, these should be kept at a limited level and duration and should be fully transparent, justified by proven additionality and added value, and backed by strong decision-making procedures and accountability provisions;

62. Believes that, under the next MFF, the Union budget should display with greater accuracy the extent of assigned revenues and their impact on actual expenditure, in particular those stemming from third countries’ contributions; underlines that this is even more relevant in view of the UK’s wish to participate in some Union budgetary programmes of the new MFF post-2020 as a non-Member State, as expressed in the context of the negotiations on its withdrawal from the Union;

Level of payments

63. Recalls that payment appropriations are the logical and legal consequence of commitment appropriations, and calls for the future payment ceilings to be set at an appropriate level, leaving only a limited and realistic gap between commitments and payments; expects that future payment ceilings take into account, on the one hand, the need to honour the commitments stemming from the current financial period that will turn into payments only after 2020 and, on the other hand, the need to meet the commitments for the post-2020 programmes and instruments;

64. Recalls the build-up of a backlog of unpaid bills at the end of the previous MFF that spilled over into the current one and warns against a repetition of such a payment crisis in the transition to the next MFF, as this would have serious consequences for beneficiaries such as students, universities, SMEs and researchers; points to the current trend of under-execution in payments due to delays in the implementation of the 2014-2020 programmes, which leads to increasing levels of outstanding commitments remaining to be settled within the ceilings of the next MFF; asks the Commission and the Member States, including at the level of finance ministers, to analyse the root causes of those delays and to come up with concrete simplification measures to facilitate implementation in the future;

65. Notes the preliminary outcome of the negotiations on the financial settlement in the context of the UK’s withdrawal from the Union, enacting UK full participation in the financing and the implementation of the 2014-2020 programmes with all the relevant financial consequences;

Financial instruments

66. Emphasises that the EU budget has at its disposal a wide range of instruments that finance activities supported at EU level and that can be regrouped in two categories, namely grants on the one hand, and on the other financial instruments in the form of guarantees, loans, risk-sharing or equity; points also to the European Fund for Strategic Investment, the aim of which is to mobilise private and public capital across the EU in support of projects in key areas for the EU economy, in order to complement limited funding;
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67. Recognises the potential of financial instruments to increase the economic and political impact of the Union budget; highlights, however, that they can be applied only for revenue-generating projects in cases of sub-optimal investment conditions or market failure, and therefore constitute only a complementary rather than an alternative form of funding as compared to grants; stresses that financial instruments should not aim at replacing already existing public or private funding schemes and should comply with domestic and international commitments.

68. Recalls its request to the Commission to identify those areas which are best served by grants, those that could be better served by financial instruments, and those where grants could be combined with financial instruments, and to reflect on a proper balance between the two; is convinced that subsidies should remain the predominant way of funding the EU project in the next MFF; underlines that loans, guarantees, risk-sharing and equity financing should be used with caution, based on appropriate ex ante assessments and only when their use can demonstrate a clear added value and a leverage effect; notes that the take-up of financial instruments and the synergies with grants can be improved; calls for major efforts to facilitate access to financial instruments for beneficiaries, and for more flexibility in cross-sectoral use of different financial instruments, so as to overcome the restrictive rules preventing recipients from taking advantage of multiple programmes for projects with matching goals.

69. Calls on the Commission to simplify and harmonise the rules governing the use of financial instruments in the next MFF with the aim of creating synergies between the different instruments and maximising their efficient application; takes note of a possible proposal, which would require a thorough discussion, for a single fund that would integrate financial instruments at EU level that are centrally managed; is of the opinion that a clear structure should be provided for the choice of different types of financial instruments for different policy areas and types of actions and that the relevant financial instruments should continue to be budgeted under separate budget lines, in order to provide for clarity of investment; underlines, however, that any such harmonisation of rules cannot affect the financial instruments managed by Member States under cohesion policy or in the field of external actions.

70. Recalls its repeated demands for greater transparency and democratic scrutiny regarding the implementation of financial instruments supported by the Union budget.

71. Considers that the structure of the MFF should provide for the increased visibility of EU political and budgetary priorities for European citizens, and calls for a clearer presentation of all areas of EU expenditure; is convinced that the main pillars of future EU spending outlined in this resolution should be reflected accordingly;

72. Believes, therefore, that the current presentation of the headings requires some improvements, but is against any unjustified radical changes; proposes, as a result, the following structure for the MFF post-2020:

**Heading 1: A stronger and sustainable economy**

Including programmes and instruments supporting:

under direct management:

— research and innovation
— industry, entrepreneurship and small and medium-sized enterprises
— digital transformation of economy and society
— large-infrastructure projects
— transport, energy, space
— environment and climate change mitigation and adaptation
**Heading 2: Stronger cohesion and solidarity in Europe**

Including programmes and instruments supporting:

— economic, social and territorial cohesion (under shared management):
  — investments in innovation, research, digitalisation, industrial transition, SMEs, transport, climate change adaptation and mitigation, the environment and energy
  — employment, social affairs and social inclusion, gender equality, poverty reduction and demographic challenges
— education, youth and life-long learning
— culture, citizenship, media and communication
— democracy, rule of law and fundamental rights
— health and food safety
— asylum, migration and integration, justice and consumers
— support to and coordination with national administrations

**Heading 3: Stronger and sustainable agriculture and fisheries**

Including programmes and instruments supporting:

— agriculture and rural development
— maritime affairs and fisheries

**Heading 4: Stronger responsibility in the world**

Including programmes and instruments supporting:

— international cooperation and development
— neighbourhood
— enlargement
— humanitarian aid
— democracy, rule of law, fundamental rights and gender equality
— trade

**Heading 5: Security, peace and stability for all**

Including programmes and instruments supporting:

— security, including cybersecurity
— crisis response and stability, including civil protection
— common foreign and security policy
— defence, including research and innovation
73. Urges the Commission to provide in an annex to the European budget all EU-related expenditure that occurs outside the EU budget as a result of intergovernmental agreements and procedures; believes that such information, provided on an annual basis, would complete the picture of all investments that Member States have committed to at European level;

III. Policies

A stronger and sustainable economy

74. Highlights the importance of completing the European research area, the energy union, the single European transport area and the digital single market as fundamental elements of the European single market;

75. Believes that the next MFF should see a greater concentration of budgetary resources in areas that demonstrate a clear European added value and stimulate economic growth, competitiveness, sustainability and employment across all EU regions; stresses, in this context, the importance of research and innovation in creating a sustainable, world-leading, knowledge-based economy, and regrets that, due to the lack of adequate financing, only a small proportion of high-quality projects in this field have received EU funding under the current MFF;

76. Calls, therefore, for a substantial increase in the overall budget earmarked for the FP9 programme in the next MFF, which should be set at a level of at least EUR 120 billion; considers this level to be appropriate for securing Europe's global competitiveness and scientific, technological and industrial leadership, for responding to societal challenges, and for helping to achieve the EU’s climate goals and the SDGs; calls, in particular, for efforts to stimulate breakthrough, market-creating innovation, notably for SMEs;

77. Calls, furthermore, for a greater focus on implementing research and innovation through joint undertakings and other instruments and for supporting investment in key technologies to close the investment gap in innovation; emphasises that the increase in funds must be coupled with a simplification of funding procedures; welcomes the Commission’s efforts in this respect and insists that these should continue under the next programming period, in order to provide better access and a level playing field for applicants through a new system for evaluating applications; stresses the need for measures to be developed to stimulate a balanced participation from all EU Member States;

78. Welcomes the recent Commission proposal to ensure the financing of the Research Fund for Coal and Steel for the coming years; highlights the importance of this fund for financing research in this industrial sector; believes, therefore, that a longer-term solution is needed that ensures the financing beyond 2020 and also incorporates the fund in the Union budget in order to allow Parliament to live up to its role as budgetary control authority;

79. Stresses that SMEs and micro-enterprises are key drivers of economic growth, innovation and employment, providing 85% of all new jobs; recognises their important role in ensuring economic recovery and boosting a sustainable EU economy; recalls that there are more than 20 million SMEs in the EU and that they account for 99% of all businesses; considers that improving access to finance for SMEs, across all Member States, should continue to remain an important policy objective for the next MFF, in order to further enhance their competitiveness and sustainability; stresses, therefore, the need to promote entrepreneurship and improve the business environment for SMEs in order to allow them to realise their full potential in today's global economy;

80. Welcomes the success of the dedicated EU programme for the competitiveness of enterprises and SMEs (COSME) under the current MFF; underlines the high level of implementation of this programme, and points to its capacity to absorb even more; calls, therefore, for the COSME programme’s financial envelope to be doubled in order for it to correspond to the actual needs of the EU economy and the significant demand for participation;
81. Reiterates its strong commitment to the European Fund for Strategic Investments (EFSI), which aims at mobilising EUR 500 billion in new investment in the real economy under the current MFF; believes that EFSI has already delivered a powerful and targeted boost to economic sectors that are conducive to sustainable growth and jobs; underlines the positive impact of EFSI on providing finance to SMEs across the Union; welcomes, therefore, the Commission’s intention to put forward a legislative proposal for the continuation and improvement of this investment scheme with a dedicated budget that should not be financed to the detriment of existing policies and programmes under the new MFF; stresses that any legislative proposal should be based on the conclusions of a Commission review and independent evaluation; expects that the new proposal will effectively address any shortcomings of the implementation of EFSI and will enhance inter alia the fund’s geographical coverage, so that its benefits are felt across the Union;

82. Insists on the importance of the MFF for sectors relying on long-term investment, such as the sustainable transport sector; highlights that transport infrastructure is the backbone of the single market and the basis for sustainable growth and job creation; notes that accomplishing a single European transport area connected to neighbouring countries requires major transport infrastructure and must be treated as a key priority in terms of the EU’s competitiveness and for economic, social and territorial cohesion, including for peripheral and island areas; considers, therefore, that the next MFF should provide for sufficient funding for projects that contribute in particular to the completion of the TEN-T core network and its corridors, which should be further extended; recalls the goals set by COP 21 with regard to transport in order to combat climate change, and encourages Member States to invest in smart, sustainable and integrated public transport;

83. Stresses that an updated and more effective CEF programme should cover all modes of transport, including road and rail infrastructure, as well as inland waterways; considers that is should prioritise greater links between comprehensive networks and modes of transport that contribute to reducing CO₂ emissions, and focus on interconnections and the completion of the network in peripheral areas; reiterates the importance of enhancing interoperability through the European Railway Traffic Management System and enabling the full use of the Single European Sky initiative; calls for the completion of the European digital air traffic management system;

84. Calls for the creation of a specific budget line for tourism in the next MFF, in order to move towards a genuine European tourism policy that can significantly contribute to growth and job creation;

85. Calls on the Commission to promote investment in developing next-generation technologies and promoting their deployment; underlines the importance of ensuring financing for completing the digital single market by making full use of the spectrum, ensuring the upgrading of fixed networks and the densification of mobile networks, promoting 5G deployment and gigabit connectivity, and making further progress on the harmonisation of EU telecom rules in order to create the right regulatory framework for the improvement of internet connectivity throughout the Union; stresses that CEF Telecom should continue to support Digital Service Infrastructures and high-speed broadband networks by enabling their accessibility, including in remote regions and rural areas, and by improving digital literacy, interconnectivity and interoperability; underlines the need to support the digital transformation of the European economy and society and to invest in essential technologies such as big data, artificial intelligence or high-performance computing, in infrastructure and in digital skills in order to enhance the EU’s competitiveness and improve the quality of life of Europeans;

86. Considers it essential to secure a sustainable and affordable energy supply in Europe; calls, therefore, for continuous support for investments ensuring the diversification of energy sources and routes, increasing energy security and energy independence, and enhancing energy efficiency and the use of renewable energy, including by CEF Energy; stresses in particular the importance of providing for comprehensive support, especially for carbon-intensive regions, energy transition, transition to a low-carbon economy, the modernisation of power generation, improvements in cross-border interconnections and deployment of smart grids, carbon capture storage and utilisation technologies, and the modernisation of district heating; considers that the transformation of the energy sector in the light of the climate objectives should be supported accordingly, notably in coal-dependent regions and countries, so as to effectively contribute to a strategic transition to a low-emission economy; calls for the establishment of a comprehensive fund in order to support a just transition, in particular through the development and deployment of renewable sources, energy efficiency solutions, energy storage, electro-mobility solutions and infrastructure, modernisation of power generation and grids, advanced power generation technologies, including carbon capture and storage (CCS), carbon capture utilisation (CCU) and coal gasification, modernisation of district heating, including high-efficiency cogeneration, early adaptation to future environmental standards and restructuring of energy-intensive industries, as well as addressing social, economic and environmental impacts;
87. Underlines the strategic importance of large-scale infrastructure projects, namely the International Thermonuclear Experimental Reactor (ITER), the European Geostationary Navigation Overlay (EGNOS), the Global Satellite Navigation System (Galileo), the Earth Observation Programme (Copernicus) and the future Governmental Satellite Communications (GOVSATCOM) for the EU's future competitiveness, security and political power; points out that the financing of these large-scale projects needs to be secured in the EU budget but, at the same time, ring-fenced, so as to ensure that possible cost overruns do not threaten the funding and successful implementation of other Union policies, as exemplified in the previous MFF in certain individual cases; recalls that, for this purpose, the maximum amount for these projects is currently fixed in the MFF Regulation, and calls for similar provisions in the new regulation;

88. Stresses the importance of and the EU’s leading role in preserving, protecting and improving the quality of the environment and tackling climate change, the degradation of ecosystems and biodiversity loss; considers that stable and appropriate funding is essential to achieving the EU’s international commitments such as the Paris Agreement; recalls that the next MFF should help the Union to achieve those objectives and should contribute to the transition to a low-carbon economy by 2050; underlines that the EU should not finance projects and investments that are contrary to the achievement of these goals; calls for the thorough climate mainstreaming of future EU spending; calls, in this respect, for the programmes concerned, such as LIFE+, to be properly funded and for their financial resources to be doubled, and for the establishment of dedicated envelopes for biodiversity and the management of the Natura 2000 network;

Stronger cohesion and solidarity in Europe

89. Stresses that cohesion policy post-2020 should remain the main investment policy of the European Union covering all EU regions, in order to tackle complex socio-economic challenges while concentrating the majority of the resources on the most vulnerable regions; believes that, beyond the goal of reducing the disparities between levels of development and enhancing convergence as enshrined in the Treaty, cohesion policy should focus on the achievement of the EU’s broad EU political objectives and proposes, therefore, that under the next MFF, the three cohesion policy funds – the European Regional Development Fund (ERDF), the European Social Fund (ESF) and the Cohesion Fund – should concentrate mainly on providing support for growth and competitiveness, research and innovation, digitalisation, industrial transition, SMEs, transport, climate change mitigation and adaptation, environmental sustainability and just energy transition, employment, social inclusion, gender equality, poverty reduction, and demographic challenges; stresses that the three funds represent the integral components of EU cohesion policy, and can only operate jointly under the single framework of this policy; calls, moreover, for a reinforced territorial cooperation, including a cross-border component and an urban dimension for the policy, as well as dedicated provisions for rural, mountain, island and remote areas;

90. Considers maintaining the financing of cohesion policy post-2020 for the EU-27 at least at the level of the 2014-2020 budget at constant prices to be of the utmost importance; stresses that GDP should remain one of the parameters for the allocation of cohesion policy funds, but believes that it should be complemented by an additional set of social, environmental and demographic indicators to better take into account new types of inequalities between and within EU regions in all Member States; supports, in addition, the continuation under the new programming period of the elements that rendered cohesion policy more modern and performance-oriented under the current MFF, i.e. the thematic concentration, the ex ante conditionalities, the performance framework and the link to economic governance;

91. Is strongly committed to the commitments arising from Article 9 TFEU for the delivery of a social Europe and the implementation of the European Pillar of Social Rights based on the sustainable growth of a highly competitive social market economy, aiming at full employment and social progress and promoting equality between women and men, solidarity between generations and protection of the rights of the child as enshrined in the Treaty: highlights that such implementation requires that social policies are properly financed and underlines the consequent need to reinforce the existing instruments contributing to these goals, notably the ESF, the Youth Employment Initiative, the Fund for European Aid to the Most Deprived, the EGF and EaSI; insists that they are safeguarded in the next MFF and that they continue to be implemented predominantly through grants;

92. Reiterates its call on the Commission and all Member States to establish a special fund dedicated to the Child Guarantee, placing children at the centre of expanding poverty alleviation policies and ensuring the corresponding resources for full implementation of the necessary policy measures, including helping parents to get out of social exclusion and unemployment through targeted interventions;
93. Highlights that the ESF in particular should expand its support to the development of social dialogue, namely by improving the capacity building of social partners, including European sectoral and intersectoral levels, and that this commitment should become compulsory for Member States in all the regions of the EU;

94. Emphasises in particular the continuous need to fight youth unemployment and exclusion, especially among young people not in education, employment or training (NEETs), as part of a comprehensive approach to youth policies at EU level; calls, therefore, for the Youth Employment Initiative envelope to be doubled, as well as for the full implementation of the EU Youth Guarantee, while ensuring quick and simplified deployment of funds and permanent and stable financing in the next programming period; underlines the need for an improved regulation in order to safeguard non-discriminatory participation in the programme for young people coming from a disadvantaged socio-economic background; considers that investment to boost education and training, especially the development of digital literacy, remains one of the top priorities of the EU; insists that this programme must not replace expenditure previously financed by national budgets;

95. Expresses support for programmes in the areas of culture, education, media, youth, sport, democracy, citizenship and civil society that have clearly demonstrated their European added value and enjoy lasting popularity among beneficiaries; advocates, therefore, continuous investment in the Education and Training 2020 framework through the Erasmus+, Creative Europe and Europe for Citizens programmes, in order to pursue reaching out to people of all ages, especially young people; reiterates its support for strengthening the external dimension of the Erasmus+ and Creative Europe programmes; recommends, moreover, the continuation of the European Solidarity Corps, with adequate resources that do not come at the expense of other EU programmes; underlines also the significant contribution of the cultural and creative industries (CCIs) to growth and jobs in the EU;

96. Recommends setting up an internal European Democracy Fund for the strengthened support of civil society and NGOs working in the fields of democracy and human rights, to be managed by the Commission;

97. Calls, in particular, for the Erasmus+ envelope to be at least tripled in the next MFF with the aim of reaching many more young people, youth organisations and secondary school pupils and apprentices across Europe, providing them with valuable competences and life skills through lifelong learning, learner-centred, non-formal and informal learning opportunities, and volunteering and youth work; calls for particular attention to be paid to people coming from a disadvantaged socio-economic background so as to enable them to participate in the programme, as well as to people with disabilities;

98. Calls on the Commission to follow up on the ‘18th Birthday Interrail Pass for Europe’ project and put forward a dedicated programme in the next MFF with sufficient annual appropriations to cover all applications for a free railway pass coming from young Europeans that turn 18 in a specific year; underlines that such a project would become a key component in increasing European consciousness and identity, especially in the face of threats such as populism and the spread of misinformation; reiterates that in order to reach the objective of such a programme a proposal for a proper legal base is expected from the Commission;

99. Expects that in the post-2020 period the European Union will move from crisis-management mode to a permanent common European policy in the field of asylum and migration; stresses that actions in this field should be covered by a dedicated instrument, i.e. the Asylum, Migration and Integration Fund (AMIF); emphasises that the future fund, as well as the relevant Justice and Home Affairs agencies, must be equipped with an adequate level of funding for the whole of the next MFF in order to address the comprehensive challenges in this area; believes, furthermore, that the AMIF should be complemented by additional components tackling this issue under other policies, in particular the European Structural and Investment funds and the instruments financing external actions, as no single tool could hope to address the magnitude and complexity of needs in this field; recognises, moreover, the importance of cultural, educational, youth and sports programmes in integrating refugees and migrants into European society; asks the Commission to assess whether the role of European cities within the European asylum policy could be strengthened by introducing an incentive scheme that offers financial support for refugee accommodation and economic development directly to cities in return for receiving refugees and asylum seekers;
100. Recognises the European added value of collaboration in addressing common public health threats; notes that no single Member State can tackle cross-border health challenges alone, and calls for the next MFF to reflect the EU's responsibility to implement the SDG on public health, health systems and environment-related health problems, and to support Member States in eliminating growing health inequalities; considers that, on the basis of the positive outcome of the ongoing actions in this field, the next MFF should include a robust next-generation health programme that addresses these issues on a cross-border basis, e.g. by achieving innovative solutions for healthcare delivery, including digital health, such as the European Reference Networks, and that provides support to Member States in the form of expertise and exchange of data, evidence and good practice; recalls that good health is a prerequisite for achieving other goals set by the EU and that policies in such fields as agriculture, environment, employment, social issues or inclusion also have an impact on the health of Europeans; calls, therefore, for the strengthening of health impact assessments and for cross-sectoral cooperation in the next MFF in this field:

**Stronger and sustainable agriculture and fisheries**

101. Affirms that a modernised common agricultural policy is fundamental for food security and autonomy, the preservation of rural populations and employment, sustainable development, environmental, agricultural and forestry sustainability, and the provision of healthy, high-quality and affordable food products for Europeans; points out that food and health requirements have increased, as well as the need to support farmers' transition towards environmentally friendly farming practices and to tackle climate change; highlights the need to support farmers' income security and strengthen the link between the CAP and the delivery of public goods; underlines that the CAP is one of the most integrated policies and is mainly financed at EU level and, therefore, replaces national spending:

102. Stresses that the CAP budget in the next MFF should be at least maintained at its current level for the EU-27 at constant prices; stresses that the new challenges to be faced by the next CAP call for a sound financial allocation based on analyses of current policy and future needs; underlines that direct payments generate clear EU added value and strengthen the single market by avoiding distortions of competition between Member States; opposes any renationalisation and any national cofinancing for direct payments in that respect; stresses the need to continue measures maintaining production in sectors that are vital for vulnerable areas, to reform the agricultural crisis reserve, to increase funding in line with responses to the various cyclical crises in sensitive sectors, to create new instruments that can mitigate price volatility and to increase funding for Programmes of Options Specifically Relating to Remoteness and Insularity (POSEI); urges the Commission to continue the process of convergence of direct payments and to ensure the necessary financial and legal framework for the food supply chain in order to combat unfair trading practices; points out that rural areas in the EU face serious problems and therefore need specific support;

103. Stresses the socioeconomic and ecological importance of the fisheries sector, the maritime environment and the 'blue economy' and their contribution to the sustainable food autonomy of the EU in terms of ensuring the sustainability of European aquaculture and fisheries and mitigating the environmental impact; points out that the common fisheries policy is an exclusive EU competence; emphasises, in this respect, the need to keep a specific, substantial, independent and accessible fisheries fund to implement this policy; calls for the re-establishment of the Programme of Options Specifically Relating to Remoteness and Insularity in Fisheries, as this is a very important programme for the EU's outermost regions; calls, as a minimum, for the level of financial appropriations dedicated to the fisheries sector under the current MFF to be maintained and, if new needs arise, for an increase in the financial appropriations for maritime affairs; warns of the possible negative impacts of a hard Brexit on this sector; notes that other financial instruments, in addition to non-repayable aid, could provide complementary financing possibilities;

**Stronger responsibility in the world**

104. Stresses that the world is facing multiple challenges, including conflicts, cyber-attacks, terrorism and radicalisation, disinformation, natural disasters, climate change and environmental degradation, human rights violations and gender inequality; believes that the Union has a particular political and financial responsibility which is founded on a genuinely European, rules- and values-based foreign policy, and on support for the stability, security, democratic governance and sustainable development of our partners, as well as on poverty eradication and crisis response:
105. Emphasises that appropriations for external action should be significantly increased if the Union is to play its role in the framework of its global strategy and of its enlargement, neighbourhood and development policies, as well as in addressing emergencies; expects the next MFF to reflect the unprecedented needs of the southern and eastern neighbourhood countries that are struggling with conflicts and the consequences of the challenges presented by migration and refugees; calls for higher appropriations to be allocated to address the growing need for humanitarian aid arising from natural and manmade disasters, avoiding any gap between commitments and payments; believes that it is necessary for the Union to increase funding to the UN Relief and Works Agency for Palestine Refugees in the Near East (UNRWA); stresses, moreover, the need for additional resources to finance an investment plan for Africa in order to promote inclusive growth and sustainable development, and thus tackle some of the root causes of irregular migration.

106. Recalls that the EU’s development policy is driven by a series of commitments, notably the SDGs, the Addis Ababa Action Agenda on financing for development, the Paris climate agreement and the European Consensus on Development, as well as policy coherence for development and aid effectiveness principles; draws attention to the commitment by the EU and its Member States to increase their official development assistance (ODA) to 0,7 % of GDP by 2030, including 20 % of the EU’s ODA for social inclusion and human development and 0,2 % of the EU’s GNI in ODA for least developed countries.

107. Notes that development assistance can play an important role in tackling the root causes of migration and contributing to stability, but considers that ODA should not be used to cover in-donor refugee costs; notes the potential role of ODA to facilitate the mobilisation of financing from other sources, and underlines the need for increased engagement with the private sector through a possible continuation of the External Investment Plan, building on its evaluation.

108. Supports the direct provision of funding to civil society organisations and to human rights defenders, especially in third countries where democracy and the rule of law are at risk; stresses, in this respect, the need for the external financing instruments to respond rapidly to political developments and to strengthen the ‘more for more’ principle.

109. Is ready to consider a simplified and streamlined architecture for the external financing instruments as long as it enhances transparency, accountability, efficiency, coherence and flexibility, and respects the objectives of the underlying policies; calls for maintaining separate dedicated instruments for Pre-accession Assistance, for the Neighbourhood, for Development and for Humanitarian aid by reason of their specific political and financial features; notes that such architecture should include a budgeted EDF on top of the agreed ceilings without the African Peace Facility, and a more transparent incorporation of relevant trust funds and facilities.

110. Underlines the importance of enhanced flexibility to allow for the mobilisation of additional resources and for the swift deployment of funding; could consider, as part of an overall increase in the external financing instruments, a larger unallocated reserve aimed at increasing in-built flexibility; stresses, however, that such flexibility should not be achieved at the expense of long-term policy objectives and geographic and thematic priorities, the predictability of long-term funding, parliamentary scrutiny, and consultations with partner countries and civil society.

111. Believes that a new heading dedicated to ‘Security, peace and stability for all’ would demonstrate the priority given by the Union to this emerging policy responsibility, acknowledge its specificity, and achieve consistency between its internal and external dimensions.

112. Stresses that the level and mechanisms of funding in the field of internal security should be stepped up from the outset and for the entire duration of the next MFF in order to avoid systematic recourse to the flexibility provisions of the MFF every year; calls for sufficient resources to be provided to law enforcement agencies (Europol, Eurojust and Cepol) and for the European Agency for the operational management of large-scale IT systems (eu-LISA) to be endowed with the means to implement and manage its new responsibilities; underlines the role of the European Union Agency for Fundamental Rights in understanding and responding to the phenomena of radicalisation, marginalisation, hate speech and hate crime.
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113. Believes that the next MFF must support the establishment of a European Defence Union; looks forward to the relevant legislative proposals, following the Commission’s announcements in this area, including a dedicated EU defence research programme and an industrial development programme complemented by Member States’ investment in collaborative equipment; reaffirms, in this context, its strong conviction that additional political priorities should be coupled with additional financial means; recalls that increased defence cooperation, the pooling of research and equipment and the elimination of duplications will boost the strategic autonomy and competitiveness of Europe’s defence industry and lead to considerable efficiency gains, often estimated at around EUR 26 billion per year;

114. In the context of the increased attention given to security and defence in the Union, requests a reassessment of all external security expenditure; looks forward in particular to a reform of the Athena mechanism and of the African Peace Facility after the budgeting of the EDF; welcomes the recent commitments by Member States under permanent structured cooperation and asks the Vice-President of the Commission / High Representative of the Union for Foreign Affairs and Security Policy and the Commission to provide clarification as regards its future financing; calls for a successor programme for the Instrument contributing to Stability and Peace focusing on crisis response and capacity building for security and development, while finding a legally sound solution for military capacity building;

115. Stresses the paramount importance of the EU Civil Protection Mechanism, which has enabled coordinated EU assistance in natural and manmade disasters across the Union and beyond; points to the unquestionable added value of civil protection operations in effectively combating disasters, which are becoming all the more frequent and complex, while boosting the feeling of European solidarity among EU citizens in times of need; welcomes the recent Commission proposals to boost the EU’s civil protection by strengthening preparedness and prevention measures, including the establishment of a dedicated reserve of operational capacities at Union level; calls for reinforced action in this field to be coupled with adequate funding under the next MFF;

116. Considers that a strong, efficient and high-quality public administration is indispensable to the delivery of Union policies and to rebuild trust and strengthen dialogue with civil society organisations and citizens at all levels; underlines the role of the institutions made up by democratically elected members in that respect; recalls that, according to the Court of Auditors, the EU institutions, bodies and agencies have implemented the 5 % reduction in staff as set out in their establishment plans; takes the view that they should not be subject to a further horizontal reduction approach of this kind; expresses its fierce opposition towards a repetition of the so-called redeployment pool for agencies;

117. Welcomes initiatives by the institutions, bodies and agencies to further enhance efficiency through increased administrative cooperation and the pooling of certain functions, thereby generating savings to the Union budget; highlights that, for certain agencies, further efficiency gains could be made, especially through increased cooperation among agencies with similar tasks, such as in the field of the financial market supervision and of agencies with multiple locations; calls, in a more general way, for a thorough assessment of the possibilities of grouping agencies according to the strategic nature of their mission and their results in order to create synergies among agencies, e.g. regarding the European Banking Authority and the European Securities and Markets Authority in Paris;

118. Considers that the EU institutions and bodies should respect both a geographical balance and gender balance;

119. Calls on the Commission to propose a mechanism whereby Member States that do not respect the values enshrined in Article 2 of the Treaty on European Union (TEU) can be subject to financial consequences; warns, however, that final beneficiaries of the Union budget can in no way be affected by breaches of rules for which they are not responsible; is convinced, therefore, that the Union budget is not the right instrument for addressing the failure to observe Article 2 TEU, and that any possible financial consequence should be borne by the Member State independently of budget implementation;
120. Emphasises that the elimination of discriminations, as well as gender inequality and gender-based violence, is vital to fulfil the EU's commitments towards an inclusive Europe; supports, therefore, gender mainstreaming and gender equality commitments in all EU policies under the next MFF, as well as a reinforced budgetary dimension in combating all instances of discrimination, with particular attention given to the gender dimension within migration and asylum policies and external EU policies;

121. Stresses the need to ensure that women have access to sexual and reproductive services and that special attention be paid to the specific needs of vulnerable persons, including minors and other groups, such as the LGBTI community;

122. Advocates that dedicated support be given to disadvantaged target groups, explicitly excluding segregational practices, especially persons with disabilities and Roma people, and in particular that the designation of 'Roma people' remains in the list of beneficiaries of the ESF and the ERDF;

123. Notes that, due to their isolation from the European mainland, the outermost regions (ORs) and the Overseas Countries and Territories (OCTs) have to contend with specific natural, economic, and social challenges; considers that tailored measures and duly justified derogations should be set up for them; calls for the continuity of the EU financial support to ORs and OCTs in the next MFF, notably under cohesion policy for ORs and under a specific instrument for OCTs, for their access to research programmes and for fighting the specific climate change challenges they face;

124. Urges the Commission, for the sake of sound financial management and transparency in the European Union's budget, to consider setting up proper conditions to prevent corruption and financial fraud concerning EU funds; expresses particular concern regarding customs fraud, which has created a significant loss of income for the Union budget; calls on the Member States that objected to the Union legal framework for customs infringements and sanctions to reconsider their position in order to allow for a speedy solution to this problem;

IV. Procedure and decision-making process

125. Recalls that the adoption of the MFF Regulation requires Parliament's consent; stresses, moreover, that Parliament and the Council are two equal arms of the budgetary authority in the adoption of the annual EU budget, while the sectoral legislation setting up the vast majority of EU programmes, including their financial envelopes, is decided under the ordinary legislative procedure; expects, therefore, a decision-making procedure on the next MFF that safeguards Parliament's role and prerogatives as set out in the Treaties; insists that the MFF Regulation is not the appropriate place for changes to the EU Financial Regulation; urges the Commission to put forward a separate proposal for a revision of the EU Financial Regulation, whenever there is a need to make changes to that regulation;

126. Expresses its readiness to enter immediately into a structural dialogue with the Commission and the Council on the post-2020 MFF with the aim of facilitating the subsequent negotiations and enabling an agreement by the end of this parliamentary term; stands ready to debate the positions set out in the current resolution with the Council, in order to allow for a better understanding of Parliament's expectations on the next MFF;

127. Underlines that, with the Commission's proposals announced for May 2018, a formal decision on the next MFF should be taken within one year; considers that, despite an initial delay in the presentation of the Commission's proposals, a timely agreement for the post-2020 framework should be achieved, in order to send an important political message regarding the Union's capacity to further build consensus on the future of the EU and on the corresponding financial means; insists that this timetable will allow, inter alia, for the swift adoption of all sectoral regulations, thus enabling the new programmes to start without delay on 1 January 2021; recalls that, in previous financial frameworks, the new programmes were essentially launched some years after the beginning of the period;

128. Considers that the newly elected Parliament may, acting by an absolute majority of its component members, within 6 months after the European elections request that the Commission propose a revision of the sectoral legislation setting up the EU successor programmes for the next MFF, adopted by the previous legislature;
129. Underlines, therefore, the need for substantial discussions between the three institutions to be launched without delay; stresses that all elements of the MFF Regulation, including the MFF ceilings, will be part of the MFF negotiations and should remain on the table until a final agreement is reached; recalls, in this respect, Parliament’s critical stance on the procedure leading to the adoption of the current MFF Regulation and the dominant role that the European Council assumed in this process by deciding irrevocably on a number of elements, including the MFF ceilings and several sectoral policy-related provisions;

130. Is of the opinion that the procedures related to the upcoming MFF negotiations, and notably Parliament’s involvement in the different stages of this process, should be agreed without delay under the Bulgarian Presidency and before the presentation of the MFF proposals; expects, in this context, that the Commission will be providing Parliament with the same level of information that is made available to the Council in a timely manner; considers that these arrangements should eventually be enshrined in the IIA, as is the case for the annual budgetary procedure;

131. Considers that the unanimity requirement for the adoption of the MFF Regulation represents a true impediment in the process; calls on the European Council, in this regard, to activate the passerelle clause provided for in Article 312(2) TFEU so as to allow for the adoption of the MFF Regulation by qualified majority; recalls, moreover, that the general passerelle clause set out in Article 48(7) TEU can also be deployed, in order to apply the ordinary legislative procedure; stresses that a shift towards qualified majority voting for the adoption of the MFF Regulation would be in line with the decision-making process for the adoption of virtually all EU multiannual programmes, as well as for the annual procedure for adopting the EU budget;

132. Instructs its President to forward this resolution to the Council, the Commission, the other institutions and bodies concerned, and the governments and parliaments of the Member States.
Reform of the European Union’s system of own resources

European Parliament resolution of 14 March 2018 on reform of the European Union’s system of own resources (2017/2053(INI))

The European Parliament,

— having regard to Articles 311 and 332(2) of the Treaty on the Functioning of the European Union (TFEU),

— having regard to Articles 106a and 171 of the Treaty establishing the European Atomic Energy Community,

— having regard to Council Decision 2014/335/EU, Euratom of 26 May 2014 on the system of own resources of the European Union (1),

— having regard to Council Regulation (EU, Euratom) No 608/2014 of 26 May 2014 laying down implementing measures for the system of own resources of the European Union (2),

— having regard to Council Regulation (EU, Euratom) No 609/2014 of 26 May 2014 on the methods and procedure for making available the traditional, VAT and GNI-based own resources and on the measures to meet cash requirements (3),


— having regard to its resolution of 29 March 2007 on the future of the European Union’s own resources (4),

— having regard to its resolution of 8 June 2011 entitled ‘Investing in the future: a new Multiannual Financial Framework (MFF) for a competitive, sustainable and inclusive Europe’ (5),

— having regard to its resolution of 15 April 2014 entitled ‘Negotiations on the MFF 2014-2020: lessons to be learned and the way forward’ (6),

— having regard to its position of 16 April 2014 on the draft Council decision on the system of own resources of the European Union (7),

— having regard to its position of 17 December 2014 (8) on the system of the European Communities’ own resources,

— having regard to its resolution of 6 July 2016 (9) on the preparation of the post-electoral revision of the MFF 2014-2020,

— having regarding to the report ‘Future financing of the EU – final report and recommendations of the High Level Group on Own Resources’ of December 2016,

— having regard to Article 1 of the Decision of the Conference of Presidents of 12 December 2002 on the procedure for granting authorisation to draw up own-initiative reports,

— having regard to Rule 52 of its Rules of Procedure,

(8) OJ C 294, 12.8.2016, p. 82.
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— having regard to the report of the Committee on Budgets and the opinions of the Committee on International Trade, the Committee on Budgetary Control, the Committee on Economic and Monetary Affairs, the Committee on the Environment, Public Health and Food Safety, the Committee on Agriculture and Rural Development and the Committee on Constitutional Affairs (A8-0041/2018),

A. whereas, under the Treaty of Rome of 25 March 1957, the European Economic Community was to be financed by national contributions for a transitional period only, and subsequently by a system of own resources;

B. whereas the Luxembourg European Council of April 1970 decided on a system of own resources, ending national contributions and introducing two genuine own resources, namely agricultural levies and customs duties, complemented by a third resource based on value added tax (VAT);

C. whereas in June 1988 the European Council introduced an own resource based on Member States’ GNI, on the grounds that the revenues generated from the existing own resources were insufficient to cover total expenditure under the EU budget;

D. whereas the share of the GNI-based resource has significantly increased, from around 11 % in 1988 to 69 % in 2014, turning de facto this ‘residual’ and ‘balancing’ resource into the largest source of revenue of the EU budget today; whereas the VAT resource currently accounts for around 12 % of the EU budget, the traditional own resources (customs duties, agricultural duties and sugar and isoglucose levies) for around 13 % and the remaining percentage is covered by other revenue, including taxes paid by EU staff or fines paid by companies in breach of competition law;

E. whereas, since the introduction in 1984 at the Fontainebleau European Council of the British rebate, whereby 66 % of the UK’s net contribution is reimbursed, various other rebates and correction mechanisms have been progressively introduced in order to address the shortcomings of the so-called ‘operating budgetary balances’ of certain Member States; whereas such corrections currently concern principally either a reduction in the financing of the UK correction, or a gross reduction in the GNI or VAT contribution;

F. whereas Parliament has highlighted in a number of resolutions over the past decade the problems and complexity of the EU’s own resources system and has called repeatedly for an in-depth reform to render the system simpler, more transparent and more democratic, including the introduction of new and genuine own resources that should, progressively and to the extent possible, replace the GNI-based contributions;

G. whereas in 2011 the Commission put forward an ambitious legislative package on own resources (COM(2011)0510), presented jointly with the 2014-2020 MFF proposals, with a view to achieving the simplification of Member States’ contributions, the introduction of new own resources — a reformed VAT and a Financial Transaction Tax (FTT) — and the reform of correction mechanisms; whereas these proposals were ignored by the Council;

H. whereas, as a result of the 2014-2020 MFF negotiations, a High Level Group on Own Resources (HLGOR) was established, including representatives of all three main EU institutions and chaired by Mario Monti; whereas in December 2016 the HLGOR presented its final report and recommendations, which represent the basis for the elaboration of Parliament’s position as set out in the present resolution; highlights that this report was adopted unanimously by all of the group’s members, including those members appointed by the Council;

1. Notes that the Commission will present its proposals on the post-2020 MFF by May 2018; requires that the future MFF proposed by the Commission include ambitious proposals to revise the Own Resources Decision and all related legislative acts, as well as to introduce new own resources; underlines that both the expenditure and the revenue side of the next MFF will be treated as a single package in the upcoming negotiations between the Council and Parliament; states that no agreement will be reached on the MFF without corresponding headway being made on own resources;

2. Presents this resolution in order to express its position on the main elements of the reform of the EU’s system of own resources, including the composition of a basket of new own resources, as well as the elements of the current system that should remain in place; calls on the Commission to take due account of Parliament’s position in preparing the legislative proposals on the EU’s own resources, which should be ambitious in scope and presented together with the post-2020 MFF proposals; is convinced of the imperative need to make significant progress on the revenue side of the EU budget, in order to facilitate an agreement on the next MFF;
I. **LEGAL FRAMEWORK AND DECISION-MAKING PROCESS**

3. Recalls that Article 311 TFEU states: ‘The Union shall provide itself with the means necessary to attain its objectives and carry out its policies. Without prejudice to other revenue, the budget shall be financed wholly from own resources’; stresses, therefore, that the legal requirement to provide the EU budget with genuine own resources derives directly from the Treaty;

4. Recalls that Article 310 TFEU stipulates that ‘the revenue and expenditure shown in the budget shall be in balance’; notes, accordingly, that the revenue should cover the totality of expenditure, as adopted every year by the budgetary authority; stresses that the EU budget cannot run an annual deficit or be financed by borrowing money on the financial markets;

5. Notes that the main legislative act setting out the provisions relating to the own resources system, the so-called Own Resources Decision (ORD), is adopted by the Council acting unanimously after consulting Parliament, and that this decision is subject to ratification by all Member States; underlines that this is one of the heaviest legislative procedures foreseen in the Treaty;

6. Notes that, in this legislative act, the Council sets inter alia the ceiling of own resources, and may establish new categories of own resources or abolish an existing category; underlines that even if the ORD has no expiry date, it is directly linked to the respective MFF that sets the maximum level of expenditure for the same period it covers;

7. Recalls that the Treaty of Lisbon introduced new provisions regarding the implementing legislation on own resources, providing for the possibility of the Council adopting a regulation by qualified majority after obtaining the consent of Parliament; regrets, however, that several implementing provisions, especially those relating to the calculation of the GNI resources, still remain in the ORD; therefore calls for a smoother adoption procedure for the ORD; calls on the Council and the Commission, in the context of a future Treaty revision, to support Parliament’s demand for the modification of Article 311 TFEU in order to reinforce Parliament’s role in the procedure for the adoption of own resources;

8. Recalls that Member States are responsible for their fiscal policies, and underlines that the power to levy taxes lies at the heart of Member States’ sovereignty; underlines that the reform of EU own resources does not represent a transfer of national sovereignty in this area, but, rather, aligns the current system with the spirit and the letter of the EU Treaties;

II. **REASONS FOR REFORMING THE CURRENT OWN RESOURCES SYSTEM**

i. **Need to address shortcomings of the existing system**

9. Stresses that the current system of own resources is highly complex, unfair, non-transparent and totally incomprehensible to the EU’s citizens; points in particular to the opacity of the calculations relating to the national rebates and correction mechanisms which apply to the system of own resources or the statistical VAT-based resource; stresses, moreover, that this system is not subject to any effective parliamentary control at EU level and in essence lacks democratic legitimacy and accountability;

10. Underlines that the way the system of own resources has evolved, gradually replacing genuine own resources by the so-called ‘national contributions’, places a disproportionate emphasis on net balances between Member States, thus largely ignoring the contribution of the EU budget to achieving common European objectives to the benefit of all EU citizens; regrets, therefore, that the total share of national contributions to the EU budget, calculated either on the basis of GNI or as a percentage of the statistical VAT-based resource, represents around 83% of total EU revenue;

11. Is convinced that the dominance of the GNI resource has reinforced the budgetary logic of *juste retour* (fair return) that has monopolised the debates in Council, on both the revenue and expenditure sides of the EU budget; points, in this context, to the introduction of the British rebate and a series of related rebates and other correction mechanisms on the revenue side, on the one hand, as well as the inability to agree on a sufficient level of appropriations for the EU budget in the annual budgetary procedure, on the other hand; is of the opinion that the EU must depart from the concept of net operating balance, as in practice all Member States are beneficiaries of the EU Budget;

12. Considers, in particular, that the decision on the size of the annual EU budget is affected by political and financial considerations at national level, imposing constraints on the budgetary negotiations that often result in a zero-sum game between net payers and net beneficiaries in the Council; ignoring the Union commitments, including the ones made by the Council; considers that, as a result, a number of EU policies that show the highest European added value are often the areas where cost savings are proposed and that the EU project as such is thus weakened;
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13. Notes that the national contributions to the EU budget are clearly identified on the expenditure side of national budgets and are often perceived as a financial burden, outweighing the benefits triggered by areas of EU expenditure that are often less visible; stresses, in this regard, the need to address the lack of public awareness of the benefits of the EU budget;

14. Is convinced, therefore, that the current system of own resources violates, in essence, the letter and the spirit of the Treaty; reiterates its long-standing position that an in-depth reform of EU resources is imperative in order to realign the financing of the EU budget with the requirements of the Treaty and the needs of the Union as a whole;

ii. Need to enable the Union to finance its policies and meet new challenges

15. Underlines that the post 2020-MFF will need to ensure the proper financing of EU policies and programmes with a clear European added value, but also to provide additional means for addressing challenges that have already been identified in fields such as growth and jobs, climate change, environmental protection, competitiveness, cohesion, innovation, migration, control of the EU’s external borders, security and defence;

16. Stresses, moreover, the need to avoid the shortcomings of the current MFF and to provide from the outset for a level of resources that will enable the Union to pursue its policy agenda with adequate financing and to respond effectively to unforeseen events or crises that may occur during the period of the next financial framework; stresses the need to solve the recurrent problem of lack of sufficient payment appropriations in the annual budgetary procedure; recalls the substantial mobilisation of the MFF flexibility provisions that was needed in order to confront the migration and refugee crisis alone;

17. Expects that, without prejudice to the financial settlement, the consequences of the withdrawal of the UK from the EU will represent an important challenge also for the next MFF and all related budgetary decisions; is convinced that, ahead of a decision on the post-2020 MFF, the ‘Brexit gap’ should be bridged while guaranteeing that EU resources are not reduced and that EU programmes are not affected negatively;

18. Welcomes the proposal made by the President of the Commission, Jean-Claude Juncker, for the creation of a specific line dedicated to the euro area within the EU budget, included in his ‘state of the union’ speech to the European Parliament and further developed in the Commission communication of 6 December 2017 on new budgetary instruments for a stable euro area within the Union framework (COM(2017)0822); calls, to this end, for a budgetary capacity within the EU budget over and above the current ceilings;

III. TOWARDS AN ACCEPTABLE AND BALANCED SYSTEM OF OWN RESOURCES

i. Principles and assumptions governing the setting-up of a new own resources system

19. Favours, in order to provide stable finances at EU level, the establishment of a transparent, simpler and fairer new system of own resources, building on elements of the current system where they have proved effective; considers that the reform of the system of own resources should be based on a series of guiding principles;

20. Stresses the need to link revenues to policy objectives, in particular to the single market, the energy union, and the environment, climate and transport policies; is convinced in this respect that the EU budget should focus on policies with European added value as defined in its resolution of 24 October 2017 on the Reflection Paper on the Future of EU Finances (10);

21. Underlines, from an operational point of view, that new own resources cannot all be introduced at the same time, and points out the need for progressive implementation; considers therefore that the reform of the system of own resources could be achieved through a two-step approach: first, by introducing less technically complex own resources whose collection is easily manageable at a reasonable cost, and second, by gradually introducing each additional new own resource, on the basis of a fixed timetable until all have reached cruising speed;

22. Considers that the introduction of new own resources should have a dual purpose, i.e. first, to bring about a substantial reduction (aiming at 40 %) in the proportion of GNI-based contributions, thus creating savings for Member State budgets; and second, to enable the financing of an higher level of EU spending under the post-2020 MFF, also covering the gap resulting from the withdrawal of the UK; recalls in this context that the new own resources do not aim to increase the overall fiscal burden for the EU taxpayer, who should not be affected by the introduction of new own resources;

23. Calls for the abolition of all rebates and corrections, while ensuring fair treatment between Member States; underlines in this context that Brexit will mean that the UK rebate and the related rebates on the rebate will become obsolete and cease to exist, while reform of the statistical VAT-based own resource will become inevitable;

24. Considers that the traditional own resources, namely customs duties, agricultural duties and the sugar and isoglucose levies, constitute a reliable and genuine source of EU revenue, as they arise directly from the EU being a customs union and from the legal competences and common commercial policy linked to that; takes the view, therefore, that the traditional own resources should be retained as a source of revenue for the EU budget; considers that if the proportion of collection costs retained by Member States is reduced, a bigger share of this revenue can be secured for the EU budget;

25. Acknowledges that the GNI-based contribution provides a reliable, stable and fair source of revenue for the EU budget, and benefits from very strong support from a large majority of Member States; believes, therefore, that it should be preserved but only as a balancing and residual resource for the EU budget, which would put an end to the budgetary logic of ‘fair return’; stresses the need, in this context, to ensure that the GNI contribution is classified in the same manner in all national budgets, namely as revenue attributed to the EU and not as expenditure of national governments;

ii. Criteria used to identify new own resources

26. Shares the view of the report of the High Level Group on Own Resources (HLGOR), according to which the following criteria are to be taken into account for identifying potential new own resources: equity/fairness; efficiency; sufficiency and stability; transparency and simplicity; democratic accountability and budgetary discipline; focus on European added value; the subsidiarity principle and fiscal sovereignty of Member States; and limiting political transaction costs;

27. Calls on the Commission, on the above basis, to examine the introduction of the following basket of new own resources;

iii. Basket of possible new own resources

a. Objective: Consolidate the single market, increase its transparency and improve the level playing field

− Value added tax

28. Recalls that, since its inception almost 50 years ago, VAT has been used as a base for calculating one of the own resources of the EU budget, and that this resource currently represents around 12% of EU revenue;

29. Notes, however, that the current system has serious shortcomings: the resource is calculated on a statistical basis; it is unnecessarily complex and has no direct link to the citizens; it represents a mere transfer of a part of revenue collected by the Member States, and thus brings no added value compared to the GNI resource; and the contribution base is not transparent and there is no equality among taxpayers;

30. Deplores the fact that OLAF has repeatedly found severe cases of customs fraud in Member States leading to a significant loss of income for the Union budget; draws attention to the Special Report 19/2017 of the European Court of Auditors entitled ‘Import procedures: shortcomings in the legal framework and an ineffective implementation impact the financial interests of the EU’, and is concerned that fraudsters could continue to find the ‘weakest link’ among Member States as their point of entry into the customs union, and that losses to the Union budget could continue even during the next MFF; calls on the Commission and the Member States to take the necessary measures to stop these activities that are damaging to the Union budget;

31. Recalls the legislative proposal of 2011 on a new VAT resource, which would have resulted in the application of a fixed EU-wide rate based on the net value of supplies of goods and services or on imports of goods to which a standard, common rate of VAT would have applied; notes that although this proposal did not go through, the European Council of February 2013 encouraged the Council to continue working on this dossier; believes that the current context offers a window of opportunity allowing for a possible breakthrough in this matter;

32. Welcomes the High Level Group’s proposal for its vision of the VAT-based own resource with the aim of making it simpler, lowering its administrative costs and strengthening the link between EU VAT policy and actual VAT receipts;
33. Takes note of the Commission’s Action Plan on VAT (‘Towards a Single EU VAT area – Time to decide’) published on 7 April 2016 (COM(2016)0148), and of the subsequent proposal of 4 October 2017 for a series of fundamental principles and key reforms for the EU’s VAT area; supports an in-depth reform of the VAT system in the EU, which should aim at broadening the tax base, reducing the scope for fraud and compliance costs, and generating new revenue; considers that a fraction of such new revenue should be allocated to the EU budget;

34. Considers that a simplified VAT resource should be built on the common denominator of VAT systems across the EU, and notes that consequently it would not eliminate all national specificities which are justified for a variety of reasons;

35. Is in favour of setting a uniform levy rate (1 % to 2 %) on the revenue from the reformed VAT collected entirely by Member State administrations as a Union own resource; believes that such a system could provide significant and stable receipts for the EU at limited administrative cost;

36. Underlines that the Commission has already put forward legislative proposals for a major reform of the EU’s VAT rules, and that additional initiatives are expected in 2018; insists on the need to complete the VAT reform as soon as possible and at the latest before the start of the next MFF;

37. Calls on the Commission, pending the adoption of the relevant VAT legislation, to present a proposal for a reformed own resource based on VAT as part of its upcoming legislative package on EU own resources; believes that such a proposal should take account of the main outcomes of the VAT reform currently under discussion;

– Corporate income tax

38. Recalls that in its resolution of 6 July 2016 on tax rulings and other measures similar in nature or effect (11) Parliament urged the Commission to present a proposal for a common consolidated corporate tax base (CCCTB), ‘to be accompanied by an appropriate and fair distribution key which would provide a comprehensive solution for dealing with harmful tax practices within the Union, bring clarity and simplicity for businesses, and facilitate cross-border economic activities within the Union’;

39. Takes notes of the Commission’s proposals for a CCCTB, while recalling its request that this consolidated base be extended to all companies after a transition period; stresses that current proposals for a CCCTB should also cover the digital economy; suggests, on the basis of these proposals, that the digital presence of a company should be treated in the same way as its physical establishment, by defining and identifying a permanent digital establishment;

40. Agrees with the HLGOR’s assessment of the CCCTB as a basis for a new own resource, meeting all the criteria set by the Group; underlines that the CCCTB is also a key element in the development of the single market, which is a European public good, as it prevents both inappropriate tax competition between Member States and fiscal optimisation damaging to the level playing field;

41. Recalls that tax evasion in all its forms causes the EU to lose an amount estimated by the Commission at EUR 1 trillion annually; stresses the need to reinstate uncollected tax revenue through a coordinated anti-fraud and tax evasion policy and a framework based on transparency, cooperation and coordination;

– Seigniorage

42. Asks the Commission, drawing on the conclusions of the review of the CCCTB Directive, to propose the creation of a new own resource for the Union budget, to be calculated on the basis of Member States’ revenue generated from the CCCTB; is in favour of setting a uniform levy rate on the revenue from the CCCTB, to be collected as an own resource; believes that such a system could provide significant and stable receipts for the EU at limited administrative cost;

43. Is of the opinion that income stemming from the European Central Bank profits (ECB revenue made from issuing currency), and thus having a direct link to the EU monetary union, should form the basis of a new own resource instead of being paid out to national treasuries; considers that such a resource should be directly linked to the specific line dedicated to the euro area in the EU budget;

b. **Objective: Reduce financial speculation and strengthen tax fairness in sectors that use aggressive tax planning instruments or aggressive tax optimisation.**

- **A financial transaction tax (FTT) at European level**

44. Encourages the efforts undertaken under enhanced cooperation by a group of 11 Member States with a view to establishing financial transaction tax (FTT), following the 2011 Commission proposal; urges all the other Member States to join the above-mentioned group in order to avoid a disruption of the financial markets and ensure the smooth functioning of the single market;

45. Shares the HLGOR’s assessment endorsing the FTT as a potential basis for a new own resource for the Union budget, while also considering that other means of taxing financial activities should be explored;

46. Calls, therefore, for the creation of a new own resource for the Union budget, to be calculated on the basis of a chosen method of taxation of financial activities;

- **Taxation of companies in the digital sector**

47. Welcomes the conclusions of the informal Council of finance ministers of 16 September 2017 calling for the development of new digital taxation rules, in response to the Four Finance Ministers’ letter requesting the Commission to examine ‘effective solutions based on the concept of establishing a so-called equalisation tax’ on the turnover generated in the EU by digital companies; stresses that in its communication of 21 September 2017 on ‘A fair and efficient tax system in the European Union for the Digital Single Market’, the Commission reaffirms that the CCCTB provides a framework conducive to a revision of the rules in favour of modern and stable arrangements for the taxation of digital companies and addressing the tax challenges posed by the digital economy; calls for an EU-level coordinated approach, even for short-term solutions, to prevent distortions in the single market arising from unilateral action and avoid the creation of tax havens for digital companies;

48. Agrees that the digital economy should have a modern and stable fiscal framework, in order to stimulate innovation, tackle market fragmentation and unfair competition, and enable all players to take advantage of the new equitable and balanced conditions while making sure that digital platforms and companies pay their due share of taxes where they generate their profits; points out, moreover, that it is essential to ensure tax certainty for business investment in order to close the current gaps and to prevent the emergence of new tax loopholes within the single market;

49. Considers it crucial that tax measures be taken for the digital market in order to limit tax evasion and distortions, aggressive tax planning or fiscal optimisation schemes, and the misuse of European mechanisms to avoid tax; considers that these practices distort competition in the single market and deprive Member States of due tax revenues;

50. Calls, in principle, for the creation of a new own resource for the Union budget to be levied on transactions in the digital economy; considers, however, that in view of the important ongoing negotiations at both EU and OECD level, it is too early to decide on the exact arrangements for the establishment of such a resource;

51. Believes, nevertheless, that any arrangements made by the EU authorities, such as registration or monitoring systems or regulatory mechanisms, should immediately permit the collection of duties or levies for the benefit of the Union budget on the basis of their European added value; considers that these are EU public goods which, as the HLGOR states, provide a basis for establishing a levy that constitutes ‘other revenue’ deriving from Union policies;

c. **Objective: Promote the energy transition and the fight against global warming**

- **Environmental tax and levies**

52. Confirms that the fight against climate change, as well as the transition towards a sustainable, circular, low carbon economy and the commonly agreed Energy Union targets, are a major objective of EU policies;

53. Reiterates its conviction that only common energy or environmental taxes at EU level can ensure fair competition among businesses and the proper functioning of the single market, and thus act as an engine for moving towards a more progressive and sustainable development model;
54. Stresses the importance of green taxation as a particularly suitable mechanism for contributing to European own resources; calls on the Commission to further incorporate the proposals for additional ecological own resources, as outlined in the HLGOR Report and by the Commissioner for the EU budget, which are in line with certain Union policies such as those on energy (energy tax), environment and climate (carbon border adjustment mechanism, plastic tax and the Emissions Trading Scheme (ETS)) and transport (road fuel and air ticket taxes), in order to promote additional future Union own resources;

55. Calls for an important share of ETS auctioning revenues from Phase 4 (2021) onwards to be considered as a new EU own resource; recalls that this option has been discussed in the HLGOR, and is explicitly suggested by the Commission in its communication of 14 February 2018 entitled ‘A new, modern MFF for a European Union that delivers efficiently on its priorities post-2020’ (COM(2018)0098); calls, in parallel, for the introduction of a carbon border adjustment mechanism, as a new own resource for the EU budget, which should also have the effect of ensuring a level playing field in international trade and reducing the offshoring of production, while internalising the costs of climate change into the prices of imported goods;

56. Asks the Commission to consider the introduction at EU level of a levy on plastic and single-use items, with a view to encouraging the use of more sustainable alternatives;

57. Believes that own resources based on an electricity tax would overlap with the scope of the ETS and would raise concerns as to the stability of investment conditions and the financial burden on households;

58. Considers that in case of an excessive burden on a given Member State caused by one or another own resource, such a burden could be alleviated by means of additional support through EU programmes, limited in duration and amount, in line with the Union objectives and targets; underlines that such support cannot be granted through the introduction of any new rebates or corrections on the revenue side of the EU budget;

59. Underlines that the introduction of environment-related taxes or levies should not affect Member States’ right to determine the conditions for exploiting their energy resources, their choice between different energy sources and the general structure of their energy supply;

iv. Other revenue sources

60. Recalls that although own resources should be the main component of EU budget revenue, they are nevertheless supplemented by what Article 311 TFEU calls ‘other revenue’, which includes: tax paid by EU staff on their salaries; revenue from the administrative operation of institutions, such as proceeds from the sale of goods, renting and hiring, the provision of services and bank interest; contributions from non-EU countries to certain EU programmes; interest on late payments; fines paid by companies, in most cases where found to be in breach of EU competition law; and revenue from EU borrowing and lending operations;

61. Notes that the balance from each financial year is entered in the budget for the following year as revenue in the case of a surplus, and that other revenue, balances and technical adjustments, including the surplus of the previous year, amount to around 6 % of total revenue; stresses that in recent years ‘other revenue’ has for the most part consisted of fines, which alone represent 2.5 % of total revenue (excluding assigned revenue);

62. Regrets that the potential of such other revenue has been neglected so far in the debate on the financing of the EU; believes that, even if such revenue does not represent an alternative to other own resources because of its level, volatility and unpredictability, it nonetheless represents a possible means for covering the increased financial needs under the next MFF;

63. Recalls that the legal procedures governing such revenue and possible amendments are more flexible than those for own resources, since they are established not in the Own Resources Decision, but, rather, in the secondary legislation and are therefore not subject to the unanimity requirement;

64. Reiterates its long-standing position that any revenue resulting from fines imposed on companies for breaching EU competition law or linked to late payments of national contributions to the EU budget should constitute extra revenue for the EU budget without entailing a corresponding reduction in GNI contributions;
65. Calls, to this end, for a special reserve to be established in the EU budget, which will be progressively filled up by all types of unforeseen other revenue and duly carried over in order to provide additional spending possibilities when needs arise; considers that this reserve should be earmarked for the MFF special instruments and should provide for additional top-ups, both in commitments and payments, upon a decision by the budgetary authority;

66. Underlines the potential for the EU budget of fees required for the implementation of EU policies and in particular European schemes, such as the future European Travel Information and Authorisation System (ETIAS) for third-country nationals; considers that in certain cases such revenue could be earmarked for the same policy or purpose; considers that for the post-2020 generation of EU programmes and policies, this type of prospective income should be considered more systematically, with the aim of providing the EU budget with an additional source of revenue;

67. Highlights that in 2016, revenues assigned to EU decentralised agencies, such as fees and charges from industries and contributions from national budgets, amounted to approximately EUR 1 billion; asks the Commission to propose a consistent approach as regards the financing of agencies from fees in the next MFF:

68. Instructs its President to forward this resolution to the Council and the Commission.
The European Parliament,

— having regard to the Treaty on the Functioning of the European Union (TFEU) and in particular Articles 121(2), 136 and 148 thereof,


— having regard to Council Directive 2011/85/EU of 8 November 2011 on requirements for budgetary frameworks of the Member States (2),


— having regard to Council Regulation (EU) No 1177/2011 of 8 November 2011 amending Regulation (EC) No 1467/97 on speeding up and clarifying the implementation of the excessive deficit procedure (4),


— having regard to Regulation (EU) No 1173/2011 of the European Parliament and of the Council of 16 November 2011 on the effective enforcement of budgetary surveillance in the euro area (6),

— having regard to Regulation (EU) No 473/2013 of the European Parliament and of the Council of 21 May 2013 on common provisions for monitoring and assessing draft budgetary plans and ensuring the correction of excessive deficit of the Member States in the euro area (7),

— having regard to Regulation (EU) No 472/2013 of the European Parliament and of the Council of 21 May 2013 on the strengthening of economic and budgetary surveillance of Member States in the euro area experiencing or threatened with serious difficulties with respect to their financial stability (8),

— having regard to the assessment of the European Fiscal Board of 20 June 2017 on the prospective fiscal stance appropriate for the euro area.

(7) OJ L 140, 27.5.2013, p. 11.

— having regard to Council Recommendation (EU) 2015/1184 of 14 July 2015 on broad guidelines for the economic policies of the Member States and of the European Union (9),


— having regard to the Commission communication of 13 January 2015 on making the best use of the flexibility within the existing rules of the Stability and Growth Pact (COM(2015)0012),

— having regard to its resolution of 24 June 2015 on the review of the economic governance framework: stocktaking and challenges (11),

— having regard to the Report on completing Europe’s economic and monetary union (‘Five Presidents’ Report’),

— having regard to the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union,

— having regard to the Commission communication of 21 October 2015 on steps towards Completing Economic and Monetary Union (COM(2015)0600),

— having regard to the Commission’s communication of 6 December 2017 on further steps towards completing the Economic and Monetary Union (COM(2017)0821),

— having regard to the Commission’s European Economic Forecast of Autumn 2017,

— having regard to the studies and in-depth analyses on economic policy coordination in the euro area under the European Semester prepared for the Committee on Economic and Monetary Affairs (November 2015),


— having regard the Interinstitutional Proclamation on the European Pillar of Social Rights signed and proclaimed in Gothenburg on 17 November 2017,


— having regard to its resolution of 17 December 2015 on completing Europe’s Economic and Monetary Union (12),

— having regard to its recommendation of 13 December 2017 to the Council and the Commission following the inquiry into money laundering, tax avoidance and tax evasion (13),

— having regard to the Commission recommendation of 22 November 2017 for a Council recommendation on the economic policy of the euro area (COM(2017)0770),

(9) OJ L 192, 18.7.2015, p. 27.
(13) Texts adopted, P8_TA(2017)0491
— having regard to the debate with representatives of national parliaments on the priorities of the 2018 European Semester,

— having regard to the debate with the Commission in the European Parliament on the European Semester package – Annual Growth Survey 2018,

— having regard to Rule 52 of its Rules of Procedure,

— having regard to the report of the Committee on Economic and Monetary Affairs and the opinions of the Committee on Budgets, the Committee on the Environment, Public Health and Food Safety, the Committee on Regional Development and the position in the form of amendments of the Committee on Women's Rights and Gender Equality (A8-0047/2018),

A. whereas, according to Commission forecasts, while the expansion of the European economy is expected to continue, the pace of job creation and household purchasing power growth implies a slight loss of momentum over the next two years, with growth reaching 2,4 % in 2017 in the EU and then marginally slowing down to 2,2 % in 2018 and to 2,0 % in 2019; whereas further policy action will nonetheless be required to address unresolved legacies of the global economic crisis;

B. whereas the current situation of the EU's economy calls for ambitious and socially balanced structural reforms and investment in Member States in order to bring about sustained growth, employment and competitiveness, and achieve upward convergence;

C. whereas private consumption growth is expected to drop slightly this year before easing in 2019, as a result of higher inflation compared to 2017, although it is lower than the ECB target of below, but close to, 2 %;

D. whereas the European Investment Bank and the European Fund for Strategic Investments (EFSI) have, in addition to the European Structural and Investment Funds, provided important support for investment in the EU; whereas, however, private investment still remains below 2008 levels, with negative implications for potential growth, job creation and productivity;

E. whereas employment is expected to continue to expand, with a record 235,4 million people in jobs in the second quarter of 2017; while some labour market indicators suggest persistent difficulties, such as increasing labour market segmentation, aggravating inequalities, especially with regard to young people and those with low educational attainment; whereas unemployment stands at 7,5 % in the EU and 8,9 % in the euro area, which, while the lowest levels in nine and eight years, respectively, is still too high, particularly among young people; whereas very substantial differences between many Member States persist, and whereas employment rates have still some way to go to recover from the crisis and, not the least, to attain the Europe 2020 national targets; whereas hidden unemployment (of persons unemployed, willing to work, but not actively searching for employment) stood at 20 % in 2016;

F. whereas, as a result of tax avoidance, tax evasion and tax fraud benefiting certain large corporations and individuals, several Member States have lost billions of euros in revenue for managing public finances, to the detriment of SMEs and other taxpayers;

G. whereas the improved economic situation provides opportunities for implementing ambitious and socially balanced structural reforms, in particular measures to encourage investment, given that the level of investment as a proportion of GDP today is still lower than in the period immediately preceding the financial crisis, and to improve the situation with regard to public finances, taking into account the burden that demographic developments place on their debt sustainability;

1. Takes note of the publication of the 2018 Annual Growth Survey (AGS) package and the proposed policy mix of investments, ambitious and socially balanced structural reforms and responsible public finances, presented as a means of further promoting higher growth levels and strengthening European recovery, upward convergence and competitiveness: agrees that further progress on the implementation of structural reform is needed to deliver on growth and jobs, and to carry on the fight against those inequalities that hamper economic growth;
Chapter 1 – Investments and growth

2. Highlights the persistent structural problem of insufficient growth of potential output, productivity and competitiveness, associated with too low a level of public and private investment and a lack of ambitious and socially balanced structural reforms in some Member States;

3. Recalls that some Member States still have large current account surpluses that could be used to sustain public and private investments and boost economic growth;

4. Recalls the importance of combining public and private investment with structural reforms to boost and leverage economic growth;

5. Underlines the importance of boosting public investment in the EU in order to remedy the current decrease in public investment; urges, moreover, the completion of the Capital Market Union with a view to boosting private investments across the single market; considers that the regulatory framework for private investment should be improved further;

6. Stresses the need for more investments in research, development and innovation, as well as in technological modernisation, in order to boost productivity; recalls that investments in areas such as infrastructures, childcare, social housing, education, training, health, research, digital innovation and the circular economy can increase productivity and/or employment; calls on the Commission to address country-specific recommendations (CSRs) in the field of energy efficiency and resource consumption, and to ensure that CSRs are fully consistent with the Paris climate agreement;

7. Asks the Commission to assess current obstacles to significant growth-enhancing infrastructure projects over the lifetime of such investments, and to discuss with Parliament and the Council ways to address such obstacles within the existing legal framework;

Chapter 2 – Responsible public finance

8. Takes note of the overall neutral fiscal stance proposed in the recommendations for the euro area, noting that the fiscal stance is expected to be slightly expansionary in a number of Member States in 2018; recalls that consistent implementation and compliance with Union fiscal rules, including full respect of the existing flexibility clauses, are key to the proper functioning of the EMU;

9. Underlines the fact that the fiscal stances at national and euro area level must balance the long-term sustainability of public finances and investment, in full compliance with the Stability and Growth Pact, with short-term macroeconomic stabilisation;

10. Welcomes the improvements made in public finances, which is key to reach a more solid, sustainable and efficient growth, in particular the gradually declining debt-to-GDP ratios for the EU and euro area, and falling headline budget deficits, while emphasising that the gross debt-to-GDP ratio within the euro area still hovers around 90 %, with several Member States being well above that level; stresses that these Member states should reduce their high debt-to-GDP ratios as a matter of urgency, as this is markedly easier to do in times of economic recovery; recalls that ageing societies and other demographic developments place a massive burden on the sustainability of public finances; calls, therefore, on the Member States to take responsibility for future generations;

11. Underlines the need for a stronger focus on the composition and management of national budgets; welcomes, therefore, the increasing practice of spending reviews, and further encourages Member States to assess the quality of their budgets;
Chapter 3 – Structural reforms

12. Recalls that some Member States need to continue implementing socially and environmentally sustainable, growth-friendly structural reforms, in particular given the context of an improved economic situation across the EU, with GDP growth in almost all Member States, with a view to boosting competitiveness, job creation, growth and upward convergence;

13. Insists on bringing expenditure on R&D closer to the EU 2020 targets; calls on the Member States to set in place proper policies, and to provide investment, to ensure or maintain equal access to lifelong education and training, taking into account the evolution of the labour market, including the emergence of new professions;

14. Stresses that digitalisation, globalisation and technological change are radically transforming our labour markets, involving e.g. deep changes in employment forms and statuses which need an adapted transition; stresses, therefore, the importance of dynamic labour markets with accessible and high-quality social security systems, capable of responding to these new labour market realities;

15. Considers that reforms removing investment bottlenecks would allow for immediate support for economic activity and, at the same time, set the conditions for long-term growth;

16. Calls for taxation reviews aimed at achieving a fair balance of taxation on capital, labour and consumption;

Chapter 4 – Convergence and inclusion

17. Underlines that the European Semester and the CSRs should contribute to the achievement of the objectives of EU 2020 strategy, including those set out in the Pillar of Social Rights, and should deliver on growth and jobs; welcomes, therefore, the ‘social scoreboard’ as a tool for monitoring the implementation of the Social Pillar;

18. Highlights the fact that, in the recent period, real wage growth has lagged behind productivity growth, while improvements have occurred in the labour market; stresses, against this background, that there could be room for wage increases in certain sectors and areas, in line with productivity goals to ensure good standards of living, taking into account competitiveness and the need to tackle inequalities;

19. Points out that fiscal policies need to take into account monetary policy respecting the independence of the ECB;

20. Urges the Commission to develop a comprehensive strategy to support investment that enhances environmental sustainability, and to ensure a proper link between the UN Sustainable Development Goals (SDGs) and the European Semester;

21. Welcomes the fact that the AGS 2018 acknowledges the need for efficient and fair tax systems that provide the right incentives for economic activity; supports the Commission’s initiatives to achieve increased transparency and a reformed VAT system, and notes the work that has been done on the common consolidated corporate tax base; welcomes efforts on the international level to fight tax fraud, tax evasion and tax avoidance; notes that improving the effectiveness of national tax systems can increase government revenues significantly;

22. Calls on the Member States to adopt adequate measures to help and integrate young persons not in education, employment or training (NEETs) and refugees, anticipating at an early stage the requirements for facilitating their smooth transition to the labour market, in order to prevent them from being sucked into the black economy and to ensure that public services are provided with sufficient resources; stresses that the social partners should play a key role in facilitating the integration of NEETs and refugees, and in making sure that they do not suffer labour market discrimination;

23. Is concerned that gaps and discrimination continue to shape labour markets in some Member States, contributing to differences between men and women in remuneration, retirement and participation in decision making;
Chapter 5 – European Semester framework: ownership and implementation

24. Welcomes the increased attention given to the euro area’s aggregate fiscal stance, while pointing to the obligations of individual Member States to comply with the Stability and Growth Pact, including full respect of its existing flexibility clauses; emphasises that the concept of an aggregate fiscal stance does not imply that surpluses and deficits in different Member States offset each other;

25. Is concerned about the low rate of compliance with the CSRs, including those aimed at fostering convergence, increasing competitiveness and reducing macroeconomic imbalances; believes that more national ownership through genuine public debates at national level would lead to better implementation of the CSRs; considers it important to ensure that national parliaments debate country reports and CSRs; believes that regional and local authorities should be better involved in the European Semester process; calls on the Commission to use all existing tools to enforce those CSRs aimed at addressing these challenges, which represent a threat to the sustainability of the monetary union;

26. Stresses that any further step towards a deepening of the EMU must go hand in hand with stronger democratic controls; insists that, to this end, the role of both the European Parliament and the national parliaments must be strengthened in line with the liability principle; asks that the social partners be consulted in the negotiation process, at both national and European level;

27. Welcomes the recognition by the Commission that corruption still remains a barrier to investment in some Member States and that respect of the rule of law and independent judiciary and law enforcement authorities are necessary to ensure proper economic development; deplores nonetheless the termination by the Commission of the annual anti-corruption report and calls on the Commission to re-start this annual analysis of corruption within the Member States and provide mechanisms to fight it;

Sectorial contributions to the 2018 AGS Report

Budgets

28. Considers that EU budgets must provide an incentive for sustainable growth, convergence, investments and reforms, through solutions and synergies as regards national budgets; believes, therefore, that the AGS serves as a guideline for the Member States, and for the preparation of national and EU budgets, particularly in the context of the preparation of the post-2020 multiannual financial framework;

29. Reiterates, in this regard, that there should be greater synergies between national budgets and the EU budget; points out that the Commission, given its involvement in the European Semester as well as in the preparation and execution of the EU budget, has a key role to play in this regard;

30. Welcomes the proposal for greater synergy and non-fragmentation of the EU budget set out in the recommendations presented in ‘Future Financing of the EU’, the final report of the High Level Group on Own Resources from December 2016;

Environment, public health and food safety

31. Welcomes the initiative shown by the Commission in launching the web portal on health promotion and disease prevention, which provides up-to-date information on topics relating to the promotion of health and well-being, and constitutes an important source of clear and reliable information for citizens; stresses that this portal should be fully accessible to all EU citizens, including those suffering from dyslexia or other such difficulties;
32. Calls for greater coherence with other EU policies in the field of disaster prevention and preparedness, such as the EU strategy on adaptation to climate change, the European Structural and Investment Funds, the Solidarity Fund, environmental legislation and research and innovation policies;

33. Instructs its President to forward this resolution to the Council and the Commission, the governments and national parliaments of the Member States and the European Central Bank.
European Semester for economic policy coordination: employment and social aspects in the Annual Growth Survey 2018


The European Parliament,

— having regard to Articles 3 and 5 of the Treaty on European Union (TEU),

— having regard to Articles 9, 145, 148, 152, 153, 174 and 349 of the Treaty on the Functioning of the European Union (TFEU),


— having regard to the Charter of Fundamental Rights of the European Union, and, in particular, to its Title IV (Solidarity),

— having regard to the revised European Social Charter,

— having regard to the UN Convention on the Rights of Persons with Disabilities,

— having regard to the UN Convention on the Rights of the Child,

— having regard to the UN Sustainable Development Goals, notably 1, 3, 4, 5, 8 and 10,

— having regard to the Interinstitutional Proclamation on the European Pillar of Social Rights on 17 November 2017 in Gothenburg,


— having regard to the draft Joint Employment Report from the Commission and the Council of 22 November 2017 accompanying the communication from the Commission on the Annual Growth Survey 2018 (COM(2017)0674),

— having regard to the Commission proposal of 22 November 2017 for a Council decision on guidelines for the employment policies of the Member States (COM(2017)0677),

— having regard to the Commission recommendation of 22 November 2017 for a Council recommendation on the economic policy of the euro area (COM(2017)0770),


— having regard to the Commission communication of 22 November 2017 entitled ‘2018 Draft Budgetary Plans: Overall Assessment’ (COM(2017)0800),

— having regard to the Commission communication of 26 April 2017 entitled ‘Establishing a European Pillar of Social Rights’ (COM(2017)0250),

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— having regard to the Commission communication of 26 April 2017 entitled ‘An initiative to support work-life balance for working parents and carers’ (COM(2017)0252),


— having regard to the Commission’s publication of the seventh edition of the Employment and Social Developments in Europe annual review (2017), which focuses on intergenerational fairness and solidarity in Europe,

— having regard to the Commission communication of 4 October 2016 entitled ‘The Youth Guarantee and Youth Employment Initiative three years on’ (COM(2016)0646),


— having regard to the Commission communication of 14 September 2016 entitled ‘Strengthening European Investments for jobs and growth: Towards a second phase of the European Fund for Strategic Investments and a new European External Investment Plan’ (COM(2016)0581),

— having regard to the Commission communication of 10 June 2016 entitled ‘A new skills agenda for Europe – Working together to strengthen human capital, employability and competitiveness’ (COM(2016)0381),

— having regard to the Commission communication of 2 June 2016 entitled ‘A European agenda for the collaborative economy’ (COM(2016)0356),

— having regard to the Commission communication of 1 June 2016 entitled ‘Europe investing again – Taking stock of the Investment Plan for Europe and next steps’ (COM(2016)0359),

— having regard to the Commission communication of 8 March 2016 on launching a consultation on a European Pillar of Social Rights (COM(2016)0127) and its annexes,

— having regard to the Commission proposal for a Council decision of 15 February 2016 on guidelines for the employment policies of the Member States (COM(2016)0071), and to Parliament’s position thereon of 15 September 2016 (\(^{2}\)),

— having regard to the Commission’s Social Investment Package of 20 February 2013, including Recommendation 2013/112/EU entitled ‘Investing in Children: breaking the cycle of disadvantage’ (\(^{3}\)),

— having regard to the Commission communication of 3 March 2010 entitled ‘Europe 2020 – A strategy for smart, sustainable and inclusive growth’ (COM(2010)020), and to Parliament’s resolution of 16 June 2010 on EU 2020 (\(^{4}\)),

— having regard to the Five Presidents’ Report of 22 June 2015 on ‘Completing Europe’s Economic and Monetary Union’.

\(^{2}\) Texts adopted, P8_TA(2016)0355.
\(^{3}\) OJ L 59, 2.3.2013, p. 5.
\(^{4}\) OJ C 236 E, 12.8.2011, p. 57.
having regard to the Council conclusions of 7 December 2015 on the promotion of the social economy as a key driver of economic and social development in Europe,

— having regard to its resolution of 16 November 2017 on combating inequalities as a lever to boost job creation and growth (5),

— having regard to its resolution of 26 October 2017 on the economic policies of the euro area (6),

— having regard to its resolution of 24 October 2017 on minimum income policies as a tool for fighting poverty (7),

— having regard to its resolution of 14 September 2017 on a new skills agenda for Europe (8),

— having regard to its resolution of 14 June 2017 on the need for an EU strategy to end and prevent the gender pension gap (9),

— having regard to its resolution of 14 March 2017 on equality between women and men in the European Union in 2014-2015 (10),

— having regard to its resolution of 15 February 2017 on the European Semester for economic policy coordination: Employment and Social Aspects in the Annual Growth Survey 2017 (11),

— having regard to its resolution of 19 January 2017 on a European Pillar of Social Rights (12),

— having regard to its resolution of 13 September 2016 on creating labour market conditions favourable for work-life balance (13),

— having regard to its position of 2 February 2016 on the proposal for a decision of the European Parliament and of the Council on establishing a European Platform to enhance cooperation in the prevention and deterrence of undeclared work (14),

— having regard to its resolution of 24 November 2015 on reducing inequalities with a special focus on child poverty (15),

— having regard to its resolution of 8 July 2015 on the Green Employment Initiative: Tapping into the job creation potential of the green economy (16),

— having regard to its resolution of 4 July 2013 on the Impact of the crisis on access to care for vulnerable groups (17),

— having regard to its resolution of 11 June 2013 on social housing in the European Union (18).

— having regard to the UN Committee on the Rights of Persons with Disabilities on the initial report of the European Union (September 2015),

— having regard to the European Court of Auditors Special report No 5/2017 of March 2017 entitled: ‘Youth unemployment – have EU policies made a difference? An assessment of the Youth Guarantee and the Youth Employment Initiative’,


— having regard to Eurofound’s topical update of 18 July 2017 entitled ‘Pay inequalities experienced by posted workers: Challenges to the “equal treatment” principle’, which provides a detailed overview of governments’ and social partners’ positions across Europe as regards the principle of equal remuneration for equal work,

— having regard to the Eurofound report of 26 June 2017 entitled ‘Occupational change and wage inequality: European Jobs Monitor 2017’,

— having regard to the Eurofound report of 19 April 2017 entitled ‘Social mobility in the EU’,

— having regard to the Eurofound report of 13 March 2017 entitled ‘Income inequalities and employment patterns in Europe before and after the Great Recession’,

— having regard to the Eurofound reports of 24 February 2017 on the Involvement of the social partners in the European Semester: 2016 update, and of 16 February 2016 on the Role of the social partners in the European Semester, which examines the period 2011 to 2014,

— having regard to the Eurofound overview report of 17 November 2016 entitled ‘Sixth European Working Conditions Survey’,

— having regard to the Eurofound report of 12 March 2015 entitled ‘New forms of employment’,

— having regard to the Eurofound report of 29 October 2013 entitled ‘Women, men and working conditions in Europe’,

— having regard to the debate with representatives of national parliaments on the priorities of the 2018 European Semester,

— having regard to Rule 52 of its Rules of Procedure,

— having regard to the report of the Committee on Employment and Social Affairs and the opinion of the Committee on Culture and Education (A8-0052/2018),
whereas the employment rate in the EU is increasing and reached 72.3% in the second quarter of 2017, corresponding to 235.4 million people in work, and constituting progress towards reaching the 75% employment rate target specified in the Europe 2020 strategy; whereas there continue to be very substantial differences between employment rates in many Member States, ranging from well below the EU average of 65% in Greece, Croatia, Italy and Spain, to higher than 75% in the Netherlands, Denmark, the United Kingdom, Germany and Sweden, with some way still to go to recover from the crises and, in particular, to attain the Europe 2020 national targets; whereas employment growth has been stronger among older workers, high-skilled employees and men, and weaker in young people, low-skilled workers and women; whereas employment measured in terms of hours worked per employee remains 3% below the pre-crisis level in the EU and 4% below the pre-crisis level in the euro area, owing to more part-time work and fewer hours worked by full-time employees; whereas in the EU at present, 18.9 million people remain jobless, investment is still too low, wage growth is subdued and in-work poverty is still increasing; whereas the labour market segmentation between permanent and atypical jobs remains worrying, with temporary contracts accounting for between 10% and 20% of employment in some Member States, with particularly low transition rates towards permanent contracts, and temporary jobs representing dead ends rather than stepping stones towards permanent jobs; whereas this phenomenon is preventing large numbers of workers from benefiting from secure, relatively well-paid employment and good prospects, and is creating a wage gap between permanent and temporary workers; whereas the unemployment rate only tracks people who do not have a job and who have been actively looking for work in the previous four weeks, while involuntary part-time work fell from 29.3% in 2013 to 27.7% in 2016, but still represents one quarter of this kind of contract; whereas the differences in unemployment rates among the Member States are smaller, they still remain above the pre-crisis level; whereas long-term unemployment remains at above 50% of total unemployment in some Member States and 46.6% in the EU and 49.7% in the euro area on average; whereas the unemployment rate only tracks people who do not have a job and who have been actively looking for work in the previous four weeks, while the long-term unemployment rate only measures the share of people in the economically active population aged 15 to 74 who have been unemployed for 12 months or more; whereas the gender employment gap still persists, and now stands at 11.6% in the EU, with the gender-specific employment rates at 76.9% for men and 65.3% for women, while there are even wider gaps among non-EU born and Roma women; whereas the gender gap is even wider in part-time employment, where it amounted to a difference of 23 percentage points (pps) in 2016 and even exceeded 30 pps in four Member States, and with female involuntary part-time employment registering 23.5%; whereas the employment rate of women with at least one child under the age of six is 9 pps less than the corresponding rate of women without children, while 19% of the EU’s potential female workforce was inactive in 2016 because they were looking after children or incapacitated adults; whereas, owing to lower full-time equivalent employment rates, women endured a significant pay gap of 16.3% in 2015 in the EU on average, ranging from 26.9% in Estonia to 5.5% in Italy and Luxemburg.
H. whereas some Member States are faced with structural challenges in the labour market, such as low participation and skills and qualification mismatches; whereas there is a growing need for concrete measures to either integrate or re-integrate the inactive workforce in order to meet labour market demands;

I. whereas societies in the European Union are ageing (nearly 20 % of the European population is over 65 and estimates suggest that this will reach 25 % by 2050), and the old-age dependency ratio is increasing, which presents additional challenges for the Member States and might require them to make adjustments to keep ensuring well-funded and robust social security, healthcare and long-term care systems, and to satisfy the need for formal and informal care provision; whereas informal carers constitute a vital asset to society; whereas life expectancy at birth in the EU-28 declined slightly in 2015, having been estimated at 80.6 in total (0.3 years lower than 2014), 83.3 for women (0.3 years lower than in 2014), and 77.9 for men (0.2 years lower than 2014); whereas this was the first fall in EU-28 life expectancy since 2002, when life expectancy data became available for all Member States, and can be observed in the majority of the Member States; whereas according to Eurostat, it is not yet possible to say whether the reduction in life expectancy between 2014 and 2015 is only temporary or will continue in the years to come;

J. whereas demographic challenges include factors such as depopulation and population dispersion, hampering the growth of the regions affected and threatening the economic, social and territorial cohesion of the EU;

K. whereas the early school leaving rate stands at around 20 % in several Member States, including Malta, Spain and Romania, and is still above the EU target rate of 10 % in Portugal, Bulgaria, Italy, Hungary, the United Kingdom and Greece; whereas early school leaving represents a complex challenge at an individual, national and European level; whereas a disadvantaged socio-economic background, migrant origins and special needs are the most significant factors associated with poor educational achievement and early school leaving, bearing in mind that the average proportion of low achievers in science within the bottom socio-economic quartile of the 2015 PISA student population in the EU is around 34 %, 26 pps more than in the top socio-economic quartile;

L. whereas the social economy sector comprises 2 million businesses (roughly 10 % of the EU total) and employs more than 14 million people (around 6.5 % of EU workers); whereas this sector has an important role to play in meeting the innumerable challenges facing present-day societies, not least the ageing of their populations;

M. whereas 80 million Europeans have disabilities; whereas the implementation of accessibility measures for them continues to lag behind;

N. whereas although a certain amount of progress in reducing poverty and social exclusion can be observed, there are still disadvantaged groups in society, and an unacceptable 119 million Europeans at risk of poverty or social exclusion, of whom more than 25 million are children (more than 1 in 4 of all children in the EU), while regional disparities also persist within the Member States and the Union as a whole, leaving the EU far off track in achieving the EU2020 target; whereas income inequality continues to grow in two thirds of all EU countries; whereas in the EU as a whole, the richest 20 % of households received an income share that was 5.1 times greater than the poorest 20 %, with this differential as high as 6.5 or above in some Eastern and Southern European countries – almost twice as much as some of the best-performing central European and Nordic countries; whereas high levels of inequality remain an obstacle to equal opportunities in access to education, training and social protection, and are therefore detrimental to social justice, social cohesion and sustainable economic development;

O. whereas, according to the Commission publication ‘Employment and Social Developments in Europe 2017’, in 2015 there were 118,8 million people at risk of poverty or social exclusion (AROPE), 1.7 million more than the 2008 figure and far from the Europe 2020 Strategy target of reducing AROPE by 20 million, with wide disparities between Member States, ranging from 5 % or less in the Czech Republic and Germany to around 20 % in Greece and Spain; whereas the AROPE rate for children (0-17) was 26.4 % in 2016, which was higher than the equivalent rates for adults (16-64, 24.2 %) and, by almost 10 pps, the rate for the elderly (65+, 18.3 %); whereas the number of children experiencing poverty remains alarmingly high in Europe, at more than 25 million at present, and the impact of poverty on children can last a lifetime and perpetuates the passing on of disadvantage from generation to generation; whereas social policies are important for achieving cohesion and bringing the EU closer to its citizens;
P. whereas increasing in-work poverty persists in Europe as a whole, with the highest levels recorded in Spain (13.1 %), Greece (14 %) and Romania (18.6 %), which shows that employment alone is not always sufficient to lift people out of poverty and reflects different labour market patterns, including part-time and/or temporary jobs, wage levels and work intensity in households and poor working conditions; whereas wage growth remains subdued in the EU, having increased by less than 1 % in the last two years, and the dispersion of compensation of employees is rather wide in the EU, ranging from EUR 4.6 per hour worked in Bulgaria to EUR 43.3 per hour worked in Luxembourg; whereas real wage growth lagged behind average productivity growth in 18 of the 28 Member States and is even lagging behind the drop in unemployment; whereas wage-setting is a matter of national competence;

Q. whereas education is a crucial determinant of young people’s integration into the labour market and is primarily the responsibility of the Member States, albeit supported by the Commission; whereas high-quality education and training must be accessible to all, taking into account the fact that the employment rate of young people (those aged 20-34) with higher education is 82.8 % in the EU, more than 10 pps higher than those with upper secondary education; whereas vocational training is starting to become more credible, both in the eyes of young Europeans and in the eyes of the businesses which are recognising their abilities; whereas training acquired in an informal context also provides Europeans with essential tools for the labour market;

R. whereas, although the digital transformation requires workers to at least have basic digital skills, it is estimated that 44 % of the EU population lacks them (1);

S. whereas, in accordance with Article 168 TFEU, a high level of human health protection should be ensured in the definition and implementation of the relevant Union policies and activities; whereas this would contribute to social inclusion, social justice and equality; whereas technological and scientific advances, which the 2018 Annual Growth Survey (AGS) welcomes, are making it possible to find better, more efficacious, and more affordable treatments and medicines; whereas this progress is helping to ensure that people suffering from particular chronic conditions will be fit to enter the labour market or continue working for much longer; whereas this aim is currently being challenged by the high cost of some medicines;

T. whereas fiscal policy in the Member States plays a role in the stabilisation of the macroeconomic environment, while also pursuing other objectives, such as fiscal sustainability or redistribution;

U. whereas the provision and management of social security systems are a Member State competence which the Union coordinates but does not harmonise;

V. whereas gross disposable household income (GDHI) per capita has still not recovered from pre-crisis levels in various Member States, with a number of these figures between 20 and 30 pps lower than in 2008;

W. whereas the capacity of the EU’s economy to drive long-term growth is less than that of our major competitors; whereas the Commission has estimated that potential growth is around 1.4 % in the EU, compared with 2 % in the US;

X. whereas undeclared work deprives workers of their rights and encourages social dumping, entailing serious budgetary implications, and adversely affects employment, productivity, the quality of work and skills development, and the efficiency and effectiveness of the pension entitlements system; whereas continued efforts must be brought to bear in order to turn undeclared work into declared work;

(1) The Digital Economy and Society Index, European Commission.
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Y. whereas the outermost regions have to contend with immense difficulties relating to their specific characteristics that limit their potential for growth; whereas in these regions unemployment rates range from between 11.2 % and 27.1 %, and long-term unemployment rates from between 54.5 % and 80.9 %; whereas in these regions youth unemployment is above 40 %;

Z. whereas, according to Eurofound research, social partners’ involvement in the elaboration of national reform programmes is gradually improving in most Member States, although significant differences in outcomes remain when it comes to the quality and effectiveness of national social partners’ overall engagement in the European Semester process;

AA. whereas Eurofound’s forthcoming study on the involvement of the social partners in the European Semester is set to report a process of consolidation and growing awareness, following Employment Guideline No 7 on enhancing the functioning of labour markets; whereas, however, the social partners highlight the need to ensure proper engagement by facilitating meaningful and timely consultation, an exchange of contributions and feedback, and by giving visibility to their views;

1. Welcomes the Annual Growth Survey 2018, together with the integrated European Pillar of Social Rights, as an important part of overall policies for quality employment, sustainable growth and investment, aiming to increase productivity and wages, create jobs, reduce inequalities and poverty and improve social protection and the access to and quality of public services; acknowledges that the AGS is based on a strategy of investment, structural reforms and responsible public finances, which should be coupled with policies and measures for fulfilling the principles and objectives of the European Pillar of Social Rights; stresses that the Commission should, within the framework of the European Semester, improve the process of policy coordination in order to better monitor, prevent and correct negative trends that could increase inequalities and weaken social progress, as a means to link economic coordination with employment and social performance; calls on the Member States to follow the priorities identified in the survey and the accompanying Joint Employment Report, with a view to their national policies and strategies to promote growth, sustainable economic development, quality employment, social cohesion, and social protection and inclusion; notes the importance of protecting workers’ rights and fostering the bargaining power of employees;

2. Stresses the need for socially and economically balanced structural reforms aimed at the realisation of the Social Triple A by improving inclusive labour market and social policies which address the needs of workers and vulnerable groups, in order to boost investment, to create quality employment, to help the workforce to acquire the skills they need, to promote equal opportunities in the labour market and fair working conditions, to increase labour productivity, to support wage growth and sustainable and adequate social protection systems, and to improve living standards for all citizens; emphasises the need to reinforce a favourable environment for both business and workers with a view to creating more stable employment, while balancing the social and economic dimensions and taking decisions jointly and in a complementary fashion; calls on the Member States to gradually shift taxes from labour to other sources without jeopardising social security; calls on the Member States to undertake measures to improve social standards and reduce inequalities;

3. Stresses that social dialogue and collective bargaining are key instruments for employers and trade unions in order to establish fair wages and working conditions, and that strong collective bargaining systems increase Member States’ resilience in times of economic crisis; recalls that the right to establish collective bargaining is an issue that concerns all European workers, with crucial implications for democracy and the rule of law, including respect for fundamental social rights, and that collective bargaining is a European fundamental right which the European institutions are bound to respect under Article 28 of the Charter of Fundamental Rights; calls, in this context, for policies that respect, promote and strengthen collective bargaining and the workers’ position in wage-setting systems, which play a critical role in achieving a high standard of working conditions; believes all this should be done with a view to supporting aggregate demand and economic recovery, reducing wage inequalities and fighting in-work poverty;

4. Calls for a stronger commitment to combat poverty and rising inequality and for social investments to be boosted, in view of their economic returns and social benefits; recalls that economies with a higher degree of social investment are more resilient to shocks; calls on the Member States and the Commission, within the existing rules of the Stability and Growth Pact, to allow room for public social investment and, where it may be needed, for greater investment in social infrastructure and support for those hit hardest in order to properly address inequalities, in particular through social protection systems that provide adequate and well-targeted income support; calls on the Commission to carry out, where relevant, a more in-depth assessment of which types of spending can definitely be considered as social investment;
5. Believes it is important to foster intercultural dialogue in order to make it easier for migrants, refugees and asylum seekers to enter the labour market and become integrated into society; expresses its concern about the continuing low participation in the labour market of ethnic minorities; calls on the Member States, in this connection, to correctly implement Directives 2000/78/EC and 2000/43/EC; recalls that newcomers bring new skills and knowledge with them, and calls for the further development and promotion of tools providing multilingual information about the existing opportunities for formal and informal learning, professional training, traineeships and voluntary work;

6. Urges the Commission to bring efforts to bear with a view to helping people suffering from given conditions, for example chronic pain, to enter or remain on the labour market; maintains that the labour market needs to be geared to such situations, and made more flexible and non-discriminatory, so as to ensure that the people concerned can likewise contribute to the EU’s economic development, thus relieving the strain on social security systems;

7. Welcomes the Commission’s support for investment to enhance environmental sustainability and the acknowledgement of its potential across the economy; agrees that support for the transition towards a circular and green economy has a high net job creation potential;

8. Welcomes the Interinstitutional Proclamation on the European Pillar of Social Rights (EPSR) and believes that the European Semester should support the development of its 20 key principles regarding equal opportunities, access to the labour market, fair working conditions and social protection and inclusion, which should serve as a point of reference and a recommendation when implementing the European Semester policy coordination cycle in order to build a genuine Social Triple A for Europe, and to create economic growth and a predictable, sustainable financial situation subordinate to the targets of economic and employment policy, thereby serving the main, prioritised aims of the EU 2020 strategy: points out that the European Semester coordination process is an essential means of consolidating the European social dimension, from which the Social Pillar derives; highlights that the EPSR is a first step through building up a common approach to the protection and development of social rights across the EU, which should be reflected in measures pursued by Member States; calls on the Commission, therefore, to put forward concrete proposals to reinforce social rights through concrete and specific tools (legislation, policy-making mechanisms and financial instruments) and achieving concrete results; stresses the primacy of fundamental rights;

9. Acknowledges the efforts taken to strengthen the social dimension of the Semester; calls for further action to balance social and economic priorities and to improve the quality of monitoring and recommendations in the social area;

10. Welcomes the new scoreboard, which provides for 14 headline indicators to screen the employment and social performance of Member States along three broad dimensions, identified in the context of the Social Pillar;

11. Underlines the fact, that for the EU on average, 11 of the 14 headline indicators recorded an improvement over the last available year, confirming the steady improvement in the labour market and social situation which has accompanied the economic recovery; notes, however, that action is required to achieve social upward convergence along the dimensions identified by the Social Pillar, as stated by the Commission, and that the analysis of the headlines indicators shows at least one ‘critical situation’ for 17 of the 28 Member States;

12. Acknowledges that, despite improvements in the economic and employment situation in recent years in the EU as a whole, the gains produced have not always been distributed evenly, as the number of people in a situation of poverty and social exclusion continues to be too high; is concerned by growing inequalities in the EU and its Member States, and by the increasing share of workers at risk of poverty, not only part-time workers, but also full-time workers; calls on the Commission and the Member States to continue their efforts to improve the conditions for these people, and to give greater recognition to the work and expertise of NGOs, anti-poverty organisations and people experiencing poverty themselves, encouraging their participation in the exchange of good practices; points out that high levels of inequality diminish the output of the economy and the potential for sustainable growth; underlines the fact that the integration of long-term unemployed individuals through individually tailored measures is a key factor for fighting poverty and social exclusion and for contributing to the sustainability of national social security systems; calls for partnerships encompassing all relevant stakeholders to be established and developed in order to provide the tools necessary to respond more effectively to labour market needs, deliver effective solutions and prevent long-term unemployment; stresses the need to implement effective labour market policies in order to reduce long-term unemployment; considers that the Member States should further help those out of work by providing affordable, accessible and quality support services for job search, training and requalification, while protecting those unable to participate;
13. Calls on the Commission to take into account the Social Development Goals when proposing policy recommendations in the context of the European Semester;

14. Reiterates its concern about the variability in employment and unemployment rates in different Member States and warns, in particular, about the worrying degree of underemployment and hidden unemployment; is particularly concerned at the high level of youth unemployment, which stands at over 11% in the EU, with the exception of a few Member States – Austria, the Czech Republic, the Netherlands, Hungary, Malta and Germany; considers the high level of NEETs and early school leavers that still persists in several countries especially worrying; welcomes, in this respect, an increase in funding for the Youth Employment Initiative by EUR 2,4 billion for the period 2017-2020; highlights that, if necessary, granting additional funds at EU level for the initiative should be considered and that Member States should ensure that the Youth Guarantee is fully open to all groups, including vulnerable persons; recalls the European Court of Auditors' Special report No 5 Youth Unemployment – have EU policies made a difference?

15. Shares the Commission's view that 'social protection systems should ensure the right to minimum income benefits'; calls on the Member States to set an adequate minimum income above the poverty line, in line with national legislation and practices and with the involvement of social partners, and to ensure it is accessible to all people and targets those most in need; considers that in order to be effective in the fight against poverty, minimum income schemes should be accompanied by access to quality and affordable public goods and services and measures to promote equal opportunities and facilitate entry or re-entry into the labour market for people in vulnerable situations, if they can work;

16. Calls on the Commission to create a European social security number in order to facilitate information exchange, to provide people with a record of their current and past entitlements and to prevent abuse;

17. Reminds the Commission that access to social protection is fundamental for creating fair working conditions, and that following the consultations with social partners, concrete proposals need to be devised in order to ensure that all people in all forms of work build up social security entitlements, including adequate pensions;

18. Calls on the Commission, through the European Social Fund (ESF), European Fund for Strategic Investments (EFSI) and the European Semester, to strengthen its efforts to support comprehensive public policies in the Member States, by focusing on delivering smoother transitions into work from education and (long-term) unemployment, and calls, more specifically, for the full implementation of the national measures outlined in the Council Recommendation on the integration of the long-term unemployed into the labour market (20); calls on Member States and the Commission to promote lifelong learning, especially for older workers, to help them adapt their skills and facilitate their employability;

19. Is concerned about the remaining high levels of poverty in Europe almost a decade after the onset of the crisis, and the intergenerational divide that has ensued, including in those Member States with a lower share of people at risk of poverty or social exclusion; is especially worried about the increasing rates of child poverty and in-work poverty in several Member States, despite the macroeconomic recovery in recent years; notes that the situation in relation to the share of children participating in early childhood care and education is critical in more than one third of Member States; calls on the Commission to support the Member States in designing and implementing structural reforms, and to assess their social and distributional impact;

20. Asks the Commission and the Member States to adopt all the necessary measures to drastically reduce poverty in Europe, particularly child poverty, and, more specifically, to put forward concrete proposals that place children at the centre of existing poverty alleviation policies, in accordance with its Recommendation on Investing in Children and with due consideration for the preparatory actions established by the 2017 and 2018 EU budgets and for the relevant Parliament resolutions, by ensuring that measures are in place to enable children at risk of poverty to access free healthcare, education and childcare, and decent housing and adequate nutrition; stresses the need for the Member States to adopt national plans to reduce child poverty which specifically address the limited impact of social transfers in reducing the risk of poverty;

21. Welcomes the focus in the 2018 AGS on adequate social housing and other housing assistance as essential services, including protecting people in vulnerable situations from unjustified forced eviction and foreclosures, and tackling homelessness; calls for reinforced monitoring of homelessness and housing exclusion in the Semester and recommendations, as required;

22. Welcomes the Commission's proposal for a directive on transparent and predictable working conditions in the European Union, replacing the current Written Statement Directive;

23. Stresses the higher unemployment rates of young people and low-skilled workers compared with adult high-skilled workers; calls on the Commission and the Member States to speed up the implementation of the New Skills Agenda, which is designed to upskill people with specific skills problems to help to reintegrate into the labour market;

24. Calls on the Commission and the Member States to maximise their efforts in investing in affordable, accessible and high-quality education and training, in innovation supporting labour productivity growth, in active labour market policies, social inclusion and labour integration and in more effective and tailor-made public and private employment services – taking into account the geographical-demographical-income discrepancies within individual regions and countries – in order to guarantee that the skills acquired will match labour market demand, to empower people and integrate them into the labour market, and to reduce the number of early school leavers; underlines, in this respect, the growing demand for digital and other transferable skills and insists that their development is urgent and particularly necessary and should cover all societal groups, with particular attention devoted to low-skilled workers and young people; stresses the importance of initiatives to support the long-term mobility of students and young graduates from education and vocational training, which will make it possible to develop a skilled and mobile labour force in sectors with potential;

25. Takes the view that mutual recognition of qualifications will be beneficial for overcoming the gap between skills shortages on the European labour market and jobseekers, especially young people; points out that qualifications and skills acquired in non-formal and informal learning contexts are important to the extent that they improve the employability of young people and those who have been out of the labour market because they have had to act as carers; points, therefore, to the importance of establishing a validation system for non-formal and informal forms of knowledge and experience, especially those acquired through volunteering; welcomes the fact that the Commission has in the AGS taken into account the importance of recognising those skills for the purposes of the New Skills Agenda for Europe; calls on the Commission and the Member States to upgrade vocational training and strengthen work-based learning, including quality apprenticeships;

26. Calls on the Member States to support apprenticeship programmes and make full use of the Erasmus+ funding available for trainees in order to guarantee the quality of training of this kind and make it attractive; draws the Commission's attention to the need to boost the uptake of this programme by young people in the outermost regions, as outlined in the Commission communication entitled 'A stronger and renewed strategic partnership with the EU's outermost regions';

27. Encourages Member States to scale up their efforts to implement the country-specific recommendations on education and youth and to foster the exchange of best practices;

28. Calls on the Commission and the Member States to continue initiatives aimed at increasing access to better education, skills and employment, and to ensure a stronger focus on the green and circular economy throughout all their work on skills;

29. Is of the opinion that a future-proof Skills Agenda should include learning for sustainability and be part of a broader reflection on occupational literacy in the context of the growing digitisation and robotisation of European societies, focusing not only on economic growth but also on learners' personal development, improved health and well-being;

30. Welcomes the Commission communication of 14 November 2017 on strengthening European identity through education and culture (COM(2017)0673), which includes bold objectives in the field of education, in particular on creating a European Education Area and improving language learning in Europe;
31. Recalls that the creative industries are among the most entrepreneurial sectors and that creative education develops transferrable skills such as creative thinking, problem-solving, teamwork and resourcefulness; calls for the arts and creative learning to be incorporated into science, technology, engineering and mathematics (STEM) education, given the close link between creativity and innovation; highlights, moreover, the potential of the cultural and creative sector (CCS) for the preservation and promotion of European cultural and linguistic diversity and for economic growth, innovation and employment, especially youth employment; stresses that further promotion of and investment in the CCS may contribute substantially to investment, growth, innovation and employment; calls on the Commission, therefore, to consider the opportunities offered by the entire CCS, including notably NGOs and small associations, for example under the Youth Employment Initiative;

32. Recalls the need to encourage girls and young women to pursue ICT studies and calls on Member States to encourage girls and young women to study STEM subjects, while also covering arts and humanities, and to increase the representation of women in STEM areas;

33. Calls on the Member States and the Commission to take all the necessary measures, in line with the principle of subsidiarity, to improve the services and legislation that are important for a proper work-life balance and for gender equality; calls for the development of accessible, quality and affordable childcare and early education services, as well as care services for those reliant on care, and for the creation of favourable conditions for parents and carers by allowing for advantageous family leave take-up and flexible working arrangements which tap into the potential of new technologies, guarantee social protection and provide adequate training, where necessary; stresses, however, the necessity of alleviating the burden of obligatory care from family members and calls for the creation of a regulated domain of domestic workers and carers that will facilitate work-life balance while contributing to job creation; underlines, in this respect, the potential of public-private partnerships and the important role of social service providers and social economy enterprises; strongly emphasises the need to monitor social and gender progress, to include the gender perspective and to consider the impact of reforms over time;

34. Calls on the Commission and the Member States to introduce targets on care for elderly persons, persons with disabilities and other dependants, similar to the Barcelona targets, with monitoring tools to ensure that they are met; calls on the Commission and Member States to look towards qualitative standards for all care services, including on their availability, accessibility and affordability; calls on the Member States and the Commission to take up the conclusions of the Employment, Social Policy, Health and Consumer Affairs (EPSCO) Council on enhancing community-based support and care for independent living, and to develop a clear strategy and strong investment to develop modern, high-quality community-based services and to increase support for caregivers, especially family carers;

35. Calls on the Commission and the Member States to improve the quality of work, both in terms of working conditions, health and safety, and in terms of wages which provide a decent living and family planning; stresses the importance of tackling undeclared work effectively, by involving social partners and imposing appropriate fines; urges the Member States to double down on their efforts to transform undeclared work into declared work by bolstering their labour inspection mechanisms and putting measures in place that enable workers to move from the informal economy to the formal economy; reminds the Member States of the existence of the Undeclared Work Platform, which they should actively participate in by using it for the exchange of best practices and with a view to tackling undeclared work, letterbox companies and bogus self-employment, all of which jeopardise both the quality of work and workers’ access to social protection systems and national public finances, leading to unfair competition between European businesses; welcomes new initiatives proposed by the Commission, such as the launching of a public consultation on a European Labour Authority and a European Social Security Number; calls on the Member States to provide labour inspectoreates or other relevant public bodies with adequate resources to address the issue of undeclared work, to design measures to enable workers to move from the grey to the formal economy and to improve cross-border cooperation between inspection services and the electronic exchange of information and data, in order to improve the efficiency of controls designed to combat and prevent social fraud and undeclared work and reduce administrative burdens;

36. Calls on the Member States to ensure that active labour market policies are efficient and effective and are designed in such a way as to support mobility between sectors and the re-training of workers, issues which will become increasingly important as our labour markets adapt to the digital transformation of our economies;
37. Underlines the potential of SMEs and social enterprises in job creation and the economy as a whole; considers it vital to assess the high rate of start-up failure in order to draw lessons for the future, and to support entrepreneurship, including through the development and support of the social and circular economy models; considers it vital, moreover, to improve the business environment by removing administrative burdens and adjusting the requirements, improving access to finance and supporting the development of tax models and simplified tax compliance procedures favouring SMEs, entrepreneurs, the self-employed, micro-entities, start-ups and social economy enterprises, and to prevent tax evasion and a lack of reliable information for identifying tax bases and their real owners; calls on the Member States to develop policies which foster a responsible and effective entrepreneurship culture among young people from an early age, providing them with internship and company visit opportunities and the right knowledge to forestall failure; urges the Commission, in this context, to continue the Erasmus for Young Entrepreneurs programmes; calls on the Member States to support associations and initiatives which help young entrepreneurs to develop innovative projects;

38. Highlights that social entrepreneurship is a growing field that can boost the economy whilst simultaneously alleviating deprivation, social exclusion and other societal problems; considers, therefore, that entrepreneurship education should include a social dimension and address subjects such as fair trade, social enterprises and alternative business models, including co-operatives, in order to strive towards a more social, inclusive and sustainable economy;

39. Points out that social economy enterprises were crucial in minimising the impact of the crisis; stresses, therefore, the need to give those enterprises more support, particularly with regard to access to the different forms of financing, including European funds, and reducing their administrative burden; stresses the need to give them a legal framework which recognises their activities in the EU and prevents unfair competition; deplores the fact that the assessment of their activities is not reflected in the AGS, as requested by Parliament;

40. Recognises that women continue to be under-represented in the labour market; believes, in this regard, that flexible employment contracts, including voluntary temporary and part-time contracts, can play an important role in increasing the participation levels of groups that might otherwise have been excluded from the labour market, including women;

41. Calls on the Commission and the Member States to invest in research and promote the development of new production technologies and services in the framework of a just transition; underlines their potential to increase productivity and sustainability, create new quality employment and stimulate long-term development;

42. Calls on the Commission and the Member States to promote investment in the R&D sector in accordance with the 2020 Strategy; maintains that investments in this sector help to increase the competitiveness and productivity of the economy and hence promote the creation of stable jobs and higher wages;

43. Emphasises the importance of ensuring access to broadband in all regions, including rural areas and regions with serious and permanent natural or demographic problems, so as to promote harmonious development throughout the EU;

44. Considers demographic decline, which affects EU regions to different extents, to be among the serious obstacles hindering EU development, which require differing approaches and commitments; calls on the Commission and the Member States to introduce measures designed to address this challenge; underlines the fact that demographic decline requires a holistic approach which should include the adaptation of the necessary infrastructure, quality employment with decent wages and the enhancement of public services and voluntary flexible working arrangements, which should go hand-in-hand with adequate job security and accessible social protection;

45. Welcomes the fact that the Commission has included the need to provide statistics on demographic challenges such as depopulation and the population dispersion in its European Statistical Programme; considers that this data will provide an accurate picture of the problems facing these regions, thus enabling better solutions to be found; calls on the Commission to take account of these statistics in the future multiannual financial framework (MFF);
46. Recalls that increased life expectancy requires the adaptation of pensions systems to ensure their sustainability and a good quality of life for elderly people; stresses that this can be achieved by reducing the economic dependency ratio, including by offering adequate working conditions to provide opportunities for those wishing to work longer and by evaluating – at Member State level and together with social partners – the need to put both the statutory and effective retirement age on a sustainable footing with increases in life expectancy and with insurance contribution years, and by preventing early exit from the labour market, as well as accommodating youth and refugees and migrants on the labour market; calls on the Commission to support Member States in strengthening public and occupational pension systems and in creating care credits to compensate for lost contributions of women and men due to child and long-term care responsibilities as a tool to tackle the gender gap in pensions and to provide an adequate retirement income above the poverty threshold and to live in dignity and independence;

47. Calls on the Commission and the Member States to pursue the policy of active ageing, the social inclusion of elderly people and solidarity between generations; recalls that more cost-effective health systems and long-term care that ensure timely access to affordable preventive and curative healthcare of good quality are also fundamental for productivity;

48. Is of the opinion that Cohesion Policy, as the main public investment policy of the European Union, has demonstrated its effectiveness in reducing inequalities and enhancing inclusion and poverty reduction, and should therefore receive more funding in the future MFF; considers that the ESF should be retained as the main EU instrument for the integration and reintegration of workers into the labour market, as well as for supporting measures for social inclusion, combating poverty and inequalities, and to support the implementation of the European Pillar of Social Rights; calls on the Commission to increase the ESF in order to support the implementation of the European Pillar of Social Rights in the next MFF;

49. Stresses the necessity for the EFSI to support growth and employment in high-risk investment projects, and to tackle youth and long-term unemployment; is concerned, however, about the enormous imbalance in the use of the fund between the EU-15 and EU-13; stresses, moreover, the role of the Employment and Social Innovation (EaSI) Programme for promoting high levels of quality and sustainability of employment, for guaranteeing adequate and decent social protection, and for combating social exclusion and poverty;

50. Urges the Member States to assess whether they could reduce taxes on essential items, particularly food, a step which constitutes one of the most basic social justice measures;

51. Calls on the Commission and the Member States to step up efforts for the further inclusion of people with disabilities in the labour market by removing legislative barriers, tackling discrimination and adapting workplaces, as well as by creating incentives for their employment; recalls that an adapted work environment for people with disabilities, their integration into all levels of education and training and targeted financial support are essential measures which will help them participate fully in the labour market and society as a whole; calls on the Commission to include in the social scoreboard indicators on labour and the social inclusion of people with disabilities;

52. Welcomes the mainstreaming of the rights of people with disabilities in the proposed new guidelines for the employment policies of the Member States annexed to the AGS 2018; calls, nonetheless, for these provisions to include concrete measures to achieve the stated goals, in line with EU and Member State obligations under the UN Convention on the Rights of Persons with Disabilities (CRPD);

53. Encourages the Member States to implement the necessary measures for the social inclusion of refugees and people of ethnic minority or immigrant origin;

54. Underlines the fact that the non-alignment of labour demand with labour supply is a problem facing employers across all EU regions, including the most developed, and cannot be solved by insecure or instable employment; calls on the Commission and the Member States to promote measures to facilitate the mobility of workers across jobs, sectors and locations in order to meet labour demand in less- and better-developed regions alike, while at the same time ensuring stability and decent working conditions and enabling professional progress and promotion; acknowledges that intra-EU labour mobility across the Member States helps to meet supply and demand; calls on the Commission and the Member States, furthermore, to devote particular attention to the unique circumstances of cross-border workers and workers in peripheral and outermost regions;
55. Deplores the fact that, after countless requests from Parliament, the outermost regions are still not included in the AGS; urges the Commission, with the aim of guaranteeing equity between regions and furthering upward convergence, which has been much discussed, to step up the application of Article 349 TFEU in an effort to boost the integration of the outermost regions into the EU; stresses that the special attention given to the outermost regions must be maintained, not only with regard to allocation of funds but also in the light of the impact that European policies can have on their social situation and levels of employment;

56. Highlights the fact that over the period 2014-2016, real wage growth lagged behind productivity growth, notwithstanding improvements in the labour market; recalls that growth in real wages, as a result of increased productivity, is crucial for tackling inequalities;

57. Underlines the role in the reform process of the social partners as essential stakeholders, of national social dialogue practices and of civil society, and the added value of their active involvement in the drafting, sequencing and implementation of reforms; stresses that being effectively involved in the design of policies will enable social partners to feel more engaged in the national reforms adopted as a result of the country-specific recommendations of the Semester and ultimately reinforce their ownership of the outcomes; calls on the Commission, therefore, to propose guidelines for such adequate involvement of all relevant stakeholders; supports the view that new forms of employment in the globalised market require new forms of social and civil dialogue, and calls on the Commission and the Member States to support the creation of these new forms of social dialogue and the protection of these new forms of employment; stresses that all workers must be informed of their rights and be protected in the event that whistleblowing is used to report abusive practices; believes that, if we are to move towards upward convergence, social dialogue should be pursued throughout every phase of the European Semester process; affirms that the Member States need to help people build the skills required in the labour market;

58. Highlights the fact that, according to the European Centre for the Development of Vocational Training (CEDEFOP) and the EU2020 scoreboard, the distribution of skills in the labour force largely matched the qualification requirements of the labour market in 2016, and that labour supply exceeded demand for all qualification types, and was particularly high for low- and medium-level qualifications; stresses that CEDEFOP forecasts show a parallel rise in skills from both demand and supply until 2025 and that skills levels are expected to change faster for the labour force than those required by the job market; calls on the Commission and the Member States, therefore, to carefully reassess the difficulties in accessing the labour market; is concerned about the increase in the over-qualification rate (25% in 2014);

59. Highlights that gender discrimination, such as the gender pay gap or the gap in the employment rate between men and woman, is still great, with the average gross hourly earnings of male employees about 16% higher than those of female employees; stresses that these gaps are due to the under-representation of women in well-paid sectors, discrimination in the labour market and the large number of women in part-time work; urges that further progress is needed to narrow these gaps; calls on the Commission, in this context, to introduce into the EU 2020 strategy a gender equality pillar and an overarching gender equality objective;

60. Calls on the Member States to incorporate the gender dimension and the principle of equality between woman and man in their national reform programmes and stability and convergence programmes, by setting qualitative targets and devising measures that address persisting gender gaps;

61. Instructs its President to forward this resolution to the Council and the Commission.
Thursday 15 March 2018

P8_TA(2018)0079

Situation in the Maldives


(2019/C 162/10)

The European Parliament,

— having regard to its previous resolutions on the situation in the Maldives, particularly those of 16 September 2004 (¹), 30 April 2015 (²), 17 December 2015 (³) and 5 October 2017 (⁴),

— having regard to the statements by the spokesperson of the EEAS of 2 February 2018 on the decision of the Supreme Court of the Maldives of 1 February 2018 (⁵), and of 6 February 2018 on the situation in the Maldives (⁶),

— having regard to the joint local statement of 30 January 2018 of the Delegation of the European Union in agreement with the EU Heads of Missions resident in Colombo and accredited to the Maldives on the renewed arrest of MP Faris Maumoon (⁷),

— having regard to the International Covenant on Civil and Political Rights (ICCPR), to which the Maldives is a party,

— having regard to the International Covenant on Economic, Social and Cultural Rights (ICESCR), to which the Maldives is also a party,

— having regard to the EU Guidelines on the Death Penalty,

— having regard to the official mission to the Maldives of the European Parliamentary Delegation for Relations with the Countries of South Asia from 29 to 31 October 2017,

— having regard to the statement of UN High Commissioner for Human Rights, Zeid Ra’ad Al Hussein, of 7 February 2018,

— having regard to the statement issued on 6 February 2018 by the Bureau of the European Parliament’s South Asia Delegation on the situation in the Maldives,

— having regard to the Foreign Affairs Council conclusions on the Maldives, as adopted by the Council at its 3598th meeting on 26 February 2018.

— having regard to the Universal Declaration of Human Rights,

— having regard to the meeting of the UN Secretary-General with Mohamed Asim, Foreign Minister of the Republic of Maldives, on 28 September 2017 expressing concern over the political situation in the country,

— having regard to the statement of the International Association of Lawyers (UIA) on 7 March 2018, expressing grave concern about the rule of law and the state of the independence of the judiciary in the Maldives,

— having regard to Rules 135(5) and 123(4) of its Rules of Procedure,

A. whereas the first democratic elections in 2008 and the adoption of a new constitution had raised high hopes that the Maldives would overcome decades of authoritarian rule and move towards a democratic system, but recent developments pose a serious threat to the realisation of this prospect;

B. whereas opposition party members, independent journalists and human rights defenders report increased threats and attacks from authorities, police and extremist groups; whereas concerns have been raised over the highly politicised Maldivian judiciary, which over the years has abused its powers and acted in favour of the current ruling party and against opposition politicians; whereas there is mounting evidence indicating that criminal charges brought against political opponents of President Abdulla Yameen Abdul Gayoom (hereinafter President Yameen) may have been politically motivated; whereas former President Maumoon Abdul Gayoom was arrested in February 2018;

C. whereas the first round of presidential elections is due to take place in September 2018; whereas the President has invited the international community to observe the electoral process;

D. whereas on 1 February 2018 a decision of the Supreme Court of the Maldives annulled the criminal proceedings against leading politicians and admitted that the trials against them had been unfair; whereas the ruling ordered for the immediate release of nine persons, including eight opposition political leaders, including the exiled Mohamed Nasheed, and for the reinstatement of 12 suspended Members of Parliament; whereas the Government retains a majority in Parliament as long as the 12 MPs remain stripped of their seats;

E. whereas on 5 February 2018, following the decision of the Supreme Court, President Yameen declared a 15-day state of emergency; whereas with the declaration of the state of emergency a large number of human rights and fundamental freedoms enshrined in the Constitution were suspended, including the rights of peaceful assembly and freedom from unlawful arrest and detention;

F. whereas two presiding judges of the Supreme Court, including the Chief Justice, were arrested, causing the remaining presiding judges to annul the original order; whereas in clear disregard for the independence of the judiciary, members of the judiciary and political opponents have been arbitrarily detained;

G. whereas despite the peaceful protest of hundreds of citizens, the state of emergency was extended by Parliament for a further 30 days on 20 February 2018, a move that was deemed unconstitutional by the Maldives Prosecutor-General but upheld by the Supreme Court; whereas the vote to extend the state of emergency was forced through Parliament in the absence of a quorum;

H. whereas the Foreign Affairs Council has followed with concern the recent deterioration of the situation in the Maldives, issuing calls on all in the country, in particular law enforcement forces, to act with restraint; whereas a joint statement was delivered at the 37th Session of the Human Rights Council on behalf of over 40 countries, including all EU Member States, on 8 March 2018, calling on the Government of the Maldives to restore constitutional rights and the independence of the courts, expressing its support for the proper functioning of the country’s Parliament and urging the Government to release political prisoners and their families;
I. whereas civil society activists and human rights defenders in the Maldives continue to face threats and intimidation from extremists, and judicial harassment by the authorities, as in the case of Shahindha Ismail, Executive Director of the Maldivian Democracy Network, who was targeted by news articles, death threats and a police investigation because of her advocacy against religious fundamentalism and radicalisation;

J. whereas President Yameen has repeatedly declared his intention to resume the practice of state-sanctioned executions, ending a 60-year moratorium; whereas Maldivian law, in contravention of international law, allows minors to be sentenced to a delayed death penalty, to be carried out when the minor reaches the age of 18; whereas in at least three cases, specifically those of Hussein Humaam Ahmed, Ahmed Murath and Mohamed Nabeel, the Supreme Court of Maldives has confirmed death sentences for condemned individuals whose trials failed to uphold internationally recognised standards of fair trial, and who are now at imminent risk of execution;

K. whereas in recent years the Maldives have shifted towards a radical version of Islam; whereas there are also concerns about increasing radical Islamist militancy and about the number of radicalised young men and women alleged to have joined ISIS;

L. whereas the International Federation of Journalists (IFJ), Reporters Without Borders (RSF) and the Committee to Protect Journalists (CPJ) released a joint statement on 15 February 2018 expressing their deep concern over the restrictions of, and threats against, media and press freedom in the Maldives; whereas, on 4 February 2018, the deputy leader of the ruling Progressive Party of Maldives (PPM), Abdul Raheem Abdullah, called on the security forces to immediately shut down Raajje TV, accusing it of giving airtime to opposition leaders;

M. whereas the EU has long-standing relations with the Maldives, notably in areas such as the fight against climate change, and hundreds of thousands of European tourists travel to the Maldives every year;

1. Expresses its deep concern over the serious and deteriorating political and human rights situation in the Maldives, and the increasingly authoritarian rule of President Yameen and his Government; takes positive note of the Council Conclusions on the Maldives of 26 February 2018;

2. Calls on the Government of the Maldives to lift the state of emergency immediately, to respect the institutions and their competencies as provided for in the Constitution, and to respect the fundamental rights of all people, including the right to freedom of expression and assembly, as well as the rule of law; expresses its growing concern over the recent actions of the Government, which seriously damage and undermine democracy, and run counter to the Maldives’ Constitution and the country’s international human rights obligations; condemns the continued intimidation of, and threats against, journalists, bloggers and human rights defenders in the Maldives; urges the Maldivian authorities to guarantee the safety of all civil society activists, human rights defenders and media workers in the country, to enable them to carry out their work safely and without impediment, to investigate threats against them, and to prosecute the perpetrators; deplores the crackdown on political opponents in the Maldives, and calls on the Government to drop all charges against all those being held for political reasons and release them immediately and unconditionally;

3. Welcomes the decision of the Supreme Court of the Maldives of 1 February 2018 to annul the criminal proceedings against leading politicians and to reinstate 12 Members of Parliament; calls on the Maldivian authorities to abide by the ruling;

4. Strongly condemns any interference with the work of the Supreme Court of the Maldives and the arrests of the presiding judges; calls for their immediate and unconditional release; is concerned about the increasing breakdown of the principle of separation of the executive, judicial and other powers in the Maldives; calls on the responsible authorities to take immediate steps to restore and uphold the principles enshrined in its Constitution;
5. Reiterates its call on the Government to ensure the full independence and impartiality of the judiciary, and to guarantee all citizens the right to fair and transparent justice that is free of political influence; condemns the interference with the work of the Supreme Court and the actions taken against the judiciary and judges; calls on the Government to guarantee that lawyers are able to perform all of their professional functions without intimidation, hindrance, harassment or improper interference;

6. Reiterates its call on the Maldivian Government to engage in an inclusive dialogue with the leaders of all political parties; recalls that such dialogue paves the way for credible, transparent and inclusive elections; considers that the EU should actively continue to support UN facilitation of such dialogue;

7. Calls on regional actors to work with EU countries to help deliver political and democratic stability in the Maldives;

8. Believes that the only way to reverse the deterioration in democracy, human rights and freedoms in the Maldives is through a process of genuine dialogue involving all political parties and other civic leaders; further believes that, as a first step towards reconciliation, the Government must release all opposition politicians currently held in jail;

9. Reiterates the EU’s firm opposition to the death penalty, in all cases and without exception; strongly condemns the announcement of the reintroduction of the death penalty in the Maldives, and urges the Government and Parliament of the Maldives to respect the moratorium on the death penalty that has been in place for more than 60 years; calls for the universal abolition of capital punishment, and calls on the Government to revoke all capital punishment charges against juveniles and to prohibit the execution of juvenile offenders;

10. Strongly criticises the fact that the practice of non-Muslim faiths is severely punishable in the Maldives; expresses concern that the Religious Unity Act is being used to limit freedom of expression in the Maldives;

11. Expresses concern about the impact the current situation may also have on the security of foreign residents and visitors; calls on the VP/HR, the EU delegation to the Maldives and Member States’ delegations to coordinate closely their travel advice in this regard;

12. Calls for the immediate and unconditional release of all persons detained arbitrarily, many of whom are journalists and peaceful protestors; condemns all and any use of force by the authorities; calls on all Maldivian authorities, in particular law enforcement authorities, to act with restraint; calls on the authorities to investigate all those suspected of being responsible for the offences that have been committed, and to hold them accountable;

13. Calls on the EU to make full use of all instruments at its disposal to promote respect for human rights and democratic principles in the Maldives, including, possibly, the suspension of EU financial assistance to the country pending the resumption of the rule of law and abidance by democratic principles; calls on the Council to introduce targeted measures and sanctions against those in the country undermining human rights, and to freeze the assets abroad of, and impose travel bans on, certain members of the Maldivian Government and their leading supporters in the Maldivian business community;

14. Calls on the Maldivian Government to profoundly reform the judiciary, to establish the impartiality of the Judicial Service Commission, to re-establish the independence of the Prosecutor General, and to respect due process of law and the right to a fair, impartial and independent trial;
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15. Recognises that, under the Constitution, elections must be held in 2018; stresses that immediate action should be taken to ensure that these elections are transparent and credible, that voters are given a genuine choice and that parties are able to campaign freely;

16. Instructs its President to forward this resolution to the Vice-President of the Commission / High Representative of the Union for Foreign Affairs and Security Policy, the Council, the Commission, the governments and parliaments of the Member States, the Secretary-General of United Nations and the Government of the Maldives.
The arrest of human rights defenders in Sudan, notably the case of Sakharov Prize laureate Salih Mahmoud Osman


(2019/C 162/11)

The European Parliament,

— having regard to its previous resolutions on Sudan,

— having regard to the statement of 9 February 2018 by its Vice-President responsible for the Sakharov Prize Network and by the Chair of its Human Rights Subcommittee on the Sakharov Laureate Salih Mahmoud Osman,

— having regard to the local statement of 11 January 2018 by the Heads of Mission of EU Embassies on the recent protests in Khartoum,

— having regard to UN Security Council resolution 2400 (2018), adopted at its 8177th meeting on 8 February 2018,

— having regard to the statement of 31 January 2018 by the President of the UN Security Council in connection with the Security Council’s consideration of the item entitled ‘Reports of the Secretary-General on the Sudan and South Sudan’,

— having regard to the statement by the UN Resident and Humanitarian Coordinator in Sudan on the abduction of an aid worker in Darfur, issued in Khartoum on 9 October 2017,

— having regard to the International Covenant on Civil and Political Rights,

— having regard to Article 5 of the Universal Declaration of Human Rights and Article 7 of the International Covenant on Civil and Political Rights, both of which provide that no one shall be subjected to torture or to cruel, inhuman or degrading treatment or punishment,

— having regard to the statement of 27 June 2016 by the spokesperson of the Vice-President of the Commission / High Representative of the Union for Foreign Affairs and Security Policy (VP/HR) on the Sudanese Government’s announcement of a four-month unilateral cessation of hostilities,

— having regard to the revised Cotonou Partnership Agreement,

— having regard to the African Charter on Human and Peoples’ Rights of June 1981,

— having regard to Rules 135(5) and 123(4) of its Rules of Procedure,
A. whereas the situation in Sudan continues to constitute a threat to international peace and security in the region; whereas the Sudanese authorities have carried out a crackdown on peaceful protest, civil society and human rights defenders;

B. whereas in connection with sporadic protests that began around Sudan on 7 January 2018 over a rise in the cost of food and medicines, at least 140 opposition party members, human rights defenders, students and women’s rights activists have been arrested and detained by the Sudanese National Intelligence and Security Services (NISS); whereas protests have been met with an excessive use of force by Sudanese forces, leading to the death of one protester and injuries to several others, in addition to a nationwide crackdown on journalists and activists; whereas the clashes in January and February 2018 are the latest examples of constant abuses in the country;

C. whereas those arrested include political opponents, with three Sudanese Congress Party leaders arbitrarily arrested and detained: whereas other opponents arrested include Mohamed Mukhtar al-Khatib, the political secretary of the Sudanese Communist Party; Mohamed Abdalla Aldoma, the deputy chairperson of the National Umma Party; Mohamed Farouk Salman, a leading member of the Sudan National Alliance; and two members of the Sudanese Communist Party central committee, Mohieldeen Eljalad and Sidgi Kaballo;

D. whereas Sudanese NISS forces arrested Salih Mahmoud Osman – the Vice-President of the Darfur Bar Association, a member of the Democratic Lawyers Association, a human rights lawyer who has promoted the establishment of the rule of law and advocated for legal reform through the National Assembly of Sudan, and recipient of the 2007 Sakharov Prize – at his law firm on 1 February 2018; whereas he was recently transferred to Dabak prison, 20 km north of Khartoum, and the authorities have refused to provide information on his health and denied visits to his lawyer and family;

E. whereas following the arrest of Salih Mahmoud Osman, the EU Head of Delegation to Sudan initiated a démarche with the Sudanese Ministry of Foreign Affairs and an appeal was made by the EU’s Special Representative for Human Rights, Stavros Lambrinidis, to the 37th session of the UN Human Rights Council on 27 February 2018;

F. whereas a number of women activists have likewise fallen victim to this campaign of mass arrests: whereas women’s rights defenders are being subjected to sexual violence, prosecution and violent punishments imposed by government security forces; whereas women’s organisations are kept under close surveillance and are campaigning against laws which generally discriminate against women;

G. whereas in mid-February 2018 the Sudanese Government announced the release of 80 detainees, including Rawa Jaafar Bakhit, Nahid Jabrallah, Amel Habani, Hanan Hassan Khalifa and Mohamed Abdalla Aldoma following ill-treatment while in detention; whereas the head of the NISS conditioned the release of other detainees on their promise to stop organising protests; whereas these declarations are contrary to Sudan’s international human rights commitments; whereas, however, several prominent human rights defenders and opposition political activists remain in prison, including Osman Salih and Amjeed Fareed, a human rights defender who has been in detention in Khartoum since 18 January 2018; whereas those detained have not been charged with any crime and have not been brought before a court of law;

H. whereas human rights defenders and civil society organisations, including lawyers and bar associations, play a central role in ensuring democracy, human rights, the rule of law, stability and sustainable development;

I. whereas the activities of civil society organisations and opposition political parties are severely restricted, and the NISS prevents civil society organisations and opposition parties from holding many events; whereas international NGOs are regularly expelled from the country and are targets for pressure and intimidation by the government;
J. whereas the National Security Law of 2010 and the amendment to Article 151 of the Constitution adopted on 5 January 2015 have conferred wide-ranging powers of arrest and detention on the NISS, enabling it to hold suspects for as long as four and a half months without any scope for judicial review; whereas it is alleged that these powers are being used to arbitrarily arrest and detain people who, in many cases, are tortured and subjected to other ill-treatment; whereas, under the same law, NISS officers are immune from prosecution for any act committed in the course of their duties, which has created a culture of general impunity;

K. whereas in May 2016, the Government of Sudan rejected the UN's recommendations calling on it to repeal the impunity provisions of the 2010 National Security Law and to arrange for independent inquiries to be launched with a view to prosecutions for crimes under international law and breaches of human rights committed by members of the NISS, the armed forces and the police;

L. whereas several of the human rights defenders who have been detained have been subjected to torture and ill-treatment; whereas detainees held in custody by the NISS are especially at risk of ill-treatment; whereas the NISS is known for its ill-treatment and torture of detainees;

M. whereas the ongoing violence by government forces, pro-government militia groups and anti-government armed groups forms the backdrop to continued harassment, arbitrary arrests, incommunicado detentions and the alleged torture of human rights defenders by Sudanese military and security forces;

N. whereas the European External Action Service (EEAS) has declared the easing of sanctions by the United States as an important step in overall efforts to reintegrate Sudan into the international community, and has signalled that the EU stands ready to accompany Sudan in this process; whereas during the first ever mission to Sudan of Parliament's Subcommittee on Human Rights in December 2017, the Sudanese Government expressed a willingness to re-engage with the international community; whereas Salih Mahmoud Osman has on several occasions visited EU institutions, including the European Parliament, in order to express strong reservations about the EU's re-engagement with Sudan;

O. whereas the Sudanese authorities prevented Mohamed Aldoma from travelling and seized his passport while he was en route to Cairo for medical treatment on 8 March 2018, following ill-treatment while in detention;

P. whereas Sudan is ranked 174th out of 180 in the World Press Freedom Index; whereas press and media freedoms continue to be severely restricted by the authorities and by the Press and Publications Act, which provides for restrictions such as censorship, the seizure and confiscation of newspapers, closures of media outlets and internet cut-offs; whereas newspapers are regularly censored and confiscated after being printed, which imposes economic sanctions over and above the political sanctions;

Q. whereas the right to freedom of religion continues to be restricted and the law criminalises apostasy, blasphemy and conversion from Islam to other religions; whereas on 21 February 2018 the journalist Shamael al-Nur, working for the daily newspaper Al-Tayyar, was charged with apostasy for having written an editorial on the cuts in national health spending, a charge which carries the death penalty in Sudan;

R. whereas the International Criminal Court issued arrest warrants for the Sudanese President Omar Hassan Ahmad al-Bashir on 4 March 2009 and 12 July 2010;
1. Expresses deep concern at the ongoing persecution of human rights defenders and civil society in Sudan, particularly involving violations of freedom of expression, freedom to demonstrate, freedom of assembly and religious freedom, and the intimidation of human rights defenders, journalists and NGOs opposed to the regime;

2. Calls for the immediate and unconditional release of the Sakharov Laureate Salih Mahmoud Osman, as well as of any other human rights defenders, civil society activists and opposition activists who are being held solely as a result of their legitimate and peaceful work in defence of human rights and democracy;

3. Condemns in the strongest possible terms the practice of torture and ill-treatment towards any detained persons; insists that the conditions of all detainees must comply with international standards, including the UN Body of Principles for the Protection of All Persons under Any Form of Detention or Imprisonment;

4. Calls on the Sudanese authorities to investigate the use of violence against peaceful demonstrators, torture and ill-treatment, and to bring the perpetrators to justice; emphasises that any purported information collected as a result of torture and ill-treatment must never be admissible as evidence in legal proceedings;

5. Deplores the targeting and abuse of all human rights defenders and activists in Sudan, and calls on the authorities to guarantee in all circumstances that they are able to carry out their legitimate activities without fear of reprisals and free of all restrictions, including judicial harassment;

6. Urges the Sudanese Government to immediately cease the violations of the rights of political opposition parties and human rights defenders to the freedoms of expression, association and assembly; calls for the fundamental human rights of all people in Sudan to be respected and protected;

7. Expresses its concern at the continual and frequent violations of women’s rights in Sudan, with particular regard to Article 152 of the Criminal Code; calls on the Sudanese authorities to sign without delay and ratify the Convention on the Elimination of All Forms of Discrimination Against Women;

8. Underlines its continued commitment to the protection mechanism for human rights defenders at risk; calls on the EEAS to continue to improve its implementation of the EU Guidelines on Human Rights Defenders, by fully utilising all means at its disposal in Sudan; emphasises that EU delegations must prioritise support in their local calls for proposals under the European Instrument for Democracy and Human Rights (EIDHR) for those human rights defenders most at risk, thereby ensuring effective and targeted support;

9. Requests that the EEAS and the EU Delegation to Sudan report back to Parliament on actions taken to provide protection and support for human rights defenders; calls for united EU and Member State action in support of human rights defenders at risk;

10. Reiterates that it is imperative that key laws, including the 2010 National Security Act and laws regulating media and civil society, are reviewed and reformed, in order to bring them into line with international standards which uphold the freedoms of expression, assembly and association;

11. Reminds Sudan of its obligations as a UN Member and urges it to comply with UN Security Council Resolution 1593 (2005), which requires cooperation with the International Criminal Court (ICC); reaffirms its demand that the Sudanese President Omar al-Bashir complies with international law in accordance with the conventions and treaties to which Sudan is a party, and supports the role of the ICC in pursuing the charges against him of war crimes, crimes against humanity and genocide;

12. Urges Sudan to ensure respect for human rights and fundamental freedoms in accordance with the Universal Declaration of Human Rights and the UN Declaration on Human Rights Defenders;
13. Shares the concerns expressed by Salih Mahmoud Osman that the current focus on migration may divert the EU’s attention away from human rights matters;

14. Calls, therefore, on the EEAS to resume issuing statements in response to widespread human rights violations by actors of the state and militias, as well as statements concerning the shrinking space for civil society, in order to demonstrate that the EU remains deeply concerned about the human rights situation in Sudan;

15. Strongly requests that the EU and its Member States ensure that the implementation of projects with the Sudanese authorities observe the 'Do no harm' principle, which would rule out cooperation with actors responsible for human rights violations;

16. Invites the EU and its Member States to provide support to those within Sudan who are genuinely seeking change, and to provide civil society organisations with technical assistance and capacity-building programmes to improve their human rights advocacy and rule of law capabilities and enable them to contribute more effectively to the improvement of human rights in Sudan;

17. Calls on the EU and its Member States to continue their commitment to support the efforts of the African Union to bring peace to Sudan and the Sudanese people; expresses its support, in this regard, for the renewal of the mandate of the UN-African Union Mission in Darfur (UNAMID) up to June 2018;

18. Instructs its President to forward this resolution to the Council, the Commission, the Government of Sudan, the African Union, the United Nations Secretary-General, the Co-Presidents of the ACP-EU Joint Parliamentary Assembly and the Pan-African Parliament (PAP).
P8_TA(2018)0081

Mercy killings in Uganda


(2019/C 162/12)

The European Parliament,

— having regard to the Universal Declaration of Human Rights of 10 December 1948, to which Uganda is a signatory,

— having regard to the ACP-EU Partnership Agreement ('Cotonou Agreement') and in particular to Article 8(4) thereof on non-discrimination,

— having regard to the Constitution of the Republic of Uganda,

— having regard to the International Convention on the Rights of the Child (CRC), adopted on 20 November 1989, in particular to Articles 2 and 6 thereof, which explicitly stipulate the principle of non-discrimination, including on grounds of disability, and the right to life,

— having regard to the United Nations Convention on the Rights of Persons with Disabilities (CRPD), adopted in 2006, in particular to Article 32 thereof, which states that all parties must include disabilities and persons with disabilities in their international cooperation efforts,

— having regard to the latest resolutions of the UN Human Rights Council on the human rights of persons with disabilities of 14 April 2014 and 14 July 2014,

— having regard to Article 19 of the Treaty on the Functioning of the European Union (TFEU), Article 6 of the Treaty on European Union (TEU) and Article 14 of the Convention for the Protection of Human Rights and Fundamental Freedoms, which prohibit all forms of discrimination, as well as Articles 21 and 26 thereof, which set out the rights of people with disabilities,

— having regard to the resolution of the ACP-EU Joint Parliamentary Assembly on the inclusion of persons with disabilities in developing countries, adopted on 23 November 2011,

— having regard to the World Report on Disability published by the World Health Organisation (WHO) and the World Bank in June 2011,

— having regard to the OHCHR report of 8 April 2016, ‘Committee on the Rights of Persons with Disabilities considers report of Uganda’,

— having regard to United Nations General Assembly (UNGA) Resolutions 65/186 and 64/131 on ‘Realising the Millennium Development Goals for persons with disabilities towards 2015 and beyond’,

— having regard to the EU Guidance Note on Disability and Development for EU Delegations and Services,

— having regard to the 2030 Agenda and the Sustainable Development Goals (SDGs) adopted in New York on 25 September 2015,

— having regard to Uganda’s review report of 1 July 2016 on the implementation of the 2030 Agenda entitled ‘Ensuring that no one is left behind’, which was presented to the UN High-level Political Forum in New York,
— having regard to its resolution of 19 January 2006 (1) on disability and development,

— having regard to its previous resolutions on Uganda,

— having regard to Rules 135(5) and 123(4) of its Rules of Procedure,

A. whereas ‘mercy killing’in Uganda is a practice whereby parents of disabled children kill or allow them to die by starving them or denying them medical attention because of the belief that these children are better off dead than having to endure a painful and incurable disability;

B. whereas Uganda is not the only country struggling with this problem; whereas many developing countries have made significant, though incomplete, progress on including people with disabilities in development projects;

C. whereas some parents confess that the act of ‘mercy killing’is necessary to save disabled children from severe suffering throughout their lives; whereas despite the testimony of some mothers or survivors, the practice remains a taboo;

D. whereas the social stigma in Uganda is so strong that the mothers and children are rejected by the community, which attributes them a low social status and denies them full participation in society; whereas there is pressure on mothers to kill their own children after years of struggling with the effort and sacrifices related to caring for a disabled child;

E. whereas beliefs held about children born with disabilities put them at greater risk of violence and murder than non-disabled children; whereas children with disabilities remain subject to various forms of violence, discrimination and marginalisation due to negative attitudes, superstition, neglect and social norms and practices; whereas the greatest threat to children with disabilities is posed by misleading beliefs regarding their condition, including that the presence of the child will lead to more children suffering from disabilities;

F. whereas clans and extended families put mothers under too much pressure, seeking to understand the causes of disability and casting blame on the mother; whereas, in some cases, mothers have been expelled from their husbands’ households for producing disabled children;

G. whereas doctors and medical workers fail to understand or explain the nature and the cause of the child’s frailty, and whereas the healthcare system is not sufficiently equipped to diagnose and treat many types of disabilities that could be minimised or even eliminated; whereas the denial of basic rights to children with disabilities, such as access to healthcare, education, support and rehabilitation, severely hinders their ability to develop their full potential;

H. whereas Uganda is one of the 162 states party to the CRPD; whereas Uganda ratified the Convention and its Optional Protocol on 25 September 2008 without reservations; whereas Uganda committed itself to accord the same rights to persons with disabilities as to all other citizens;

I. whereas in April 2016, the UN Committee on the Rights of Persons with Disabilities reviewed Uganda’s record on the implementation of the CRPD, and concluding observations and recommendations were drawn up, according to which ‘the Committee notes with concern that legislation and policies fail to provide protection for the rights of children with disabilities’ and ‘is also concerned about the absence of information on the situation of deaf and deaf-blind children, and about measures to ensure their protection and inclusion in society’;

J. whereas the Government of Uganda has a number of general laws and policies that contain clauses on disability; whereas the country has disability-specific legislation; whereas the definition of disability can vary from one piece of legislation to another;

K. whereas two of the greatest obstacles to the inclusion of disabled people in Ugandan society are their invisibility and negative attitudes towards them; whereas having children with disabilities is a reason for social exclusion for the family and in particular the mothers, as children with disabilities are seen as a source of shame and weakness for the family;

L. whereas few state-run support facilities exist for parents of disabled children in parts of rural Uganda and whereas as a consequence families, in particular single mothers, often find it difficult to adequately care for their disabled children;

M. whereas there are no official figures available as neither the police nor the justice system in Uganda investigate the phenomenon; whereas the lack of data makes the fight against the practice of ‘mercy killing’ difficult;

N. whereas the work of civil society groups and human rights defenders is crucial to guaranteeing the rights of marginalised and vulnerable groups; whereas non-governmental organisations in Uganda are facing several difficulties and obstacles in providing services to children with disabilities and their parents; whereas many misconceptions surrounding children with disabilities pose a challenge to development efforts and the work of human rights monitors in Uganda;

O. whereas associations for persons with disabilities have a particular role to play in representing and communicating the specific interests of people with disabilities to politicians and the general public; whereas there is a lack of information available to make the general public aware of cultural practices that stigmatise and hinder the development of persons with disabilities and their enjoyment of the same rights as all other persons in society;

1. Strongly condemns the unjustifiable and inhumane killing of children and new-borns with disabilities; expresses its utmost concern over the ‘mercy killing’ of disabled children in Uganda and all countries affected; calls for an end to such acts of violence, cruelty and torture towards children;

2. Calls on the authorities of Uganda and all countries affected by the ‘mercy’ and ritual killing of children to commit to tackling the harmful superstitious beliefs perpetuating the targeting of children;

3. Recalls that the primary responsibility of a state is to protect its citizens, including vulnerable groups; reminds the Ugandan authorities of their obligation to comply with the Constitution of their country, in particular Articles 21, 32 and 35(1), the latter stating that persons with disabilities have a right to respect and human dignity and the state and society shall take appropriate measures to ensure they realise their full mental and physical potential;

4. Recalls the specific duty of the Ugandan Parliament towards people with disabilities, embedded in Article 35(2) of the Constitution, by virtue of which the Parliament should enact laws appropriate for the protection of persons with disabilities; calls on the Ugandan Government to support all actions undertaken in favour of the improvement of the civil and human rights of disabled people;

5. Calls for support for the families of persons with disabilities so that they can raise their children at home; calls on the Ugandan Government to develop quality support services for the families of children with disabilities throughout the country, including sufficient financial support and benefits for families to take good care of their disabled children;

6. Calls on the authorities to ensure social awareness and information on the situation of disabled people, and training courses to ensure support, information and advice for parents and care-givers of children with disabilities, in order to facilitate the participation of these children in the community;

7. Calls on the Government of Uganda to ensure medical doctors who come into direct contact with people with disabilities and their medical problems are adequately educated and sensitised to the needs of these patients;
8. Welcomes the creation in 2007 of the Equal Opportunities Commission Act, which aims at promoting equal opportunities for marginalised groups, including persons with disabilities;

9. Welcomes the creation of the Uganda Human Rights Commission (UHRC) under the 1995 Constitution of the Republic of Uganda; recalls its role, among others, to create and sustain the awareness in society of the provisions of this constitution as the fundamental law of the people of Uganda and to monitor the government’s compliance with international human rights obligations;

10. Calls on the UHRC to develop a concrete national plan to guide its monitoring function and to promote more structured and institutionalised interaction with all disabled persons’ organisations in the country;

11. Urges the authorities to ensure registration of all children at birth, including those with disabilities;

12. Calls on the Ugandan authorities to strengthen efforts to raise awareness of the rights and dignity of children with disabilities in Uganda; underlines, in this connection, the important role of education to combat stigmatisation; stresses emphatically the key role of associations for persons with disabilities in raising awareness about the inclusion of people with disabilities and the challenges they face;

13. Stresses that the media should play a more active role in challenging stereotypes and promoting inclusion; calls upon international, national and local decision makers to ensure and promote awareness-raising via the media, educational policies and public campaigns;

14. Expresses grave concern at the increasing number of physical attacks on human rights defenders and civil society groups, such as the Human Rights Awareness and Promotion Forum; urges the Ugandan authorities to guarantee the safety of human rights defenders, prosecute attacks against them and enable them to carry out their work free of threats and impediments;

15. Calls on the Commission and the Member States to support the efforts of the Government, NGOs and civil society of Uganda to formulate and implement policies to address the needs and rights of persons with disabilities, based on non-discrimination and social inclusion, and equal access to healthcare and other social services;

16. Calls for an exchange of good practices among both developing and developed countries; asks the Commission to develop a platform together with other international donors in order to exchange good inclusion practices for children with disabilities; calls upon the Commission to fully fulfil its commitments under Article 32 of the CRPD;

17. Calls on the EU to take advantage of the political leverage provided by development aid programmes, namely budget support programmes, to enhance the defence and promotion of human rights in Uganda; calls on the Commission to verify if better assistance can be granted, either through funding or coordination with local institutions, to improve medical support to children with disabilities in order to extend urgently needed support to their families;

18. Stresses that inclusion policies should be promoted in all relevant UN and international fora, as the issue of disability is currently absent in many high-level international discussions and must be placed high on the political agenda;

19. Instructs its President to forward this resolution to the Council, the Commission, the Vice-President of the Commission / High Representative of the Union for Foreign Affairs and Security Policy, the President of the Republic of Uganda, the Speaker of the Ugandan Parliament and the African Union and its institutions.
EU-Comoros fisheries partnership agreement: denunciation (Resolution)


(2019/C 162/13)

The European Parliament,

— having regard to the draft Council decision (14423/2017),

— having regard to the Partnership Agreement in the fisheries sector between the European Community and the Union of the Comoros (1),

— having regard to the request for consent submitted by the Council in accordance with Article 43 and Article 218(6), second subparagraph, point (a), of the Treaty on the Functioning of the European Union (C8-0447/2017),

— having regard to its legislative resolution of 15 March 2018 (2) on the draft decision,


— having regard to Rule 99(2) of its Rules of Procedure,

— having regard to the report of the Committee on Fisheries and the opinion of the Committee on Development (A8-0055/2018),

A. whereas the Partnership Agreement in the fisheries sector between the European Community and the Union of the Comoros (hereinafter ‘the Comoros’) provides for its termination by either party in the event of serious circumstances, such as failure to comply with undertakings made by the parties with regard to combating illegal, unreported and unregulated (IUU) fishing;

B. whereas illegal fishing is a major threat to global marine resources, given that it depletes fish stocks, destroys marine habitats, puts honest fishers at an unfair disadvantage, and destroys the livelihoods of coastal communities, particularly in developing countries;

C. whereas the EU should take all possible steps to ensure that sustainable fisheries agreements entered into with third countries bring mutual benefits to the EU and the third countries concerned, including their local populations and their fisheries sectors;

D. whereas the overall aim of the Protocol concluding the Partnership Agreement in the fisheries sector between the European Community and the Union of the Comoros was to enhance fisheries cooperation between the EU and the Comoros in the interests of both parties, by establishing a partnership framework within which to pursue a sustainable fisheries policy while exploiting fishery resources in a sustainable way in the Comorian exclusive economic zone, as well as to secure an appropriate share, corresponding to the interests of the EU fleets, of the fishing surpluses available;

E. whereas the first fisheries agreement between the EEC and the Comoros dates back to 1988 and whereas the fleets of EEC/EU Member States have since then been given access to fishing opportunities under a series of implementing protocols;

F. whereas according to the UNCTAD report entitled ‘Fishery Exports and the Economic Development of Least Developed Countries’, sectoral cooperation has not progressed beyond a rudimentary state, with very little impact on the fishing industry, landing conditions, monitoring and surveillance capacity, scientific development, or the technical training of fishers and observers; whereas the price that the EU pays to the Comoros per tonne of fish (tuna) is roughly 15 % of the estimated wholesale price per tonne:

G. whereas the Comoros was notified on 1 October 2015 of the possibility of its being identified as a non-cooperating third country for failure to exert adequate control of vessels registered under the Comorian flag; whereas, having been identified as a non-cooperating country in May 2017 and listed as such in July 2017 by the EU, which issued a ‘red card’, the country has still failed to take the corrective measures needed to resolve the problems identified and to combat IUU fishing;

H. whereas the previous protocol to the fisheries agreement with the Comoros expired on 30 December 2016 and was not renewed because the Comoros had failed to give any undertaking to combat IUU fishing; whereas the protocol was endowed with a financial envelope of EUR 600000 a year, of which EUR 300000 were earmarked for the support of the fisheries policy of the Comoros with a view to promoting sustainability and sound management of fisheries resources in its waters;

I. whereas the EU is firmly committed to combating illegal fishing and any form of business stemming from it, and that commitment is set out in the IUU regulation;

J. whereas the EU and its Member States are pursuing cooperation with the Comoros in several sectors; whereas the EU’s denunciation of the fisheries Partnership Agreement can be reversed (if the necessary corrective measures are taken) and whereas the denunciation of this agreement does not rule out future negotiation of another agreement or any other form of partnership in the fisheries sector;

K. whereas combating IUU fishing does not depend solely on identifying non-cooperating third countries, but, on the contrary, requires that ways be found to remedy situations brought to light; whereas unless it receives outside assistance, the Comoros will be unable to improve its marine management policies for fishery resources in particular, including as regards landing conditions, monitoring and surveillance capacity, scientific development, and the technical training of fishers and observers;

L. whereas the 2030 Agenda for Sustainable Development and the Sustainable Development Goals (SDGs) incorporated, for the first time, a goal related to the conservation and sustainable use of seas and marine resources (Goal 14);

1. Regrets that the Comoros has failed to take the corrective measures needed to resolve the problems identified and to combat IUU fishing, despite being warned by the EU;

2. Reiterates the importance of effective flag state control, the absence of which is a root cause of IUU fishing; considers that the Comoros should meet its obligations under international law with respect to the supervision and control of vessels flying its flag; strongly believes that this lack of supervision and authorisation to fish enables such vessels to engage in IUU fishing with impunity;

3. Takes the view that the Comoros should remain engaged with the EU and seize this opportunity to put in place the measures necessary to improve its ability to address illegal fishing;

4. Deplores the fact that in almost 30 years of fisheries agreements between the EU and the Comoros – one component of which has been geared to cooperation and support for the development of the Comorian fisheries sector – it has not proved possible to achieve more tangible results in the sector’s development, including in fields such as monitoring and surveillance capacity, scientific development, and technical training for fishers and observers;

5. Maintains that the available development cooperation instruments, especially the European Development Fund (EDF), need to be dovetailed more effectively with overall support for capacity development in the fisheries sector;

6. Recalls that the Comoros has a duty, under the fisheries Partnership Agreement signed with the EU and other international instruments, as well as within the framework for the achievement of the 2030 Agenda and the SDGs, to respect the principles of good governance in fisheries and responsible fishing, maintain fish stocks and preserve the marine ecosystem in its exclusive economic zone;

7. Stresses the need to fight IUU fishing globally and to create incentives for states to take their responsibilities seriously and implement necessary reforms in their fisheries sectors;
8. Maintains that combating IUU fishing must not hinge entirely on identifying non-cooperating third countries and that, in order truly to fight illegal fishing in all its forms, it is necessary to find ways of helping countries, in particular small island developing states, of which the Comoros is one, so as to enable them to alter their marine management policies;

9. Agrees with the Commission and the Council on the need to apply the measures referred to in Article 38(8) of the IUU Regulation for the denunciation of any standing bilateral fisheries agreement with the Comoros, which provides for termination of the agreement in the event of failure to comply with undertakings made by it with regard to combating IUU fishing;

10. Notes the other consequences referred to in Article 38(8) of the IUU Regulation, concerning prohibitions on chartering, reflagging and private agreements, among others;

11. Maintains, however, that such denunciation must not mark the end of cooperation between the EU and the Comoros in the fisheries sector; urges the Commission to seek to ensure that this relationship can be reactivated as soon as possible, proceeding from the premise that fishing communities and small-scale artisanal fisheries should be considered central to the country’s development and that, to that end, investment and technical assistance should be promoted in the following areas:

   — fisheries administration and governance system, legislation, institutional machinery, capacity-building for human resources (fishers, scientists, inspectors and others), and enhancement of the commercial and cultural value of traditional Comorian gear and fish;

   — monitoring and scientific capacities, coastal protection capacity, and capacities for inspection, surveillance, and quality control;

   — setting up facilities for refrigerating, distributing, and processing fish;

   — construction and upgrading of landing and security infrastructure at ports and harbours;

   — renewal of the Comorian small-scale fleet to improve safety, its ability to remain at sea, and fishing capacity;

12. Calls for the inclusion of a clause whereby, should the Comoros remedy its shortcomings, the procedure would be stopped and the red card withdrawn, thus enabling the EU fleet to return;

13. Calls on the Commission to take the appropriate steps to bring about a return to normal by improving the effectiveness of measures to combat IUU fishing and letting the EU fleet go back to the fishing zone once the terms of a new protocol have been renegotiated;

14. Calls on the Commission and Council, each within its remit, to keep Parliament fully informed without delay of such developments as might occur in this process;

15. Instructs its President to forward this resolution to the Council, the Commission, and the governments and parliaments of the Member States and of the Union of the Comoros.
Situation in Syria


The European Parliament,

— having regard to its previous resolutions on Syria, in particular that of 18 May 2017 on the EU strategy on Syria (1),

— having regard to the Universal Declaration of Human Rights of 1948 and other UN human rights treaties and instruments, including the UN Convention on the Rights of the Child,

— having regard to the Geneva Conventions of 1949 and the additional protocols thereto,

— having regard to the statements on Syria by the Vice-President of the Commission / High Representative of the Union for Foreign Affairs and Security Policy (VP/HR), Federica Mogherini, and in particular those of 9 July 2017 on a ceasefire in Syria, of 25 November 2017 on the conference of the Syrian Opposition in Riyadh and of 23 February 2018 on the massacre in Eastern Ghouta and to her remarks upon arrival at the Foreign Affairs Council meeting of 26 February 2018,

— having regard to the joint statements by VP/HR Federica Mogherini and Commissioner Stylianides on the recent attacks in Syria of 3 October 2017, on the humanitarian situation in Eastern Ghouta and Idlib of 20 February 2018 and on the situation in Eastern Ghouta and elsewhere in Syria of 6 March 2018,

— having regard to the statement by VP/HR Federica Mogherini during its plenary session of 6 February 2018 on the human rights situation in Turkey and the situation in Afrin, Syria,

— having regard to Council Decision 2011/273/CFSP of 9 May 2011 concerning restrictive measures against Syria (2) and to the Council conclusions of 26 February 2018 on adding two new ministers to the sanctions list,

— having regard to the joint communication by the Commission and the VP/HR to the European Parliament and the Council of 14 March 2017 entitled ‘Elements for an EU Strategy for Syria’ (JOIN(2017)0011) and to the Council conclusions on Syria of 3 April 2017, which together make up the new EU strategy on Syria,

— having regard to the Co-Chairs Declaration of 5 April 2017 on the Conference on Supporting the Future of Syria and the Region, and to the previous conferences on the situation in Syria held in London, Kuwait, Berlin and Helsinki,

— having regard to the statements by UN High Commissioner for Human Rights, Zeid Ra’ad Al Hussein to the Human Rights Council (UNHRC) in Geneva on the situation in Syria, in particular those of 26 February 2018 and 2 March 2018, and to his oral update on the activities of his office and recent human rights developments of 7 March 2018,

— having regard to the statements attributable to the Spokesman for the Secretary-General on Eastern Ghouta in the Syrian Arab Republic of 20 February and 24 February 2018,

— having regard to the Charter of the United Nations and to all the UN conventions to which Syria is a State Party,

(2) OJ L 121, 10.5.2011, p. 11.
having regard to the UN Security Council (UNSC) resolutions on Syria, in particular Resolution 2254 (2015) of 18 December 2015, Resolution 2393 (2017) of 19 December 2017 on authorisation for cross-border and cross-line aid delivery in Syria and Resolution 2401 (2018) of 24 February 2018 on a 30-day cessation of hostilities in Syria to enable humanitarian aid delivery,

— having regard to the reports of the Independent International Commission of Inquiry on the Syrian Arab Republic, established by the UNHRC, and to the UNHRC resolutions on the Syrian Arab Republic, in particular that of 5 March 2018 on the deteriorating situation of human rights in Eastern Ghouta,

— having regard to UN General Assembly Resolution A-71/248 of 21 December 2016 on an International, Impartial and Independent Mechanism to Assist in the Investigation and Prosecution of Those Responsible for the Most Serious Crimes under International Law Committed in the Syrian Arab Republic since March 2011,

— having regard to the Rome Statute and the founding documents of the International Court of Justice, and those of ad hoc tribunals, including the International Criminal Tribunal for the former Yugoslavia, the International Criminal Tribunal for Rwanda and the Special Tribunal for Lebanon,

— having regard to the Memorandum on the creation of de-escalation areas in the Syrian Arab Republic, signed by Iran, Russia and Turkey on 6 May 2017,

— having regard to the report published by the UN Population Fund in 2017 entitled ‘Voices from Syria 2018 – Assessment Findings of the Humanitarian Needs Overview’,

— having regard to the Carnegie Middle East Center statement of 5 March 2018 on the reported meeting of the head of the Syrian National Security Bureau, Ali Mamlouk, who is included in the EU sanctions list, with the Italian Interior Minister and the Director of the Agency for Information and External Security in Rome, in flagrant violation of Council Decision 2011/273/CFSP of 9 May 2011 concerning restrictive measures against Syria,

— having regard to Rule 123(2) and (4) of its Rules of Procedure,

A. whereas Syria’s seven-year civil conflict continues, despite several international efforts to achieve a ceasefire and lay the basis for a negotiated solution; whereas, consequently, the humanitarian situation in the country remains devastating; whereas 13 million people, including 6 million children, are registered as in need of some form of humanitarian aid; whereas 6.1 million people are internally displaced, 3 million civilians live in besieged areas and over 5 million are registered Syrian refugees residing in neighbouring regions; whereas at least 400000 Syrian lives have been lost during the conflict;

B. whereas areas and cities such as Idlib, Eastern Ghouta, Yarmouk, Foua, and Kefraya have long suffered blockades with serious consequences for the civilian population and no possibility to deliver humanitarian aid in a sustainable way due to the military offensive and bombardments by the Syrian regime against its own people with the support of Russia and Iran; whereas Eastern Ghouta has been under siege by the Syrian regime and its allies for five years – with civilians, including children, schools and medical facilities subjected to air bombardments, shelling and the use of chemical weapons, causing hundreds of deaths in the area; whereas terrorist groups in Eastern Ghouta have been accused of shelling civilian districts in Damascus;

C. whereas the situation in Eastern Ghouta is so critical that the UN Secretary-General, António Guterres, has described it as ‘hell on earth’; whereas the people of Eastern Ghouta have been cut off from any form of aid by a blockade since 14 February 2018, when a single convoy reached just 7200 people out of the 400000 living in the area; whereas a UN aid convoy finally managed to enter Douma on 5 March 2018, reaching 27500 people in need of food and medical supplies; whereas the Syrian regime removed critical medical items from the convoy;

D. whereas on 24 February 2018 the UNSC adopted Resolution 2401, in which the Security Council demanded that all parties to the conflict cease hostilities without delay for at least 30 consecutive days to enable the safe, unimpeded and sustained delivery of humanitarian assistance and medical evacuations of the critically sick and wounded, in accordance with applicable international law; whereas UNSC resolution 2401 has not been implemented by the Syrian regime and the Russian and Iranian forces, despite repeated calls from the international community; whereas the military is using the ‘liberation’ of the region as a pretext to continue targeting civilians; whereas Russia has vetoed 11 UNSC resolutions in recent years, including the one aimed at renewing the UN-OPCW Joint Investigative Mechanism in November 2017, and has played an active role in limiting the content of the resolutions;
E. whereas these attacks and the use of starvation of civilians through besieging populated areas and forced displacement of the population, including with the aim of demographic change, as war tactics constitute clear breaches of international humanitarian law; whereas obstructing evacuation efforts and the delivery of humanitarian aid and medical care constitute blatant violations of international humanitarian law and of several UNSC resolutions;

F. whereas Turkey’s Operation Olive Branch in the Kurdish-controlled province of Afrin has added a new dimension to the conflict in Syria, raising additional humanitarian concerns and worries about the negative impacts on the delicate internal balances in Syria and/or the efforts towards a negotiated solution; stresses that a high number of civilian casualties has already been reported and that hundreds more civilian lives are at risk; whereas the VP/HR, on behalf of the EU, has clearly voiced these concerns, calling on the Turkish Government to stop its offensive and highlighting the need to focus on defeating the UN-listed terrorist organisations;

G. whereas the violations committed during the Syrian conflict by the Assad regime and its allies and by terrorist groups include targeted, indiscriminate attacks on civilians, including with chemical weapons, extrajudicial killings, torture and ill-treatment, enforced disappearances, mass and arbitrary arrests, collective punishment, attacks against medical personnel and the denial of food, water and medical aid; whereas these crimes have so far gone unpunished;

H. whereas ISIS/Daesh and other jihadist movements have committed atrocities and grave violations of international law, including brutal executions and sexual violence, abduction, torture, forced conversion and enslavement of women and girls; whereas children are recruited and used in terrorist activities; whereas there is serious concern over the use of civilians as human shields in extremist-held areas; whereas these crimes amount to war crimes, crimes against humanity and genocide;

I. whereas in the current situation the democratic opposition is weakened and civilians are trapped between jihadist terrorists and Islamic fundamentalists on the one hand and supporters of the Assad regime on the other;

J. whereas on 26 February 2018 the Council added the Minister of Industry and the Minister of Information of the Government of Syria to the list of those targeted by EU restrictive measures against the Syrian regime in view of the gravity of the situation in the country;

K. whereas it is the obligation of the international community and individual states to hold to account those responsible for violations of international human rights and humanitarian law committed during the Syrian conflict, including through the application of the principle of universal jurisdiction as well as national law; whereas this can be done on the basis either of existing national and international remedies, including national courts and international tribunals, or of ad hoc international criminal tribunals yet to be established; whereas in addition to such personal criminal accountability, states can, under certain conditions, also be prosecuted for breaches of obligations under international treaties and conventions over which the International Court of Justice has jurisdiction, including the 1984 Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment and the 1948 Convention on the Prevention and Punishment of the Crime of Genocide;

L. whereas the EU remains committed to the success of the negotiations conducted under the auspices of the UN Special Envoy for Syria, known as the Geneva process; whereas the EU continues to support this process, including through the organisation of the second Brussels Conference on Supporting the Future of Syria and the Region, due to take place on 24 and 25 April 2018;

M. whereas the Geneva-based negotiations have so far not led to advances in finding a peaceful solution to the crisis in Syria following the 9th round in Vienna on 25 and 26 January 2018; whereas on 4 May 2017, Russia, Iran and Turkey reached a deal in Kazakhstan to establish four de-escalation zones, which have not been respected and protected by the guarantors; whereas the Syrian National Dialogue Congress that took place in Sochi on 30 January 2018 announced the creation of a Constitutional Committee, which has not been accepted by all parties;

N. whereas the situation in Syria and the lack of a comprehensive, genuine and inclusive political transition continues to impede the full implementation of the EU strategy on Syria, and in particular the substantial assistance that the Union can provide for the reconstruction of the country;

O. whereas since the outbreak of the war, the EU and its Member States have mobilised more than EUR 10.4 billion towards addressing the humanitarian needs resulting from the Syrian crisis, both internally and externally in the neighbouring region, making the EU the largest donor; whereas the EU has also substantially supported and praised the neighbouring refugee-hosting countries;
1. Strongly condemns, once again and in the strongest terms, all atrocities and the widespread violations of human rights and international humanitarian law committed during the conflict, and in particular the acts perpetrated by forces of the Assad regime, including with the support of its allies Russia and Iran, as well as by the UN-listed terrorist organisations; deplores the fact that at least 400000 people have been killed, and thousands more injured, by bombing, shelling and other military means in Syria during seven years of conflict, and that millions have been displaced, with civilians denied access to food, water, sanitation and healthcare as a consequence of lengthy sieges of densely populated areas; expresses its grave concern over the spiralling violence in many parts of the country, as is the case in Eastern Ghouta, Afrin and Idlib;

2. Deeply regrets the failure of repeated regional and international attempts to end the war, and urges renewed and intensive global cooperation to achieve a peaceful and sustainable solution to the conflict; stresses that the international community has provided insufficient support to the democratic opposition; reaffirms the primacy of the UN-led Geneva process and supports the efforts of the UN Special Envoy for Syria, Staffan de Mistura, to achieve a genuine and inclusive political transition, in line with UNSC Resolution 2254, negotiated by all Syrian parties and with the support of key international and regional actors; underlines the importance of finding a political solution to the conflict; remains committed to the unity, sovereignty, territorial integrity and independence of Syria;

3. Condemns in the strongest terms the ongoing violence in Eastern Ghouta, despite the unanimous adoption of UNSC Resolution 2401, and urgently calls on all parties, and in particular on the Assad regime, Russia and Iran, to fully and urgently implement and respect that resolution, ensuring the immediate, safe, unimpeded and sustained delivery of humanitarian assistance, the evacuation of the critically ill and wounded, and the alleviation of the suffering of the Syrian people; fully supports the call for all parties to the conflict to cease hostilities without delay for at least 30 consecutive days; reiterates the call on all parties, in particular the Syrian authorities, to adhere to their responsibility to protect the Syrian population and to immediately halt all attacks against civilians in Syria; calls on the guarantors of the ceasefire in the de-escalation areas to follow through with their responsibilities with a view to putting an end to the violence and crimes committed and permitting and guaranteeing unhindered access to these zones; notes the decision by the three Astana Process countries to hold a new summit in April 2018 to discuss Syria and potential steps in the region; stresses that these steps should in no way contradict or undermine the UN-sponsored talks / Geneva process; 3a

4. Reminds the regimes of Syria, Russia and Iran that they are responsible under international law for the heinous crimes they continue to commit in Syria, and that those perpetrating such crimes, be they states or individuals, will be held to account;

5. Strongly regrets the repeated Russian vetoes in the UNSC and the fact that no agreement was reached on renewing the mandate of the OPCW-UN Joint Investigative Mechanism before it expired on 17 November 2017; considers this attitude by a permanent member of the UNSC with a special responsibility for maintaining international peace and security to be shameful; stresses that, in the eyes of the world, the obstruction of international investigations is more a sign of guilt than anything else;

6. Expressed deep concern at Turkey's intervention in areas of Syria which are controlled by Kurdish forces; continues to be seriously worried about the escalating situation in Afrin, including the possible confrontation between Turkish forces and Assad or Russian forces and rising tensions with the United States; calls on the Turkish Government to withdraw its troops and play a constructive role in the Syrian conflict, which is also in Turkey's national interests; echoes the position of the VP/HR that the opening of new fronts in Syria is not in the interest of Turkey's security and warns against further deterioration of the country's humanitarian crisis; demands full respect for humanitarian law, including the protection of civilians, and calls for a ceasefire throughout Syria, therefore including Afrin;

7. Reaffirms its support for the efforts of the Global Coalition against Daesh; underlines that the Coalition and Syrian partner forces have made significant progress in the campaign to defeat Daesh in Syria; recalls that any measures taken to combat Daesh and other UNSC-recognised terrorist groups must comply strictly with international law; calls on the Member States and their allies to ensure transparency, accountability and full compliance with international humanitarian and human rights law;

8. Urges, once again, safe, timely and unhindered humanitarian access throughout the whole territory of Syria and welcomes UNSC Resolution 2393, which renewed the authorisation for cross-border and cross-conflict-line humanitarian access to Syria for a further 12 months (until 10 January 2019); encourages the UN and its implementing partners to continue to take steps to scale up humanitarian deliveries to hard-to-reach and besieged areas, including by using, as effectively as possible, border crossings under UNSC Resolution 2165 (2014); supports the call for humanitarian mine action to be accelerated as a matter of urgency throughout Syria and reminds all parties to the conflict that hospital and medical personnel are explicitly protected under international humanitarian law; deplores the various cases of sexual abuse and misconduct found to have occurred within international aid organisations, including the sexual exploitation of Syrian refugees by those delivering aid on behalf of the UN and well-known international organisations; strongly declares that there should be no tolerance for such acts; urges a thorough investigation and stresses that all those responsible must be punished;
9. Stresses that there should be no tolerance or impunity for the horrific crimes committed in Syria, including those committed against religious, ethnic and other groups and minorities; reiterates its call for independent, impartial, thorough and credible investigations and prosecutions of those responsible and supports the work of the International, Impartial and Independent Mechanism (IIIM) on international crimes committed in the Syrian Arab Republic since March 2012; notes with satisfaction the EU’s decision to provide EUR 1.5 million in financial support to the mechanism through its Instrument contributing to Stability and Peace (IcSP); stresses, however, that support will be needed beyond the 18-month duration of the programme; underlines the importance of Member States meeting their pledges, and expects the issue of IIIM funding to be raised and settled at the second Brussels Conference on Supporting the Future of Syria and the Region; calls, furthermore, for support for civil society organisations and NGOs, which are collecting and helping to preserve evidence of human rights abuses and violations of humanitarian law.

10. Remains convinced that there can be no effective conflict resolution or sustainable peace in Syria without accountability for the crimes committed and calls for the adoption of an EU accountability strategy towards the atrocity crimes committed in Syria; reiterates its support for the principle of universal jurisdiction in tackling impunity and welcomes the steps taken by a number of EU Member States to this effect; welcomes also initiatives by Member States to make grave violations of international law an offence under their national laws; reiterates its call for the EU and its Member States to explore, in close cooperation with like-minded countries, the possibility of creating a Syrian war crimes tribunal, pending a successful referral to the ICC; notes the important work of the European Network of contact points in respect of persons responsible for genocide, crimes against humanity and war crimes and calls on the VP/HR and the Directorate-General for Justice and Consumers to support and include the Network in future accountability efforts for Syria;

11. Demands respect by all for the right of ethnic and religious groups and minorities in Syria, including Christians and anyone displaced, to continue to live in or return to their traditional and historical homelands in dignity, equality and safety, and to fully and freely practise their religion and beliefs without being subjected to any kind of coercion, violence or discrimination; supports interreligious dialogue in order to promote mutual understanding and counter fundamentalism;

12. Remains distressed by the continued disappearance of human rights defender and Sakharov Prize laureate Razan Zaitouneh, who was reportedly kidnapped in Douma in December 2013 by the armed group Jaysh al-Islam; calls for an EU task force to be established in order to coordinate and enhance efforts to seek her whereabouts and ensure her release;

13. Calls on the VP/HR to undertake all efforts to reinvigorate the UN-mediated peace talks and to demand a more active role in these negotiations, making use of the EU’s financial capacity and willingness to commit significant resources to Syria’s reconstruction; urges the VP/HR to more closely involve and actively back Syrian civil society and those who want a democratic, pluralistic and inclusive Syria in her endeavours for the future of the Syrian people, starting with the second Brussels Conference, to be held on 24 and 25 April 2018; encourages the VP/HR to work with the Syrian people to develop localised reconstruction strategies for the various regions of Syria; underlines that the EU should consider all available options in working with its international partners, including aerial aid drops and the establishment of no-fly zones under a UNSC resolution;

14. Welcomes the holding of the EU-hosted Second Brussels Conference with the aim of expressing and putting into practice the full political and economic support of the international community for the Geneva process for the Syrians in need and the countries hosting Syrian refugees; acknowledges the impressive solidarity demonstrated by Jordan, Lebanon and Turkey towards refugees, and calls for EU and Member States’ financial support aimed at addressing the urgent needs of refugees and their host communities to be stepped up; cautions against starting any reconstruction efforts before a UN-negotiated political agreement involving all parties is in place; calls on the VP/HR to more fully include civil society organisations in this conference; calls, in this respect, for increased support for peaceful and democratic Syrian civil society organisations and human rights defenders, including through the Madad Fund, the Instrument contributing to Stability and Peace, and the European Instrument for Democracy and Human Rights; calls on the international community to fulfil its outstanding pledges of humanitarian support in Syria and the neighbouring countries;

15. Stresses that the EU’s efforts in providing humanitarian support and planning for the future of Syria are commendable; recalls that, in line with the EU strategy, the EU has committed not to provide assistance to the reconstruction of Syria unconditionally, but only once a comprehensive, genuine and inclusive political transition, negotiated by the Syrian parties in the conflict on the basis of UNSC Resolution 2254 and the Geneva Communiqué, is firmly underway; underlines that the Assad regime, Putin’s Russia and Iran bear primary responsibility for the economic consequences of their military interventions; notes that any reconstruction commitments, based on a bottom-up approach and the successful empowerment of local actors, thereby excluding known terrorist groups, must be leveraged towards peace and accountability;
16. Strongly condemns the use of children in combat or terrorist attacks; stresses the fundamental importance of protecting children and prioritising their access to education, including for refugee children in neighbouring countries, and of supporting the psychological rehabilitation of these traumatised children;

17. Expresses concern at the reported return of 66000 refugees to Syria in 2017 and underlines the need to fully respect the principle of non-refoulement; stresses that Syria is not safe for refugee returns and that the EU must not support such returns; reiterates its call on the Member States to honour their own commitments, including those laid down in the New York Declaration, and ensure responsibility-sharing, allowing refugees fleeing Syrian war zones to find protection beyond the immediate neighbouring region, including through resettlement and humanitarian admission schemes;

18. Welcomes the addition on 26 February 2018 of two Syrian ministers to the list of those targeted by EU restrictive measures against the Syria regime, who were appointed in January 2018 and bear responsibility for repressive action against the Syrian people; urges all Member States to ensure full compliance with Council Decision 2013/255/CFSP on restrictive measures against Syria, in particular the freezing of assets of individuals listed therein and the restrictions on admission of persons benefiting from or supporting the regime in Syria; condemns the recent reports of violations of this decision and reminds Member States of their obligation under international law to ensure the arrest and detention of suspects of atrocity crimes present on their territory; calls for targeted sanctions to be imposed on Russia and Iranian officials following their targeted and deliberate actions against the civilian populations in Eastern Ghouta as well as in the rest of Syria;

19. Instructs its President to forward this resolution to the Vice-President of the Commission / High Representative of the Union for Foreign Affairs and Security Policy, the Council, the Commission, the governments and parliaments of the Member States, the United Nations, the members of the International Syria Support Group and all the parties involved in the conflict, also ensuring translation of this text into Arabic.
US attack on EU farm support under the CAP (in the context of Spanish olives)

European Parliament resolution of 15 March 2018 on US measures on EU farm support under the CAP (in the context of Spanish olives) (2018/2566(RSP))

(2019/C 162/15)

The European Parliament,

— having regard to the interim decision taken by the US Department of Commerce, which has imposed a tariff on Spanish olives after concluding that the subsidies that the olive producers received in the EU meant that olive products could be imported into the US at below market price,

— having regard to the question to the Commission entitled ‘US attack on EU farm support under the CAP (in the context of Spanish olives)’ (O-000006/2018 – B8-0007/2018),


— having regard to Rules 128(5) and 123(2) of its Rules of Procedure,

A. whereas the decision to impose tariffs of varying percentages on olive products exported by Spanish firms is based on the idea that aid to the olive sector granted under the common agricultural policy (CAP) could constitute unfair competition vis-à-vis US producers;

B. whereas the decision calls into question, in an unfair and arbitrary manner, all the EU’s farming support programmes and could potentially affect all recipients of payments under the CAP;

C. whereas there are serious doubts about whether the formula used by the US investigators to calculate the preliminary antidumping margin is compatible with the WTO rules;

D. whereas the Commission has affirmed on several occasions that the support measures targeted by the countervailing duty (CVD) investigations (including the basic payment scheme, promotion measures and payments for young farmers) are not trade-distorting;

E. whereas subsidies allocated from the CAP to primary producers of table olives in Spain qualify as ‘green box’ support according to Annex II of the WTO Agreement on Agriculture, since they are decoupled from production and are non-trade-distorting;

F. whereas the CAP measures under investigation are not product-specific and therefore not countervailable under Article 2 of the WTO Agreement on Subsidies and Countervailing Measures;

G. whereas the investigation launched into the Spanish olives case is one of the numerous trade defence investigations already opened by the US;

H. whereas the CAP has been transformed by means of several reforms in order to bring most support measures into line with the WTO’s green box requirements, and it is currently designed so as to ensure full compliance with WTO agreements, after switching from a coupled to a decoupled support system;

I. whereas the US is also a significant user of green box subsidies in agriculture;

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J. whereas the US has imposed provisional antidumping duties of an average of 17.13 % on the three Spanish companies under investigation, and countervailing duties of an average of 4.47 % on any Spanish exported products;

K. whereas the provisional measures risk triggering a spiral of defence investigations by the US and other countries into green box subsidies for agricultural products; whereas that would ultimately damage EU and US producers; whereas this escalation puts long-established and carefully negotiated WTO agreements at risk;

L. whereas the Spanish manufacturers could lose the US market, while competitors from third countries would benefit from the export gap caused by the US decision;

M. whereas the economic impact on the Spanish olive sector, if these tariffs become permanent, is estimated by the sector to be between EUR 350 and 700 million over the next five to ten years, which could potentially lead to the end of Spanish ripe olive exports;

N. whereas the competitiveness of the Spanish exports, whose market share has progressively increased in the US in recent years, is the result of efforts made by these companies to reduce costs by means of investment in cutting-edge technology and quality improvements, and is not a consequence of European subsidies;

O. whereas the increase in Spanish exports to the US (+ 20 % since 2013) has enabled the creation of thousands of jobs and provided economic relief to areas of Andalusia that were among the hardest hit by the economic crisis;

1. Calls on the US authorities to withdraw their interim decision and re-establish a mutually constructive approach in this domain to the mutual benefit of producers and consumers on both continents;

2. Expresses its serious concerns about the negative consequences that the US countervailing procedure may have for the whole European agricultural model;

3. Calls on the Commission to take all necessary diplomatic steps, both at bilateral level and in the WTO, to defend our system of CAP support, which is regarded by the WTO as non-trade-distorting and which has been approved under the WTO green box procedure;

4. Asks the Commission to study the possibility of challenging any final US decision before the WTO;

5. Calls on the Commission to continue assisting the Spanish olive sector and the Government of Spain in order to ensure that WTO rules are fully respected by the US authorities in the course of these investigations;

6. Asks the Commission to give clear advice and strong support to the Spanish olive sector, which has been affected by the US investigations;

7. Calls on the Commission to join forces with the Spanish authorities and the Spanish olive sector and to continue exchanging all relevant information with the US authorities in order to prevent the imposition of any unjustified measure;

8. Instructs its President to forward this resolution to the Commission and the US authorities.
The European Parliament,

— having regard to the draft Council decision (14532/2017),

— having regard to the request for consent submitted by the Council in accordance with the first paragraph of Article 2 of Protocol No 37 on the financial consequences of the expiry of the ECSC Treaty and on the Research Fund for Coal and Steel, annexed to the Treaty on European Union and to the Treaty on the Functioning of the European Union (C8-0444/2017),

— having regard to Rule 99(1) and (4) of its Rules of Procedure,

— having regard to the recommendation of the Committee on Budgets (A8-0034/2018),

1. Gives its consent to the draft Council decision;

2. Instructs its President to forward its position to the Council, the Commission and the national parliaments.
Accord de coopération et d’assistance administrative mutuelle en matière douanière entre l’Union européenne et la Nouvelle-Zélande ***


(Consent)

(2019/C 162/17)

The European Parliament,

— having regard to the draft Council decision (07712/2016),

— having regard to the draft Agreement between the European Union and New Zealand on cooperation and mutual administrative assistance in customs matters (07682/2016),

— having regard to the request for consent submitted by the Council in accordance with Article 207 and Article 218(6), second subparagraph, point (a), of the Treaty on the Functioning of the European Union (C8-0237/2017),

— having regard to Rule 99(1) and (4), and Rule 108(7) of its Rules of Procedure,

— having regard to the recommendation of the Committee on International Trade (A8-0029/2018),

1. Gives its consent to conclusion of the agreement;

2. Instructs its President to forward its position to the Council, the Commission and the governments and parliaments of the Member States and of New Zealand.
Cross-border parcel delivery services


(Ordinary legislative procedure: first reading)

The European Parliament,

— having regard to the Commission proposal to Parliament and the Council (COM(2016)0285),

— having regard to Article 294(2) and Article 114 of the Treaty on the Functioning of the European Union, pursuant to which the Commission submitted the proposal to Parliament (C8-0195/2016),

— having regard to Article 294(3) of the Treaty on the Functioning of the European Union,

— having regard to the opinion of the European Economic and Social Committee of 19 October 2016 (1),

— having regard to the provisional agreement approved by the committee responsible under Rule 69f(4) of its Rules of Procedure and the undertaking given by the Council representative by letter of 20 December 2017 to approve Parliament’s position, in accordance with Article 294(4) of the Treaty on the Functioning of the European Union,

— having regard to Rule 59 of its Rules of Procedure,

— having regard to the report of the Committee on Transport and Tourism and the opinion of the Committee on the Internal Market and Consumer Protection (A8-0315/2017),

1. Adopts its position at first reading hereinafter set out;

2. Calls on the Commission to refer the matter to Parliament again if it replaces, substantially amends or intends to substantially amend its proposal;

3. Instructs its President to forward its position to the Council, the Commission and the national parliaments.


(As an agreement was reached between Parliament and Council, Parliament’s position corresponds to the final legislative act, Regulation (EU) 2018/644.)
Initial qualification and periodic training of drivers of certain road vehicles and driving licences


(Ordinary legislative procedure: first reading)

The European Parliament,

— having regard to the Commission proposal to Parliament and the Council (COM(2017)0047),

— having regard to Article 294(2) and Article 91 of the Treaty on the Functioning of the European Union, pursuant to which the Commission submitted the proposal to Parliament (C8-0025/2017),

— having regard to Article 294(3) of the Treaty on the Functioning of the European Union,

— having regard to the opinion of the European Economic and Social Committee of 31 May 2017 (1),

— after consulting the Committee of the Regions,

— having regard to the provisional agreement approved by the committee responsible under Rule 69f(4) of its Rules of Procedure and the undertaking given by the Council representative by letter of 20 December 2017 to approve Parliament’s position, in accordance with Article 294(4) of the Treaty on the Functioning of the European Union,

— having regard to Rule 59 of its Rules of Procedure,

— having regard to the report of the Committee on Transport and Tourism (A8-0321/2017),

1. Adopts its position at first reading hereinafter set out;

2. Calls on the Commission to refer the matter to Parliament again if it replaces, substantially amends or intends to substantially amend its proposal;

3. Instructs its President to forward its position to the Council, the Commission and the national parliaments.


(As an agreement was reached between Parliament and Council, Parliament’s position corresponds to the final legislative act, Directive (EU) 2018/645.)

(Ordinary legislative procedure – recast)

(2019/C 162/20)

The European Parliament,

— having regard to the Commission proposal to the European Parliament and the Council (COM(2017)0353),

— having regard to Article 294(2) and Article 338(1) of the Treaty on the Functioning of the European Union, pursuant to which the Commission submitted the proposal to Parliament (C8-0223/2017),

— having regard to Article 294(3) of the Treaty on the Functioning of the European Union,

— having regard to Article 294(4) of the Treaty on the Functioning of the European Union,

— having regard to the opinion of the European Economic and Social Committee of 6 December 2017 \(^1\),

— having regard to the undertaking given by the Council representative by letter of 23 February 2018 to approve Parliament’s position, in accordance with Article 294(4) of the Treaty on the Functioning of the European Union,

— having regard to the Interinstitutional Agreement of 28 November 2001 on a more structured use of the recasting technique for legal acts \(^2\),

— having regard to the letter of 13 October 2017 from the Committee on Legal Affairs to the Committee on Transport and Tourism in accordance with Rule 104(3) of its Rules of Procedure,

— having regard to Rules 104 and 59 of its Rules of Procedure,

— having regard to the report of the Committee on Transport and Tourism (A8-0038/2018),

A. whereas, according to the Consultative Working Party of the legal services of the European Parliament, the Council and the Commission, the Commission proposal does not include any substantive amendments other than those identified as such in the proposal, and whereas, as regards the codification of the unchanged provisions of the earlier acts together with those amendments, the proposal contains a straightforward codification of the existing texts, without any change in their substance; consi dérant que, de l’avis du groupe consultatif des services juridiques du Parlement européen, du Conseil et de la Commission, la proposition de la Commission ne contient aucune modification de fond autre que celles identifiées comme telles dans la proposition et que, en ce qui concerne la codification des dispositions inchangées des actes précédents avec ces modifications, la proposition se limite à une codification pure et simple des actes existants, sans modification de leur substance;

1. Adopts its position at first reading hereinafter set out, taking account of the recommendations of the Consultative Working Party of the legal services of the European Parliament, the Council and the Commission;

2. Calls on the Commission to refer the matter to Parliament again if it replaces, substantially amends or intends to substantially amend its proposal;

3. Instructs its President to forward its position to the Council, the Commission and the national parliaments.

\(^1\) Not yet published in the Official Journal.
P8_TC1-COD(2017)0146


(As an agreement was reached between Parliament and Council, Parliament’s position corresponds to the final legislative act, Regulation (EU) 2018/643.)

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Appointment of the Vice-President of the European Central Bank


(Consultation)

(2019/C 162/21)

The European Parliament,

— having regard to the Council’s recommendation of 20 February 2018 (N8-0053/2018) (1),

— having regard to Article 283(2), second subparagraph, of the Treaty on the Functioning of the European Union, pursuant to which the European Council consulted Parliament (C8-0040/2018),

— having regard to Rule 122 of its Rules of Procedure,

— having regard to the report of the Committee on Economic and Monetary Affairs (A8-0056/2018),

A. whereas, by letter of 22 February 2018, the European Council consulted Parliament on the nomination of Luis de Guindos as Vice-President of the European Central Bank for a term of office of eight years, with effect from 1 June 2018;

B. whereas Parliament’s Committee on Economic and Monetary Affairs then proceeded to evaluate the credentials of the nominee, in particular in view of the requirements laid down in Article 283(2) of the Treaty on the Functioning of the European Union and in the light of the need for full independence of the ECB pursuant to Article 130 of that Treaty; whereas in carrying out that evaluation, the committee received a curriculum vitae from the nominee as well as his replies to the written questionnaire that had been sent to him;

C. whereas the committee subsequently held a one-and-a-quarter-hour hearing with the nominee on 26 February 2018, at which he made an opening statement and then responded to questions from the members of the committee;

D. whereas Parliament expresses concerns regarding gender balance, the selection procedure, the timing of the appointment and political independence, and requests that the Council engage in a dialogue with Parliament as regards how to improve the process for upcoming appointments;

1. Delivers a favourable opinion on the Council recommendation to appoint Luis de Guindos as Vice-President of the European Central Bank;

2. Instructs its President to forward this decision to the European Council, the Council and the governments of the Member States.

Measures for the control of Newcastle disease ***I


(Ordinary legislative procedure: first reading)

(2019/C 162/22)

The European Parliament,

— having regard to the Commission proposal to Parliament and the Council (COM(2017)0742),

— having regard to Article 294(2) and Article 43(2) of the Treaty on the Functioning of the European Union, pursuant to which the Commission submitted the proposal to Parliament (C8-0431/2017).

— having regard to Article 294(3) of the Treaty on the Functioning of the European Union,

— having regard to the opinion of the European Economic and Social Committee of 14 February 2018 (1),

— having regard to Rule 59 of its Rules of Procedure,

— having regard to the report of the Committee on the Environment, Public Health and Food Safety (A8-0026/2018),

1. Adopts its position at first reading hereinafter set out;

2. Calls on the Commission to refer the matter to Parliament again if it replaces, substantially amends or intends to substantially amend its proposal;

3. Instructs its President to forward its position to the Council, the Commission and the national parliaments.

(1) Not yet published in the Official Journal.

(As an agreement was reached between Parliament and Council, Parliament’s position corresponds to the final legislative act, Directive (EU) 2018/597.)
Further macro-financial assistance to Georgia


(Ordinary legislative procedure: first reading)

(2019/C 162/23)

The European Parliament,

— having regard to the Commission proposal to Parliament and the Council (COM(2017)0559),

— having regard to Article 294(2) and Article 212(2) of the Treaty on the Functioning of the European Union, pursuant to which the Commission submitted the proposal to Parliament (C8-0335/2017),

— having regard to Article 294(3) of the Treaty on the Functioning of the European Union,

— having regard to the Joint Declaration of the European Parliament and of the Council adopted together with Decision No 778/2013/EU of the European Parliament and of the Council of 12 August 2013 providing further macro-financial assistance to Georgia (1),

— having regard to the undertaking given by the Council representative by letter of 21 February 2018 to approve Parliament’s position, in accordance with Article 294(4) of the Treaty on the Functioning of the European Union,

— having regard to Rule 59 of its Rules of Procedure,

— having regard to the report of the Committee on International Trade and the opinion of the Committee on Foreign Affairs (A8-0028/2018),

1. Adopts its position at first reading hereinafter set out;

2. Calls on the Commission to refer the matter to Parliament again if it replaces, substantially amends or intends to substantially amend its proposal;

3. Instructs its President to forward its position to the Council, the Commission and the national parliaments.

(1) OJ L 218, 14.8.2013, p. 15

(As an agreement was reached between Parliament and Council, Parliament’s position corresponds to the final legislative act, Decision (EU) 2018/598.)
Mobilisation of the European Globalisation Adjustment Fund: application EGF/2017/008 DE/Goodyear


The European Parliament,

— having regard to the Commission proposal to the European Parliament and the Council (COM(2018)0061 – C8-0031/2018),


— having regard to Council Regulation (EU, Euratom) No 1311/2013 of 2 December 2013 laying down the multiannual financial framework for the years 2014-2020 (2), and in particular Article 12 thereof,

— having regard to the Interinstitutional Agreement of 2 December 2013 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management (3) (IIA of 2 December 2013), and in particular point 13 thereof,

— having regard to the trilogue procedure provided for in point 13 of the IIA of 2 December 2013,

— having regard to the letter of the Committee on Employment and Social Affairs,

— having regard to the letter of the Committee on Regional Development,

— having regard to the report of the Committee on Budgets (A8-0061/2018),

A. whereas the Union has set up legislative and budgetary instruments to provide additional support to workers who are suffering from the consequences of major structural changes in world trade patterns or of the global financial and economic crisis, and to assist their reintegration into the labour market;

B. whereas the Union’s financial assistance to workers made redundant should be dynamic and made available as quickly and efficiently as possible;

C. whereas Germany submitted application EGF/2017/008 DE/Goodyear for a financial contribution from the EGF, following 646 redundancies in the economic sector classified under the NACE Revision 2 Division 22 (Manufacture of rubber and plastic products) in the NUTS level 2 region of Regierungsbezirk Karlsruhe (DE12) in Germany;

D. whereas the application is based on the intervention criteria of point (a) of Article 4(1) of the EGF Regulation, which requires at least 500 workers being made redundant over a reference period of four months in an enterprise in a Member State, including workers made redundant by suppliers and downstream producers and/or self-employed persons whose activity has ceased:

Wednesday 14 March 2018

1. Agrees with the Commission that the conditions set out in Article 4(1) of the EGF Regulation are met and that Germany is entitled to a financial contribution of EUR 2165231 under that Regulation, which represents 60% of the total cost of EUR 3608719;

2. Notes that the German authorities submitted the application on 6 October 2017, and that, following the provision of additional information by Germany, the Commission finalised its assessment on 9 February 2018 and notified it to Parliament on the same day;

3. Notes that the global tyre market share of Asian manufacturers from China, Taiwan and Singapore rose from 4% in 2001 to 20% in 2013;

4. Notes that Germany started providing the personalised services to the targeted beneficiaries on 1 January 2018. The expenditure on those actions will therefore be eligible for a financial contribution from the EGF;

5. Notes that Germany argues that the redundancies are linked to major structural changes in world trade patterns due to globalisation and its negative impact on B-segment car tyre production in the Union;

6. Recalls that the redundancies that occurred in Goodyear are expected to have a significant adverse effect on the local economy, and that the impact of the layoffs is linked to the difficulties of redeployment due to the scarcity of jobs, to the low educational background of the dismissed workers, to their specific vocational skills developed in a sector now in decline, and to the high number of job seekers;

7. Is aware of the fall in Union automotive output and market shares in the wake of globalisation; acknowledges that, as a result, significant overcapacity has built up in the B tyre segment at Goodyear, forcing the company to close one of its European plants, which was the largest employer in the region; notes that the EGF could also facilitate the cross border movement of workers from shrinking sectors located in some Member States to expanding sectors in other Member States;

8. Notes that the application relates to 646 workers made redundant at Goodyear, the majority of them being between 30 and 54 years old; points also to the fact that a significant percentage of the redundant workers are between 55 and 64 years old with skills specific to the manufacturing sector; further notes that around 300 of the redundant workers are unskilled and have a migratory background and are without a formal qualification, such as a vocational training, which puts them at a disadvantage on the regional job market; emphasises that the Waghäusel region, where the Philippsburg plant is located, is facing structural changes; in view of this, acknowledges the importance of active labour market measures co-funded by the EGF for improving the chances of reintegration in the labour market of these groups;

9. Notes that Germany is planning six types of actions for the redundant workers covered by this application: (i) upskilling measures / workshops, (ii) peer groups / workshops, (iii) a business start-up advisory service, (iv) job search, (v) follow-up mentoring / securing employment, (vi) training allowance;

10. Notes that the income support measures will account for the maximum 35% of the overall package of personalised measures set out in the EGF Regulation and that those actions are conditional on the active participation of the targeted beneficiaries in job-search or training activities;

11. Welcomes the consultations with stakeholders including representatives of the redundant workers, social partners and regional authorities as well as the workers’ council, trade union and management that took place while drawing up the co-ordinated package of personalised services;
12. Welcomes the decision of the public employment service to take into account both future labour market needs and the qualifications of the workers concerned when designing a qualification and skills strategy;

13. Recalls that in accordance with Article 7 of the EGF Regulation, the design of the coordinated package of personalised services should anticipate future labour market perspectives and required skills and should be compatible with the shift towards a resource-efficient and sustainable economy; welcomes the assurance that the measures organised are in line with Germany's sustainability strategy, and that the body setting up the two transfer companies holds a sustainability certification.

14. Notes that the German authorities have provided assurances that the proposed actions will not receive financial support from other Union funds or financial instruments, that any double financing will be prevented and that they will be complementary with actions funded by the Structural Funds;

15. Acknowledges Germany's confirmation that a financial contribution from the EGF will not replace actions the enterprise concerned is required to take by virtue of national law or pursuant to collective agreements, or measures for restructuring companies or sectors;

16. Calls on the Commission to urge national authorities to provide more details, in future proposals, on the sectors which have growth prospects and are therefore likely to hire people, as well as to gather substantiated data on the impact of the EGF funding, including on the quality, duration and sustainability of new jobs, on the number and percentage of self-employed persons and start-ups, and the reintegration rate achieved through the EGF;

17. Recalls its appeal to the Commission to assure public access to all the documents related to EGF cases;

18. Approves the decision annexed to this resolution;

19. Instructs its President to sign the decision with the President of the Council and arrange for its publication in the Official Journal of the European Union;

20. Instructs its President to forward this resolution, including its Annex, to the Council and the Commission.

ANNEX

DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on the mobilisation of the European Globalisation Adjustment Fund following an application from Germany – EGF/2017/008 DE/Goodyear

(The text of this annex is not reproduced here since it corresponds to the final act, Decision (EU) 2018/513.)
Thursday 15 March 2018

P8_TA(2018)0082

EU-Comoros fisheries partnership agreement: denunciation ***

European Parliament legislative resolution of 15 March 2018 on the draft Council decision denouncing the Partnership Agreement in the fisheries sector between the European Community and the Union of the Comoros (14423/2017 – C8-0447/2017 – 2017/0241(NLE))

(Consent)

(2019/C 162/25)

The European Parliament,

— having regard to the draft Council decision (14423/2017),

— having regard to the Partnership Agreement in the fisheries sector between the European Community and the Union of the Comoros (1).

— having regard to the request for consent submitted by the Council in accordance with Article 43 and Article 218(6), second subparagraph, point (a), of the Treaty on the Functioning of the European Union (C8-0447/2017),

— having regard to its non-legislative resolution of 15 March 2018 (2) on the draft decision,

— having regard to Rule 99(1) and (4) and Rule 108(7) of its Rules of Procedure,

— having regard to the recommendation of the Committee on Fisheries and the opinion of the Committee on Development (A8-0058/2018),

1. Gives its consent to the denunciation of the Agreement;

2. Instructs its President to forward its position to the Council, the Commission and the governments and parliaments of the Member States and of the Union of the Comoros.


(2) Texts adopted of that date, P8_TA(2018)0083.
Europass: framework for skills and qualifications


(Ordinary legislative procedure: first reading)

(2019/C 162/26)

The European Parliament,

— having regard to the Commission proposal to Parliament and the Council (COM(2016)0625),

— having regard to Article 294(2) and Articles 165 and 166 of the Treaty on the Functioning of the European Union, pursuant to which the Commission submitted the proposal to Parliament (C8-0404/2016),

— having regard to Article 294(3) of the Treaty on the Functioning of the European Union,

— having regard to the opinion of the European Economic and Social Committee of 15 February 2017 (1),

— after consulting the Committee of the Regions,

— having regard to the provisional agreement approved by the committees responsible under Rule 69f(4) of its Rules of Procedure and the undertaking given by the Council representative by letter of 20 December 2017 to approve Parliament's position, in accordance with Article 294(4) of the Treaty on the Functioning of the European Union,

— having regard to Rule 59 of its Rules of Procedure,

— having regard to the joint deliberations of the Committee on Employment and Social Affairs and the Committee on Culture and Education under Rule 55 of the Rules of Procedure,

— having regard to the report of the Committee on Employment and Social Affairs and the Committee on Culture and Education (A8-0244/2017),

1. Adopts its position at first reading hereinafter set out;

2. Calls on the Commission to refer the matter to Parliament again if it replaces, substantially amends or intends to substantially amend its proposal;

3. Instructs its President to forward its position to the Council, the Commission and the national parliaments.

Position of the European Parliament adopted at first reading on 15 March 2018 with a view to the adoption of Decision (EU) 2018/... of the European Parliament and of the Council on a common framework for the provision of better services for skills and qualifications (Europass) and repealing Decision No 2241/2004/EC

(As an agreement was reached between Parliament and Council, Parliament's position corresponds to the final legislative act, Decision (EU) 2018/646.)
Creative Europe Programme (2014 to 2020) ***I


(Ordinary legislative procedure: first reading)

(2019/C 162/27)

The European Parliament,

— having regard to the Commission proposal to Parliament and the Council (COM(2017)0385),

— having regard to Article 294(2) and the first indent of Article 167(5) of the Treaty on the Functioning of the European Union, pursuant to which the Commission submitted the proposal to Parliament (C8-0236/2017),

— having regard to Article 294(3) of the Treaty on the Functioning of the European Union,

— having regard to the opinion of the European Economic and Social Committee of 18 October 2017 (1),

— after consulting the Committee of the Regions,

— having regard to the provisional agreement approved by the committee responsible under Rule 69f(4) of its Rules of Procedure and the undertaking given by the Council representative by letter of 31 January 2018 to approve Parliament’s position, in accordance with Article 294(4) of the Treaty on the Functioning of the European Union,

— having regard to Rule 59 of its Rules of Procedure,

— having regard to the report of the Committee on Culture and Education (A8-0369/2017),

1. Adopts its position at first reading hereinafter set out;

2. Calls on the Commission to refer the matter to Parliament again if it replaces, substantially amends or intends to substantially amend its proposal;

3. Instructs its President to forward its position to the Council, the Commission and the national parliaments.

(1) Not yet published in the Official Journal.

(As an agreement was reached between Parliament and Council, Parliament’s position corresponds to the final legislative act, Regulation (EU) 2018/596.)

(Ordinary legislative procedure: first reading)

Amendment 1
Proposal for a regulation
Recital 2

Text proposed by the Commission

Having regard to Article 50(3) of the Treaty on European Union, the European Medicines Agency should take its new seat as from the date on which the Treaties cease to apply to the United Kingdom or from 30 March 2019, whichever is the earlier.

Amendment

Having regard to Article 50(3) of the Treaty on European Union, the European Medicines Agency (“the Agency”) should take its new seat from 30 March 2019.

Amendment 2
Proposal for a regulation
Recital 3

Text proposed by the Commission

To ensure the proper functioning of the European Medicines Agency in its new location, a headquarters agreement should be concluded before the European Medicines Agency takes up its new seat.

Amendment

To ensure the proper functioning of the Agency in its new location, a headquarters agreement should be concluded as soon as possible. The headquarters agreement should include the most appropriate terms and conditions for the successful relocation of the Agency and its staff members to Amsterdam.

Amendment 3
Proposal for a regulation
Recital 3 a (new)

Text proposed by the Commission

(3a) In order to ensure the Agency’s full business continuity, the temporary location in Amsterdam should be provided as of 1 January 2019 and the permanent headquarters of the Agency should be completed by 15 November 2019.

Amendment

(3a) The matter was referred back for interinstitutional negotiations to the committee responsible pursuant to Rule 59(4), fourth subparagraph (A8-0063/2018).
Thursday 15 March 2018

Amendment 4

Proposal for a regulation

Recital 3 b (new)

Text proposed by the Commission

Amendment

(3b) **It is to be welcomed that the new location of the Agency is in line with the preferences of its current staff members and that the Dutch authorities are making efforts to ensure that the double transfer will not jeopardise the operational effectiveness, continuity and uninterrupted functioning of the Agency. However, the double relocation of the Agency to Amsterdam means that the Agency will have to temporarily de-prioritise certain activities, such as its work on paediatric medicines and public health issues including its work on anti-microbial resistance and flu pandemics, while it resides in the temporary location. The delays that the Dutch government has already announced, which have pushed back the handover of the permanent building, on which construction work has not yet started, raise concerns about potential further delays. The relocation to the temporary building should be limited to 10.5 months to ensure that the Agency will be able to operate again at its full capacity as of 16 November 2019 and avoid further loss of expertise.**

Amendment 5

Proposal for a regulation

Article 1 – paragraph 1 – introductory part

Text proposed by the Commission

Amendment

In Regulation (EC) No 726/2004, the following Article 71a is inserted:

In Regulation (EC) No 726/2004, the following Article 71a and Article 71b are inserted:
Amendment 6
Proposal for a regulation
Article 1 – paragraph 1
Regulation (EC) No 726/2004
Article 71a

The Agency shall have its seat in Amsterdam, the Netherlands.

The Commission and the competent authorities of the Netherlands shall take all necessary measures to ensure that the Agency can move to its temporary location no later than 1 January 2019 and that it can move to its permanent location no later than 16 November 2019.

The Commission and the competent authorities of the Netherlands shall submit a written report to the European Parliament and the Council on the progress on the adjustments of the temporary premises and on the construction of the permanent building three months after the entry into force of this Regulation, and every three months thereafter, until the Agency has moved into its permanent headquarters.

Amendment 7
Proposal for a regulation
Article 1 – paragraph 1
Regulation (EC) No 726/2004
Article 71 b (new)

A headquarters agreement allowing the Agency to take up its duties at the premises approved by the European Parliament and the Council shall be concluded within three months from... [date of entry into force of this Regulation].

Amendment 8
Proposal for a regulation
Article 2 – paragraph 2

This Regulation shall apply from 30 March 2019.
Amendment 15

Proposal for a regulation

Statement (new)

Text proposed by the Commission

‘ATTACHMENT TO REGULATION 2018/…

STATEMENT OF THE EUROPEAN PARLIAMENT

The European Parliament regrets that its role of co-legislator has not been duly taken into account since it was not involved in the procedure leading to the selection of the new seat of the European Medicines Agency.

The European Parliament wishes to recall its prerogatives as co-legislator and insists on the full respect of the ordinary legislative procedure in relation to the location of bodies and agencies.

As the only directly elected Union institution and representative of the Union’s citizens, it is the first guarantor of the respect of the democratic principle in the Union.

The European Parliament condemns the procedure followed for the selection of the new location of the seat, which has de facto deprived the European Parliament of its prerogatives since it was not effectively involved in the process, but is now expected to simply confirm the selection made for the new location of the seat by means of the ordinary legislative procedure.

The European Parliament recalls that the Common Approach annexed to the Joint Statement of the European Parliament, Council and European Commission on decentralised agencies signed in 2012 is legally non-binding, as acknowledged in the Statement itself and that it was agreed without prejudice to the legislative powers of the institutions.

Therefore, the European Parliament insists that the procedure followed for the selection of a new location for the agencies will be revised and not used anymore in this form in the future.

Finally, the European Parliament wishes to recall as well that in the Inter-institutional Agreement of 13 April 2016 on Better Law-Making(1) the three institutions committed to sincere and transparent cooperation while recalling the equality of both co-legislators as enshrined in the Treaties.

(1) OJ L 123, 12.5.2016, p. 1.’
Common Consolidated Corporate Tax Base *


(Special legislative procedure – consultation)

(2019/C 162/29)

The European Parliament,

— having regard to the Commission proposal to the Council (COM(2016)0683),

— having regard to Article 115 of the Treaty on the Functioning of the European Union, pursuant to which the Council consulted Parliament (C8-0471/2016),

— having regard to the reasoned opinions submitted, within the framework of Protocol No 2 on the application of the principles of subsidiarity and proportionality, by the Danish Parliament, Dáil Éireann, Seanad Éireann, the Luxembourg Chamber of Representatives, the Maltese Parliament, the Netherlands Senate, the Netherlands House of Representatives and the Swedish Parliament, asserting that the draft legislative act does not comply with the principle of subsidiarity,

— having regard to Rule 78c of its Rules of Procedure,

— having regard to the report of the Committee on Economic and Monetary Affairs and the opinion of the Committee on Legal Affairs (A8-0051/2018),

1. Approves the Commission proposal as amended;

2. Calls on the Commission to alter its proposal accordingly, in accordance with Article 293(2) of the Treaty on the Functioning of the European Union;

3. Calls on the Council to notify Parliament if it intends to depart from the text approved by Parliament;

4. Asks the Council to consult Parliament again if it intends to substantially amend the Commission proposal;

5. Instructs its President to forward its position to the Council, the Commission and the national parliaments.
Amendment 1

Proposal for a directive

Recital 1

Text proposed by the Commission

(1) Companies which seek to do business across frontiers within the Union encounter serious obstacles and market distortions owing to the existence and interaction of 28 disparate corporate tax systems. Furthermore, tax planning structures have become ever-more sophisticated over time, as they develop across various jurisdictions and effectively take advantage of the technicalities of a tax system or of mismatches between two or more tax systems for the purpose of reducing the tax liability of companies. Although those situations highlight shortcomings that are completely different in nature, they both create obstacles which impede the proper functioning of the internal market. Action to rectify these problems should therefore address both these types of market deficiencies.

Amendment

(1) Companies which seek to do business across frontiers within the Union encounter serious obstacles and market distortions owing to the existence and interaction of 28 disparate corporate tax systems. In times of globalisation and digitalisation, taxation of in particular financial and intellectual capital on a source base is becoming increasingly harder to retrace and easier to manipulate. Furthermore, tax planning structures have become ever-more sophisticated over time, as they develop across various jurisdictions and effectively take advantage of the technicalities of a tax system or of mismatches between two or more tax systems for the purpose of reducing the tax liability of companies. The mainstream digitalisation of many sectors of the economy coupled with the fast developing digital economy calls into question the suitability of the Union corporate tax models designed for brick and mortar industries, including with regard to the extent that valuation and calculation criteria could be re-invented to reflect the commercial activities of the 21st century. Although those situations highlight shortcomings that are completely different in nature, they all create obstacles which impede the proper functioning of the internal market and give rise to distortions between large companies and small and medium-sized enterprises. A new standard for a corporate tax base for the Union should therefore address those types of market deficiencies while respecting the aims of long-term legal clarity and certainty and the principle of tax neutrality. More convergence between national tax systems will lead to a significant decrease in costs and administrative burden for businesses operating cross-border within the Union. While taxation policy is a national competence, Article 115 of the Treaty on the Functioning of the European Union clearly stipulates that the Council should, acting unanimously in accordance with a special legislative procedure and after consulting the European Parliament and the Economic and Social Committee, issue directives for the approximation of such taxation laws, regulations or administrative provisions of the Member States as directly affect the establishment or functioning of the internal market.
Amendment 2
Proposal for a directive
Recital 2

(2) To support the proper functioning of the internal market, the corporate tax environment in the Union should be shaped in accordance with the principle that companies pay their fair share of tax in the jurisdiction(s) where their profits are generated. It is therefore necessary to provide for mechanisms that discourage companies from taking advantage of mismatches amongst national tax systems in order to lower their tax liability. It is equally important to also stimulate growth and economic development in the internal market by facilitating cross-border trade and corporate investment. To this end, it is necessary to eliminate both double taxation and double non-taxation risks in the Union through eradicating disparities in the interaction of national corporate tax systems. At the same time, companies need an easily workable tax and legal framework for developing their commercial activity and expanding it across borders in the Union. In that context, remaining cases of discrimination should also be removed.

Consolidation is an essential element of the CCCTB system, since the major tax obstacles faced by companies of the same group that operate cross-border in the Union can only be tackled in that way. Consolidation eliminates transfer pricing formalities and intra-group double taxation.
Thursday 15 March 2018

Amendment 3

Proposal for a directive

Recital 3

Text proposed by the Commission

(3) As pointed out in the proposal of 16 March 2011 for a Council Directive on a Common Consolidated Corporate Tax Base (CCCTB) (7), a corporate tax system which treats the Union as a single market for the purpose of computing the corporate tax base of companies would facilitate cross-border activity for companies resident in the Union and promote the objective of making it a more competitive location for investment internationally. The proposal of 2011 for a CCCTB focussed on the objective of facilitating the expansion of commercial activity for businesses within the Union. In addition to that objective, it should also be taken into account that a CCCTB can be highly effective in improving the functioning of the internal market through countering tax avoidance schemes. In this light, the initiative for a CCCTB should be re-launched in order to address, on an equal footing, both the aspect of business facilitation and the initiative’s function in countering tax avoidance. Such an approach would best serve the aim of eradicating distortions in the functioning of the internal market.


Amendment

(3) As pointed out in the proposal of 16 March 2011 for a Council Directive on a Common Consolidated Corporate Tax Base (CCCTB) (7), a corporate tax system which treats the Union as a single market for the purpose of computing the corporate tax base of companies would facilitate cross-border activity for companies resident in the Union and promote the objective of making it a more competitive location for investment internationally especially for small and medium-sized enterprises. The proposal of 2011 for a CCCTB focussed on the objective of facilitating the expansion of commercial activity for businesses within the Union. In addition to that objective, it should also be taken into account that a CCCTB can be highly effective in improving the functioning of the internal market through countering tax avoidance schemes. In this light, the initiative for a CCCTB should be re-launched in order to address, on an equal footing, both the aspect of business facilitation and the initiative’s function in countering tax avoidance. Once implemented in all Member States, a CCCTB would ensure that taxes are paid where profits are generated and where companies have permanent establishment. Such an approach would best serve the aim of eradicating distortions in the functioning of the internal market. Improving the internal market is a key factor for encouraging growth and job creation. The introduction of a CCCTB would improve economic growth and result in more jobs in the Union by reducing harmful tax competition between companies.

Amendment 4
Proposal for a directive

Recital 4

(4) Considering the need to act swiftly in order to ensure a proper functioning of the internal market by making it, on the one hand, friendlier to trade and investment and, on the other hand, more resilient to tax avoidance schemes, it is necessary to divide the ambitious CCCTB initiative into two separate proposals. At a first stage, rules on a common corporate tax base should be agreed, before addressing, at a second stage, the issue of consolidation.

(4) Considering the need to act swiftly in order to ensure a proper functioning of the internal market by making it, on the one hand, friendlier to trade and investment and, on the other hand, more resilient to tax avoidance schemes, it is very important to ensure simultaneous entry into force of the Directive on a Common Corporate Tax Base and the Directive on a Common Consolidated Corporate Tax Base. Because such a change of regime is a significant step in the completion of the internal market, it needs flexibility in order to be properly executed from the outset. Hence, as the internal market encompasses all Member States, the CCCTB should be introduced in all Member States. If the Council fails to adopt a unanimous decision on the proposal to establish a CCCTB, the Commission should issue a new proposal based on Article 116 of the Treaty on the Functioning of the European Union, whereby the European Parliament and the Council act in accordance with the ordinary legislative procedure to issue the necessary legislation. As a last resort, an enhanced cooperation should be initiated by Member States which should be open at any time to non-participating Member States in accordance with the Treaty on the Functioning of the European Union. It is regrettable, however, that no sufficiently detailed assessment has been conducted in respect of either the CCTB or CCCTB proposals in terms of the impact on Member States’ corporate tax revenue on a country-by-country basis.
Amendment 5

Proposal for a directive

Recital 5

Text proposed by the Commission

(5) Many aggressive tax planning structures tend to feature in a cross-border context, which implies that the participating groups of companies possess a minimum of resources. On this premise, for reasons of proportionality, the rules on a CCCTB should be mandatory only for groups of companies of a substantial size. For that purpose, a size-related threshold should be fixed on the basis of the total consolidated revenue of a group which files consolidated financial statements. In addition, in order to better serve the aim of facilitating trade and investment in the internal market, the rules on a CCCTB should also be available, as an option, to those groups that fall short of the size-related threshold.

Amendment

(5) Many aggressive tax planning structures tend to feature in a cross-border context, which implies that the participating groups of companies possess a minimum of resources. On this premise, for reasons of proportionality, the rules on a common base should be mandatory initially only for companies which belong to a group of a substantial size. For that purpose, a size-related starting threshold of EUR 750 million should be fixed on the basis of the total consolidated revenue of a group which files consolidated financial statements. Since this Directive sets a new standard for the corporate tax base for all businesses in the Union, the threshold should be lowered to zero over a maximum period of seven years. In order to better serve the aim of facilitating trade and investment in the internal market, the rules on a common corporate tax base should also be available in the first phase, as an option, to companies which do not meet those criteria.

Amendment 6

Proposal for a directive

Recital 5 a (new)

Text proposed by the Commission

(5a) All things being equal the switch to a common consolidated corporate tax base could result in losses or gains of fiscal revenues for Member States. In order to compensate losses, a temporary compensation mechanism should be created, financed by the fiscal surplus from those Member States that experience gains in fiscal revenue due to the new regime. Compensation should be adjusted each year to take into account national or regional decisions taken prior to the entry into force of this Directive. The Commission should be required to propose the removal or the change of the compensation system after a period of seven years, and to set the ceilings for compensation.
Amendment 7
Proposal for a directive
Recital 5 b (new)

Text proposed by the Commission
(5b) In order to avoid the existing allocation of the tax burden between small and medium-sized enterprises (SMEs) and multinational corporations as mentioned in the European Parliament resolution of 25 November 2015 on tax rulings and other measures similar in nature or effect, a common corporate tax base has the aim of not putting SMEs at a competitive disadvantage, thereby creating a level playing field for them. The principal tax authority can provide SMEs with the necessary tools to help them to comply with the administrative and organisational requirements that an opt-in to the CCCTB entails.

Amendment 8
Proposal for a directive
Recital 6

Text proposed by the Commission
(6) Eligibility for the consolidated tax group should be determined in accordance with a two-part test based on (i) control (more than 50 percent of voting rights) and (ii) ownership (more than 75 percent of equity) or rights to profits (more than 75 percent of rights giving entitlement to profit). Such a test would ensure a high level of economic integration between group members. To guarantee the integrity of the system, the two thresholds for control and ownership or profit rights should be met throughout the tax year; otherwise, the failing company should leave the group immediately. To prevent a manipulation of the tax results through companies entering and leaving the group within a short-term, there should also be a minimum requirement of nine consecutive months for establishing group membership.

Amendment
(6) It is necessary to define the concept of a permanent establishment situated in the Union and belonging to a taxpayer who is resident for tax purposes within the Union. Too often, multinational companies make arrangements to transfer their profits to favourable tax regimes without paying any tax or paying very low rates of tax. The concept of a permanent establishment would provide a precise, binding definition of the criteria to be met if a multinational company is to prove that it is situated in a given country. That will compel multinational companies to pay their taxes fairly. The aim would be to ensure that all concerned taxpayers share a common understanding and to exclude the possibility of a mismatch due to divergent definitions. Similarly, it is important to have a common definition of permanent establishments situated in a third country, or in the Union but belonging to a taxpayer who is resident for tax purposes in a third country. If transfer pricing gives rise to profit shifting into a low tax jurisdiction, a system that awards profit via a formula apportionment is preferable. The Union can establish an international standard for modern and efficient corporate taxation by adopting such a system. The Commission should draft guidelines for the transitional phase in which formula apportionment coexists with other allocation methods in dealing with third countries, while ultimately formula apportionment should be the standard method of allocation. The Commission should make a proposal to set up a Union model of a tax treaty which could ultimately replace the thousands of bilateral treaties concluded by each of the Member States.
Amendment 9
Proposal for a directive
Recital 6 a (new)

Text proposed by the Commission

(6a) Digital goods tend to be highly mobile and intangible. Studies have shown that the digital sector is highly involved in aggressive tax planning practices, since many business models do not require physical infrastructure in order to carry out transactions with customers and make profits. That allows the biggest digital companies to pay taxes of close to zero on their revenue. The treasuries of the Member States lose billions of euros in tax revenues from not being able to tax digital multinationals. To tackle that real and urgent social injustice, current corporate tax law needs to be expanded to include a new digital permanent establishment nexus based on a significant digital presence. A level-playing field is needed for similar business models to address the tax challenges that arise from the context of digitalisation, without hampering the potential of the digital sector. Particular account should be taken in that respect of the work carried out by the OECD on an internationally consistent set of rules.
Amendment 10

Proposal for a directive

Recital 10

The formula apportionment for the consolidated tax base should comprise three equally weighted factors, namely labour, assets and sales by destination. Those equally weighted factors should reflect a balanced approach to distributing taxable profits amongst the relevant Member States and should ensure that profits are taxed where they are actually earned. Labour and assets should therefore be allocated to the Member State where the labour is performed or the assets are located, and would thereby give appropriate weight to the interests of the Member State of origin, whilst sales should be allocated to the Member State of destination of the goods or services. To account for differences in the levels of wages across the Union and thus allow for a fair distribution of the consolidated tax base, the labour factor should comprise both payroll and the number of employees (i.e. each item counting for half). The asset factor, on the other hand, should comprise all fixed tangible assets, but not intangible and financial assets because of their mobile nature and the resulting risk that the rules of this Directive could be circumvented. Where, due to exceptional circumstances, the outcome of the apportionment does not fairly represent the extent of business activity, a safeguard clause should provide for an alternative method of income allocation.

Amendment 11

Proposal for a directive

Recital 10 a (new)

The formula apportionment for the consolidated tax base should comprise four equally weighted factors, namely labour, assets, sales by destination, and collection and use of personal data of online platforms and services users (the latter referred to herein as the ‘data factor’). Those equally weighted factors should reflect a balanced approach to distributing taxable profits amongst the relevant Member States and should ensure that profits are taxed where they are actually earned. Labour and assets should therefore be allocated to the Member State where the labour is performed or the assets are located, and would thereby give appropriate weight to the interests of the Member State of origin, whilst sales should be allocated to the Member State of destination of the goods or services. To account for differences in the levels of wages across the Union and thus allow for a fair distribution of the consolidated tax base, the labour factor should comprise both payroll and the number of employees (i.e. each item counting for half). The asset factor, on the other hand, should only comprise tangible assets. Where, due to exceptional circumstances, the outcome of the apportionment does not fairly represent the extent of business activity, a safeguard clause should provide for an alternative method of income allocation.
Amendment 12
Proposal for a directive
Recital 11

Text proposed by the Commission
(11) Due to their specificities, certain sectors, such as the financial and insurance sector, the oil and gas sector as well as shipping and air transport, need an adjusted formula for the apportionment of the consolidated tax base.

Amendment
deleted

Amendment 13
Proposal for a directive
Recital 14

Text proposed by the Commission
(14) This Directive builds upon Council Directive 2016/xx/EU on a common corporate tax base (which lays down a common set of corporate tax rules for computing the tax base) and focusses on the consolidation of tax results across the group. It would thus be necessary to deal with the interaction between the two legislative instruments and cater for the transition of certain elements of the tax base into the new framework of the group. Such elements should include, in particular, the interest limitation rule, the switch-over clause and controlled foreign company legislation as well as hybrid mismatches.

Amendment
(14) This Directive builds upon Council Directive 2016/xx/EU on a common corporate tax base (which lays down a common set of corporate tax rules for computing the tax base) and focusses on the consolidation of tax results across the group. It is thus necessary to deal with the interaction between the two legislative instruments and cater for the transition of certain elements of the tax base into the new framework of the group. Such elements should include, in particular, the interest limitation rule, the switch-over clause and controlled foreign company legislation as well as hybrid mismatches. Member States should not be prevented from introducing additional anti-tax avoidance measures in order to reduce the negative effects of shifting profits to low-tax third countries.
Amendment 14
Proposal for a directive

Recital 16

Text proposed by the Commission

(16) In order to supplement or amend certain non-essential elements of this Directive, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission with respect of (i) taking into account changes to the laws of Member States concerning the company forms and corporate taxes and amend Annexes I and II accordingly; (ii) laying down additional definitions; and (iii) supplementing the rule on the limitation of interest deductibility with anti-fragmentation rules, to better address the tax avoidance risks which may emerge within a group. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level. The Commission, when preparing and drawing up delegated acts, should ensure a simultaneous, timely and appropriate transmission of relevant documents to the European Parliament and the Council.

Amendment

(16) In order to supplement or amend certain non-essential elements of this Directive, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission with respect of (i) taking into account changes to the laws of Member States concerning the company forms and corporate taxes and amend Annexes I and II accordingly; (ii) laying down additional definitions; (iii) supplementing the rule on the limitation of interest deductibility with anti-fragmentation rules, to better address the tax avoidance risks which may emerge within a group; and (iv) issuing guidelines for the transitional phase in which formulary apportionment coexists with other allocation methods in dealing with third countries. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level, and it should take into account the European Parliament’s annual resolution. The Commission, when preparing and drawing up delegated acts, should ensure a simultaneous, timely and appropriate transmission of relevant documents to the European Parliament and the Council.
Amendment 15
Proposal for a directive
Recital 17

(17) In order to ensure uniform conditions for the implementation of this Directive, implementing powers should be conferred on the Commission (i) to adopt annually a list of third country company forms that are similar to the company forms listed in Annex I; (ii) to lay down detailed rules on the calculation of the labour, asset and sales factors, the allocation of employees and payroll, assets and sales to the respective factor and the valuation of assets; (iii) to adopt an act establishing a standard form of the notice to create a group; and (iv) to lay down rules on the electronic filing of the consolidated tax return, the form of the consolidated tax return and the supporting documentation required. Those powers should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council (12).

Amendment 16
Proposal for a directive
Recital 18

Text proposed by the Commission

(18) Since the objectives of this Directive, namely to improve the functioning of the internal market through countering practices of international tax avoidance and to facilitate businesses in expanding across borders within the Union, cannot be sufficiently achieved by the Member States acting individually and in a disparate fashion because coordinated action is necessary to obtain these objectives, but can rather, by reason of the fact that the Directive targets inefficiencies of the internal market that originate in the interaction between disparate national tax rules which impact on the internal market and discourage cross-border activity, be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in that Article, this Directive does not go beyond what is necessary in order to achieve those objectives, especially considering that its mandatory scope is limited to groups beyond a certain size.

Amendment

(18) Since the objectives of this Directive, namely to improve the functioning of the internal market through countering practices of international tax avoidance and to facilitate businesses, in particular SMEs, in expanding across borders within the Union, cannot be sufficiently achieved by the Member States acting individually and in a disparate fashion because coordinated action is necessary to obtain these objectives, but can rather, by reason of the fact that the Directive targets inefficiencies of the internal market that originate in the interaction between disparate national tax rules which impact on the internal market and discourage cross-border activity, be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in that Article, this Directive does not go beyond what is necessary in order to achieve those objectives, especially considering that its mandatory scope is limited to groups beyond a certain size.

Amendment 17
Proposal for a directive
Recital 20

Text proposed by the Commission

(20) The Commission should be required to review the application of the Directive five years after its entry into force and report to Council on its operation. Member States should be required to communicate to the Commission the text of the provisions of national law which they adopt in the field covered by this Directive.

Amendment

(20) Since this Directive contains an important change to corporate taxation rules, the Commission should be required to conduct a thorough assessment of the application of the Directive five years after its entry into force and report to the European Parliament and the Council on its operation. That implementation report should include at least the following points: the impact of the system of taxation provided for in this Directive on Member States’ revenues, the advantages and disadvantages of the system for SMEs, the impact on a fair tax collection between Member States, the impact on the internal market as a whole, with particular regard to possible distortion of competition between companies subject to the new rules laid down in this Directive, and the number of undertakings that fall within the scope during the transition period. The Commission should be required to review the application of this Directive 10 years after its entry into force and report to the European Parliament and the Council on its operation. Member States should be required to communicate to the Commission the text of the provisions of national law which they adopt in the field covered by this Directive,
Amendment 18
Proposal for a directive
Recital 20 a (new)

In order to achieve a full and consistent consolidation and prevent new opportunities for arbitrage arising from accounting inconsistencies between Member States, it is necessary to adopt clear, consistent and objective criteria for calculating the consolidated tax base. To that end, the Commission should propose the necessary adjustments to the relevant provisions of this Directive concerning the definition and calculation of the consolidated tax base.

Amendment 19
Proposal for a directive
Recital 20 b (new)

The Commission should consider additional studies that analyse the potential impact of the CCCTB on the corporate tax revenues of individual Member States, and potential competitive disadvantages for the Union in relation to third countries.

Amendment 20
Proposal for a directive
Article 1 – paragraph 1

1. This Directive establishes a common base for the taxation in the Union of certain companies and lays down rules for the calculation of that base, including rules on measures to prevent tax avoidance and on measures relating to the international dimension of the proposed tax system.

(14) [full title of the Directive (OJ L [ ], p. [])].
Amendment 21
Proposal for a directive
Article 2 – paragraph 1 – introductory part

Text proposed by the Commission

1. The rules of this Directive shall apply to a company that is established under the laws of a Member State, including its permanent establishments in other Member States, where the company meets all of the following conditions:

Amendment

1. The rules of this Directive shall apply to a company that is established under the laws of a Member State, including its permanent and digital permanent establishments in other Member States, where the company meets all of the following conditions:

Amendment 22
Proposal for a directive
Article 2 – paragraph 1 – point c

Text proposed by the Commission

(c) it belongs to a consolidated group for financial accounting purposes with a total consolidated group revenue that exceeded EUR 750000000 during the financial year preceding the relevant financial year;

Amendment

(c) it belongs to a consolidated group for financial accounting purposes with a total consolidated group revenue that exceeded EUR 750000000 during the financial year preceding the relevant financial year. That threshold shall be lowered to zero over a maximum period of seven years;

Amendment 23
Proposal for a directive
Article 2 – paragraph 3

Text proposed by the Commission

3. A company that meets the conditions of points (a), (b) and (d) of paragraph 1, but does not meet the conditions of point (c) of that paragraph, may opt, including for its permanent establishments situated in other Member States, to apply the rules of this Directive for a period of five tax years. That period shall automatically be extended for successive terms of five tax years, unless there is a notice of termination as referred to in the second subparagraph of Article 47. The conditions under points (a), (b) and (d) of paragraph 1 shall be met each time the extension takes place.

Amendment

3. A company that meets the conditions of points (a), (b) and (d) of paragraph 1, but does not meet the conditions of point (c) of that paragraph, may opt, including for its permanent establishments situated in other Member States, to apply the rules of this Directive.
Amendment 24
Proposal for a directive
Article 2 – paragraph 4

4. The rules of this Directive shall not apply to a shipping company under a special tax regime. A shipping company under a special tax regime shall be taken into account for the purpose of determining the companies which are members of the same group as referred to in Articles 5 and 6.

Amendment 25
Proposal for a directive
Article 3 – paragraph 1 – point 23

(23) ‘consolidated tax base’ means the result of adding up the tax bases of all group members, as calculated in accordance with Directive 2016/xx/EU;

(23) ‘consolidated tax base’ means the consolidated net taxable revenue of the group members, as calculated on a consistent accounting basis applicable to all group members in accordance with Directive 2016/xx/EU;

Amendment 26
Proposal for a directive
Article 3 – paragraph 1 – point 28 a (new)

(28a) ‘data factor’ means the collection and exploitation for commercial purposes of personal data of online platforms and services users in one or more Member States.

Amendment 27
Proposal for a directive
Article 4 – paragraph 3

3. Where the place of effective management of a group member engaged in shipping or in inland waterways transport is aboard a ship or boat, the group member shall be considered to be resident for tax purposes in the Member State of the home harbour of the ship or boat, or, where there is no such home harbour, in the Member State of residence for tax purposes of the operator of the ship or boat.
Amendment 28
Proposal for a directive
Article 4 – paragraph 4

Text proposed by the Commission
4. A resident taxpayer shall be subject to corporate tax on all income derived from any source, whether inside or outside the Member State where it is resident for tax purposes.

Amendment
4. A resident taxpayer shall be subject to corporate tax on all income generated by any activity, whether inside or outside the Member State where it is resident for tax purposes.

Amendment 29
Proposal for a directive
Article 4 – paragraph 5

Text proposed by the Commission
5. A non-resident taxpayer shall be subject to corporate tax on all income from an activity carried on through a permanent establishment in a Member State.

Amendment
5. A non-resident taxpayer shall be subject to corporate tax on all income from an activity carried on through a permanent establishment, including through a digital permanent establishment, in a Member State. A digital permanent establishment of a taxpayer shall be determined in accordance with the conditions and criteria listed in Article 5 of Council Directive ... on a Common Corporate Tax Base (1a).


Amendment 30
Proposal for a directive
Article 5 – paragraph 1 – point a

Text proposed by the Commission
(a) it has a right to exercise more than 50 % of the voting rights; and

Amendment
(a) it has a right to exercise voting rights exceeding 50 %; and
Amendment 31
Proposal for a directive
Article 6 – paragraph 2 a (new)

Text proposed by the Commission

Amendment

2a. Permanent establishments shall include digital permanent establishments in accordance with the conditions and criteria listed in Article 5 of Council Directive ... on a Common Corporate Tax Base (1a)


Amendment 32
Proposal for a directive
Article 7 – paragraph 1

Text proposed by the Commission

Amendment

1. The tax bases of all members of a group shall be added together into a consolidated tax base.

Amendment

1. The tax basis of a consolidated group shall be determined as if it were one single entity. For that purpose, the aggregate tax basis of the group shall be retreated in order to eliminate all profits or losses including those arising from any transaction, whatever its nature, between two or more entities within the group.

Amendment 33
Proposal for a directive
Article 7 – paragraph 2

Text proposed by the Commission

Amendment

2. Where the consolidated tax base is negative, the loss shall be carried forward and be set off against the next positive consolidated tax base. Where the consolidated tax base is positive, it shall be apportioned in accordance with Chapter VIII.

Amendment

2. Where the consolidated tax base is negative, the loss shall be carried forward and be set off against the next positive consolidated tax base for a maximum period of five years. Where the consolidated tax base is positive, it shall be apportioned in accordance with Chapter VIII.
Amendment 34
Proposal for a directive
Article 9 – paragraph 2

Groups shall apply a consistent and adequately documented method for recording intra-group transactions. Groups may change the method only for valid commercial reasons and only at the beginning of a tax year. All such transactions shall be eliminated from the tax base as a result of the consolidation carried out pursuant to Article 7(1).

Amendment 35
Proposal for a directive
Article 9 – paragraph 3

deleted

Amendment 36
Proposal for a directive
Article 9 – paragraph 4

deleted
Amendment 37

Proposal for a directive

Article 23 – paragraph 1 – subparagraph 1

Text proposed by the Commission

Where, as a result of a business reorganisation, one or more groups, or two or more group members, become part of another group, any unrelieved losses of the previously existing group or groups shall be allocated to each of the group members in accordance with Chapter VIII and on the basis of the factors as they stand at the end of the tax year in which the business reorganisation takes place. Unrelieved losses of the previously existing group or groups shall be carried forward for future years.

Amendment

Where, as a result of a business reorganisation, one or more groups, or two or more group members, become part of another group, any unrelieved losses of the previously existing group or groups shall be allocated to each of the group members in accordance with Chapter VIII and on the basis of the factors as they stand at the end of the tax year in which the business reorganisation takes place. Unrelieved losses of the previously existing group or groups shall be carried forward for a maximum period of five years.

Amendment 38

Proposal for a directive

Article 23 – paragraph 2

Text proposed by the Commission

2. Where two or more principal taxpayers merge within the meaning of points (i) and (ii) of Article 2(a) of Council Directive 2009/133/EC (15), any unrelieved losses of a group shall be allocated to its members in accordance with Chapter VIII, on the basis of the factors as they stand at the end of the tax year in which the merger takes place. Unrelieved losses shall be carried forward for future years.

Amendment

2. Where two or more principal taxpayers merge within the meaning of points (i) and (ii) of Article 2(a) of Council Directive 2009/133/EC (15), any unrelieved losses of a group shall be allocated to its members in accordance with Chapter VIII, on the basis of the factors as they stand at the end of the tax year in which the merger takes place. Unrelieved losses shall be carried forward for a maximum period of five years.

(15) Council Directive 2009/133/EC of 19 October 2009 on the common system of taxation applicable to mergers, divisions, partial divisions, transfers of assets and exchanges of shares concerning companies of different Member States and to the transfer of the registered office of an SE or SCE between Member States (OJ L 310, 25.11.2009, p. 34).
Amendment 39  
Proposal for a directive  
Article 28 – paragraph 1 – subparagraph 1

The consolidated tax base shall be shared between the group members in each tax year on the basis of a formula for apportionment. In determining the apportioned share of a group member A, the formula shall take the following form, giving equal weight to the factors of sales, labour and assets:

\[
\text{Share } A = \frac{1}{4} \left( \frac{1}{5} \text{Sales} + \frac{1}{2} \text{Payroll} + \frac{1}{2} \text{No of employees} + \frac{1}{5} \text{Assets} \right) \times \text{Cons'd Tax Base}
\]

Amendment

The consolidated tax base shall be shared between the group members in each tax year on the basis of a formula for apportionment. In determining the apportioned share of a group member A, the formula shall take the following form, giving equal weight to the factors of sales, labour, assets and the data factor:

\[
\text{Share } A = \frac{1}{4} \left( \frac{1}{5} \text{Sales} + \frac{1}{2} \text{Payroll} + \frac{1}{2} \text{No of employees} + \frac{1}{5} \text{Data factor} \right) \times \text{Cons'd Tax Base}
\]

Amendment 40  
Proposal for a directive  
Article 28 – paragraph 1 – formula

When determining the apportioned share of a group member, equal weight shall be given to the factors of sales, labour and assets.

Amendment 41  
Proposal for a directive  
Article 28 – paragraph 1 – subparagraph 1 a (new)

Where one or more factors do not apply due to the nature of a taxpayer’s activities, all other applicable factors should be proportionally re-weighted in the formula in order to maintain an absolute equal weight given to each applicable factor.

Amendment 42  
Proposal for a directive  
Article 28 – paragraph 5

When determining the apportioned share of a group member, equal weight shall be given to the factors of sales, labour, assets and the data factor.
Amendment 43

Proposal for a directive

Article 28 – paragraph 5 a (new)

Text proposed by the Commission

5a. **One half of the data factor shall consist of the total volume of personal data of online platform and services users collected per Member State by a group member as its numerator and the total volume of personal data of online platforms and services users collected per Member State by the group as its denominator, and the other half of the data factor shall consist of the total volume of personal data of online platforms and services users exploited per Member State by a group member as its numerator and the total volume of personal data of online platforms and services users exploited per Member State by the group as its denominator.**

Amendment 44

Proposal for a directive

Article 28 – paragraph 5 b (new)

Text proposed by the Commission

5b. **The volume of personal data collected pursuant to the data factor shall be measured at the end of the tax year in each Member State.**

Amendment 45

Proposal for a directive

Article 28 – paragraph 5 c (new)

Text proposed by the Commission

5c. **The definition of the collection and exploitation for commercial purposes of personal data in the context of the data factor shall be determined in accordance with Regulation (EU) 2016/679.**
Proposal for a directive

Article 29

Text proposed by the Commission

Safeguard clause

As an exception to the rule set out in Article 28, if the principal tax-payer or a competent authority considers that the outcome of the apportionment of the consolidated tax base to a group member does not fairly represent the extent of the business activity of that group member, the principal tax-payer or competent authority may request the use of an alternative method for calculating the tax share of each group member. An alternative method can be used only if, following consultations among the competent authorities and, where applicable, discussions held in accordance with Articles 77 and 78, all these authorities agree to that alternative method. The Member State of the principal tax authority shall inform the Commission about the alternative method used.

Amendment 47

Proposal for a directive

Article 38 – paragraph 1

Text proposed by the Commission

1. Sales of goods shall be included in the sales factor of the group member located in the Member State where the dispatch or transport of the goods to the person acquiring them ends. Where that place cannot be determined, the sales of goods shall be attributed to the group member located in the Member State of the last identifiable location of the goods.

Amendment

1. Sales of goods shall be included in the sales factor of the group member located in the Member State where the dispatch or transport of the goods to the person acquiring them ends. Where that place cannot be determined or the group member has no taxable nexus, the sales of goods shall be attributed to the group member located in the Member State of the last identifiable location of the goods.
Amendment 48
Proposal for a directive
Article 43

Text proposed by the Commission

Shipping, inland waterways transport and air transport

The revenues, expenses and other deductible items of a group member whose principal business is the operation of ships or aircraft in international traffic or the operation of boats engaged in inland waterways transport shall be excluded from the consolidated tax base and not be apportioned in accordance with the rules laid down in Article 28. Instead, those revenues, expenses and other deductible items shall be attributed to that group member on a transaction-by-transaction basis and be subject to adjustments for pricing in accordance with Article 56 of Directive 2016/xx/EU.

Participations in and by the group member shall be taken into account for the purpose of determining whether there is a group as referred to in Articles 5 and 6.

Amendment 49
Proposal for a directive
Article 46 – paragraph 2

Text proposed by the Commission

2. The notice referred to in paragraph 1 shall cover all group members, except for the shipping companies referred to in Article 2(4).

Amendment

2. The notice referred to in paragraph 1 shall cover all group members.

Amendment 50
Proposal for a directive
Article 48 – paragraph 2

Text proposed by the Commission

The Commission may adopt an act establishing a standard form of the notice to create a group. That implementing act shall be adopted in accordance with the examination procedure referred to in Article 77(2).

Amendment

The Commission shall adopt an act establishing a standard form of the notice to create a group. That implementing act shall be adopted in accordance with the examination procedure referred to in Article 77(2).
Amendment 51
Proposal for a directive
Article 55 – paragraph 1

Text proposed by the Commission

The Commission may adopt acts laying down rules on the electronic filing of the consolidated tax return, on the form of the consolidated tax return, on the form of the single taxpayer's tax return and on the supporting documentation required. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 77(2).

Amendment

The Commission shall adopt acts laying down rules on the electronic filing of the consolidated tax return, on the form of the consolidated tax return, on the form of the single taxpayer's tax return and on the supporting documentation required. The Commission shall design those uniform tax return formats in cooperation with the tax administrations of the Member States. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 77(2).

Amendment 52
Proposal for a directive
Article 65 – paragraph 1

Text proposed by the Commission

1. Where the competent authority of the Member State in which a group member is resident for tax purposes or situated in the form of a permanent establishment disagrees with a decision of the principal tax authority made pursuant to Articles 49 or 56(2) or (4) or the second subparagraph of Article 56(5) may challenge that decision before the courts of the Member State of the principal tax authority within a period of three months.

Amendment

1. Where the competent authority of the Member State in which a group member is resident for tax purposes or situated in the form of a permanent establishment, including in the form of a digital permanent establishment, disagrees with a decision of the principal tax authority made pursuant to Articles 49 or 56(2) or (4) or the second subparagraph of Article 56(5) may challenge that decision before the courts of the Member State of the principal tax authority within a period of three months.

Amendment 53
Proposal for a directive
Article 65 – paragraph 2 a (new)

Text proposed by the Commission

2a. The Commission shall analyse whether the establishment of a dispute resolution mechanism would further increase the effectiveness and efficiency of the settlement of disagreements between Member States. The Commission shall submit a report thereon to the European Parliament and the Council, including, if appropriate, a legislative proposal.
Amendment 54
Proposal for a directive
Article 67 – paragraph 1

Text proposed by the Commission

1. Appeals against amended tax assessments or tax assessments made pursuant to Article 54 shall be heard by an administrative body that according to the law of the Member State of the principal tax authority is competent to hear appeals at first instance. That administrative body shall be independent from the tax authorities in the Member State of the principal tax authority. Where there is no such administrative body in that Member State, the principal taxpayer may lodge a judicial appeal directly.

Amendment

1. Appeals against amended tax assessments or tax assessments made pursuant to Article 54 shall be heard by an administrative body that according to the law of the Member State of the principal tax authority is competent to hear appeals at first instance. That administrative body shall be independent from the tax authorities in the Member State of the principal tax authority. Where there is no such administrative body in that Member State, or where the principal taxpayer prefers to do so, the principal taxpayer may lodge a judicial appeal directly.

Amendment 55
Proposal for a directive
Article 67 – paragraph 5

Text proposed by the Commission

5. The administrative body referred to in paragraph 1 shall decide on the appeal within six months. If no decision is received by the principal taxpayer within that period, the decision of the principal tax authority shall be deemed to have been confirmed.

Amendment

5. If seized of an appeal, the administrative body referred to in paragraph 1 shall decide on the appeal within six months. If no decision is received by the principal taxpayer within that period, the decision of the principal tax authority shall be deemed to have been confirmed.

Amendment 56
Proposal for a directive
Article 69 – paragraph 2

Text proposed by the Commission

2. Where paragraph 1 applies, the exceeding borrowing costs and EBITDA shall be calculated at the level of the group and comprise the results of all group members. The amount of EUR 3000000 referred to in Article 13 of Directive 2016/xx/EU shall be increased to 5000000.

Amendment

2. Where paragraph 1 applies, the exceeding borrowing costs and EBITDA shall be calculated at the level of the group and comprise the results of all group members. The amount of EUR 1000000 referred to in Article 13 of Directive 2016/xx/EU shall be increased to 5000000.
Amendment 57
Proposal for a directive
Article 71

Text proposed by the Commission

Article 71

Loss relief and recapture

1. Article 41 of Directive 2016/xx/EU on loss relief and recapture shall automatically cease to apply when this Directive comes into force.

2. Transferred losses which have not yet been recaptured when this Directive enters into force shall remain with the taxpayer to which they have been transferred.

Amendment

deleted

Amendment 58
Proposal for a directive
Article 72 – paragraph 1

Text proposed by the Commission

For the purposes of this Directive, the reference to the statutory corporate tax rate that the taxpayer would have been subject to in the first subparagraph of Article 53(1) of Directive 2016/xx/EU shall not apply and shall be replaced by the average statutory corporate tax rate applicable amongst all Member States instead.

Amendment

For the purposes of this Directive, the switch-over rules laid down in Article 53 of Directive 2016/xx/EU shall apply.

Amendment 59
Proposal for a directive
Article 73 – paragraph 1

Text proposed by the Commission

For the purposes of this Directive, the scope of controlled foreign company legislation under Article 59 of Directive 2016/xx/EU shall be limited to relations between group members and entities that are resident for tax purposes, or permanent establishments that are situated, in a third country.

Amendment

For the purposes of this Directive, the scope of controlled foreign company legislation under Article 59 of Directive 2016/xx/EU shall be limited to relations between group members and entities that are resident for tax purposes, or permanent establishments, including digital permanent establishments, that are situated in a third country.
Amendment 60

Proposal for a directive

Article 74 – paragraph 1

Text proposed by the Commission

For the purposes of this Directive, the scope of the rules on hybrid mismatches under Article 61 of Directive 2016/xx/EU shall be limited to relations between group members and non-group members that are associated enterprises, as referred to in Article 56 of Directive 2016/xx/EU.

Amendment

For the purposes of this Directive, the scope of the rules on hybrid mismatches and related arrangements applies as defined under Article 61 of Directive 2016/xx/EU.

Amendment 61

Proposal for a directive

Article 76

Text proposed by the Commission

Article 76

Informing the European Parliament

The European Parliament shall be informed of the adoption of delegated acts by the Commission, of any objection formulated to them, and of the revocation of that delegation of powers by the Council.

Amendment

Informing the European Parliament

1. The European Parliament shall organise an interparliamentary conference to evaluate the CCCTB regime, taking into account the outcomes of the tax policy discussions held under the procedure of the European Semester. The European Parliament shall communicate its opinion and conclusions thereon by means of a resolution addressed to the Commission and the Council.

2. The European Parliament shall be informed of the adoption of delegated acts by the Commission, of any objection formulated to them, and of the revocation of that delegation of powers by the Council.
Amendment 62

Proposal for a directive

Article 78 a (new)

Text proposed by the Commission

Amendment

Article 78a

Compensation mechanism

In order to compensate for sudden shocks to tax revenues across Member States arising from fiscal gains and losses directly and solely caused by the switch to the new regime introduced by this Directive, the Commission shall establish a dedicated compensation mechanism, operational from the entry into force of this Directive. Compensation shall be adjusted each year to take into account national or regional decisions taken prior to the entry into force of this Directive. The compensation mechanism shall be financed by the fiscal surplus from those Member States that experience gains in fiscal revenues, and shall be set for an initial period of seven years. After that period, the Commission shall assess the need for the compensation mechanism to continue operating, and accordingly decide to terminate or renew it once for another maximum period of two years.

Amendment 63

Proposal for a directive

Article 79

Text proposed by the Commission

Amendment

Article 79

Implementation report and review

The Commission shall, five years after the entry into force of this Directive, assess its application and report to the European Parliament and the Council on the operation of this Directive. That implementation report shall in particular include an analysis of the impact of the mechanism set up in Chapter VIII of this Directive on the apportionment of the tax bases between the Member States. In drawing the conclusions of such an implementation report or in the context of the next multi-annual financial framework, the Commission shall propose the terms and conditions to allocate a part of the fiscal revenues generated from the common consolidated corporate tax base to the general budget of the Union in order to proportionally reduce Member States contributions to the same budget.

The Commission shall, 10 years after the entry into force of this Directive, review its application and report to the European Parliament and the Council on the operation of this Directive.
Amendment 64

Proposal for a directive

Article 80 – paragraph 1 – subparagraph 1

Text proposed by the Commission

Member States shall adopt and publish, by 31st December 2020 at the latest, the laws, regulations and administrative provisions necessary to comply with this Directive. They shall forthwith communicate to the Commission the text of those provisions.

Amendment

Member States shall adopt and publish, by 31 December 2019 at the latest, the laws, regulations and administrative provisions necessary to comply with this Directive. They shall forthwith communicate to the Commission the text of those provisions.

Amendment 65

Proposal for a directive

Article 80 – paragraph 1 – subparagraph 2

Text proposed by the Commission

They shall apply those provisions from 1st January 2021.

Amendment

They shall apply those provisions from 1 January 2020.

(Special legislative procedure – consultation)

(2019/C 162/30)

The European Parliament,

— having regard to the Commission proposal to the Council (COM(2016)0685),

— having regard to Article 115 of the Treaty on the Functioning of the European Union, pursuant to which the Council consulted Parliament (C8-0472/2016),

— having regard to the reasoned opinions submitted, within the framework of Protocol No 2 on the application of the principles of subsidiarity and proportionality, by the Danish Parliament, Dáil Éireann,Seanad Éireann, the Luxembourg Chamber of Representatives, the Maltese Parliament, the Netherlands Senate, the Netherlands House of Representatives and the Swedish Parliament, asserting that the draft legislative act does not comply with the principle of subsidiarity,

— having regard to Rules 78c of its Rules of Procedure,

— having regard to the report of the Committee on Economic and Monetary Affairs and the opinion of the Committee on Legal Affairs (A8-0050/2018),

1. Approves the Commission proposal as amended;

2. Calls on the Commission to alter its proposal accordingly, in accordance with Article 293(2) of the Treaty on the Functioning of the European Union;

3. Calls on the Council to notify Parliament if it intends to depart from the text approved by Parliament;

4. Asks the Council to consult Parliament again if it intends to substantially amend the Commission proposal;

5. Instructs its President to forward its position to the Council, the Commission and the national parliaments.
Amendment 1
Proposal for a directive
Recital 1

Companies which seek to do business across frontiers within the Union encounter serious obstacles and market distortions owing to the existence and interaction of 28 disparate corporate tax systems. Furthermore, tax planning structures have become ever-more sophisticated over time, as they develop across various jurisdictions and effectively take advantage of the technicalities of a tax system or of mismatches between two or more tax systems for the purpose of reducing the tax liability of companies. Although those situations highlight shortcomings that are completely different in nature, they both create obstacles which impede the proper functioning of the internal market. **Action to rectify those problems** should therefore address **both** types of market deficiencies.

In times of globalisation and digitalisation, taxation of in particular financial and intellectual capital on a source base is becoming increasingly harder to retrace and easier to manipulate. Furthermore, tax planning structures have become ever-more sophisticated over time, as they develop across various jurisdictions and effectively take advantage of the technicalities of a tax system or of mismatches between two or more tax systems for the purpose of reducing the tax liability of companies. **The mainstream digitalisation of many sectors of the economy coupled with the fast developing digital economy calls into question the suitability of the Union corporate tax models designed for brick and mortar industries, including with regard to the extent that valuation and calculation criteria could be re-invented to reflect the commercial activities of the 21st century.** Although those situations highlight shortcomings that are completely different in nature, they all create obstacles which impede the proper functioning of the internal market and give rise to distortions between large companies and small and medium-sized enterprises. A new standard for a corporate tax base for the Union should therefore address those types of market deficiencies while respecting the aims of long-term legal clarity and certainty and the principle of tax neutrality. More convergence between national tax systems will lead to a significant decrease in costs and administrative burden for businesses operating cross-border within the Union. While taxation policy is a national competence, Article 115 of the Treaty on the Functioning of the European Union clearly stipulates that the Council should, acting unanimously in accordance with a special legislative procedure and after consulting the European Parliament and the Economic and Social Committee, issue directives for the approximation of such taxation laws, regulations or administrative provisions of the Member States as directly affect the establishment or functioning of the internal market.
Amendment 2
Proposal for a directive
Recital 2

Text proposed by the Commission

(2) To support the proper functioning of the internal market, the corporate tax environment in the Union should be shaped in accordance with the principle that companies pay their fair share of tax in the jurisdiction(s) where their profits are generated. It is therefore necessary to provide for mechanisms that discourage companies from taking advantage of mismatches amongst national tax systems in order to lower their tax liability. It is equally important to also stimulate growth and economic development in the internal market by facilitating cross-border trade and corporate investment. To this end, it is necessary to eliminate both double taxation and double non-taxation risks in the Union through eradicating disparities in the interaction of national corporate tax systems. At the same time, companies need an easily workable tax and legal framework for developing their commercial activity and expanding it across borders in the Union. In that context, remaining cases of discrimination should also be removed.

Amendment

(2) To support the proper functioning of the internal market, the corporate tax environment in the Union should be shaped in accordance with the principle that companies pay their fair share of tax in the jurisdiction(s) where their profits are generated and where companies have permanent establishment. Taking into account the digital change in the business environment, it is necessary to ensure that companies which generate revenues in a Member State without having a physical permanent establishment but having a digital permanent establishment in that Member State should be treated in the same way as companies having a physical permanent establishment. It is therefore necessary to provide for mechanisms that discourage companies from taking advantage of mismatches amongst national tax systems in order to lower their tax liability. It is equally important to also stimulate growth and economic development in the internal market by facilitating cross-border trade and corporate investment. To this end, it is necessary to eliminate both double taxation and double non-taxation risks in the Union through eradicating disparities in the interaction of national corporate tax systems. At the same time, companies need an easily workable tax and legal framework for developing their commercial activity and expanding it across borders in the Union. In that context, remaining cases of discrimination should also be removed. Consolidation is an essential element of the CCCTB system, since the major tax obstacles faced by companies of the same group that operate cross-border in the Union can only be tackled in that way. Consolidation eliminates transfer pricing formalities and intra-group double taxation.
Text proposed by the Commission

(3) As pointed out in the proposal of 16 March 2011 for a Council Directive on a Common Consolidated Corporate Tax Base (CCCTB) (7), a corporate tax system which treats the Union as a single market for the purpose of computing the corporate tax base of companies would facilitate cross-border activity for companies resident in the Union and promote the objective of making it a more competitive location for investment internationally. The proposal of 2011 for a CCCTB focussed on the objective of facilitating the expansion of commercial activity for businesses within the Union. In addition to that objective, it should also be taken into account that a CCCTB can be highly effective in improving the functioning of the internal market through countering tax avoidance schemes. In this light, the initiative for a CCCTB should be re-launched in order to address, on an equal footing, both the aspect of business facilitation and the initiative’s function in countering tax avoidance. Once implemented in all Member States, a CCCTB would ensure that taxes are paid where profits are generated and where companies have permanent establishment. Such an approach would best serve the aim of eradicating distortions in the functioning of the internal market.

Improving the internal market is a key factor for encouraging growth and job creation. The introduction of a CCCTB would improve economic growth and result in more jobs in the Union by reducing harmful tax competition between companies.


Amendment

(3a) The Commission, in its communication of 21 September 2017 entitled ‘A fair and efficient tax system in the European Union for the Digital Single Market’, believes that a CCCTB offers the basis to address the tax challenges posed by the digital economy.
Amendment 5
Proposal for a directive
Recital 4

Text proposed by the Commission

(4) Considering the need to act swiftly in order to ensure a proper functioning of the internal market by making it, on the one hand, friendlier to trade and investment and, on the other hand, more resilient to tax avoidance schemes, it is necessary to divide the ambitious CCCTB initiative into two separate proposals. At a first stage, rules on a common corporate tax base should be enacted, before addressing, at a second stage, the issue of consolidation.

Amendment

(4) Considering the need to act swiftly in order to ensure a proper functioning of the internal market by making it, on the one hand, friendlier to trade and investment and, on the other hand, more resilient to tax avoidance schemes, it is very important to ensure simultaneous entry into force of the Directive on a Common Corporate Tax Base and the Directive on a Common Consolidated Corporate Tax Base. Because such a change of regime is a significant step in the completion of the internal market, it needs flexibility in order to be properly executed from the outset. Hence, as the internal market encompasses all Member States, the CCCTB should be introduced in all Member States. If the Council fails to adopt a unanimous decision on the proposal to establish a CCCTB, the Commission should issue a new proposal based on Article 116 of the Treaty on the Functioning of the European Union, whereby the European Parliament and the Council act in accordance with the ordinary legislative procedure to issue the necessary legislation. As a last resort, an enhanced cooperation should be initiated by Member States which should be open at any time to non-participating Member States in accordance with the Treaty on the Functioning of the European Union. It is regrettable that no sufficiently detailed assessment has been conducted in respect of either the CCTB or CCCTB proposals in terms of the impact on Member States’ corporate tax revenue on a country-by-country basis.

Amendment 6
Proposal for a directive
Recital 5

Text proposed by the Commission

(5) Many aggressive tax planning structures tend to feature in a cross-border context, which implies that the participating groups of companies possess a minimum of resources. On this premise, for reasons of proportionality, the rules on a common base should be mandatory only for companies which belong to a group of a substantial size. For that purpose, a size-related threshold should be fixed on the basis of the total consolidated revenue of a group which files consolidated financial statements. In addition, to ensure coherence between the two steps of the CCCTB initiative, the rules on a common base should be mandatory for companies which would be considered as a group should the full initiative materialise. In order to better serve the aim of facilitating trade and investment in the internal market, the rules on a common corporate tax base should also be available, as an option, to companies which do not meet those criteria.

Amendment

(5) Many aggressive tax planning structures tend to feature in a cross-border context, which implies that the participating groups of companies possess a minimum of resources. On this premise, for reasons of proportionality, the rules on a common base should be mandatory initially only for companies which belong to a group of a substantial size. For that purpose, a size-related starting threshold of EUR 750 million should be fixed on the basis of the total consolidated revenue of a group which files consolidated financial statements. Since this Directive sets a new standard for the corporate tax base for all businesses in the Union, the threshold should be lowered to zero over a maximum period of seven years. In order to better serve the aim of facilitating trade and investment in the internal market, the rules on a common corporate tax base should also be available in the first phase, as an option, to companies which do not meet those criteria.
Amendment 7
Proposal for a directive

Recital 6

Text proposed by the Commission

(6) It is necessary to define the concept of a permanent establishment situated in the Union and belonging to a taxpayer who is resident for tax purposes within the Union. The aim would be to ensure that all concerned taxpayers share a common understanding and to exclude the possibility of a mismatch due to divergent definitions. On the contrary, it should not be seen as essential to have a common definition of permanent establishments situated in a third country, or in the Union but belonging to a taxpayer who is resident for tax purposes in a third country. This dimension should better be left to bilateral tax treaties and national law due to its complicated interaction with international agreements.

Amendment

(6) It is necessary to define the concept of a permanent establishment situated in the Union and belonging to a taxpayer who is resident for tax purposes within the Union. Too often, multinational companies make arrangements to transfer their profits to favourable tax regimes without paying any tax or paying very low rates of tax. The concept of a permanent establishment would provide a precise, binding definition of the criteria to be met if a multinational company is to prove that it is situated in a given country. That will compel multinational companies to pay their taxes fairly. The aim would be to ensure that all concerned taxpayers share a common understanding and to exclude the possibility of a mismatch due to divergent definitions. Similarly, it is important to have a common definition of permanent establishments situated in a third country, or in the Union but belonging to a taxpayer who is resident for tax purposes in a third country. If transfer pricing gives rise to profit-shifting into a low tax jurisdiction, a system that awards profit via a formula apportionment is preferable. The Union can establish an international standard for modern and efficient corporate taxation by adopting such a system. The Commission should draft guidelines for the transitional phase in which formula apportionment coexists with other allocation methods in dealing with third countries, while ultimately formula apportionment should be the standard method of allocation. The Commission should make a proposal to set up a Union model of a tax treaty which could ultimately replace the thousands of bilateral treaties concluded by each of the Member States.
### Amendment 8

**Proposal for a directive**

**Recital 6 a (new)**

<table>
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<th>Text proposed by the Commission</th>
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<td>Digital goods tend to be highly mobile and intangible. Studies have shown that the digital sector is highly involved in aggressive tax planning practices, since many business models do not require physical infrastructure in order to carry out transactions with customers and make profits. That allows the biggest digital companies to pay taxes of close to zero on their revenue. The treasuries of the Member States lose billions of euros in tax revenues from not being able to tax digital multinationals. To tackle that real and urgent social injustice, current corporate tax law needs to be expanded to include a new digital permanent establishment nexus based on a significant digital presence. A level playing field is needed for similar business models to address the tax challenges that arise from the context of digitalisation, without hampering the potential of the digital sector. Particular account should be taken in that respect of the work carried out by the OECD on an internationally consistent set of rules.</td>
<td></td>
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</table>
Amendment 9

Proposal for a directive

Recital 8

Text proposed by the Commission

(8) Taxable revenues should be reduced by business expenses and certain other items. Deductible business expenses should normally include all costs relating to sales and expenses linked to the production, maintenance and securing of income. To support innovation in the economy and modernise the internal market, deductions should be provided for research and development costs, including super-deductions, and those should be fully expensed in the year incurred (with the exception of immovable property). Small starting companies without associated enterprises which are particularly innovative (a category which will in particular cover start-ups) should also be supported through enhanced super-deductions for research and development costs. In order to ensure legal certainty, there should also be a list of non-deductible expenses.

Amendment

(8) Taxable revenues should be reduced by business expenses and certain other items. Deductible business expenses should normally include all costs relating to sales and expenses linked to the production, maintenance and securing of income. To support innovation in the economy and modernise the internal market, deductions should be provided and taxpayers should receive a tax credit for genuine expenses of research and development relating to expenses in respect of staff, subcontractors, agency workers and freelancers, and those should be fully expensed in the year incurred (with the exception of immovable property). A clear definition of genuine expenses of research and development is needed to avoid misuse of the deductions. In order to ensure legal certainty, there should also be a list of non-deductible expenses.

Member States could further restrict the amount of the deductibility of interest and other financial costs to ensure a higher level of protection.

Amendment 10

Proposal for a directive

Recital 9

Text proposed by the Commission

(9) Recent developments in international taxation have highlighted that, in an effort to reduce their global tax liability, multinational groups of companies have increasingly engaged in tax avoidance arrangements leading to base erosion and profit shifting, through excessive interest payments. It is therefore necessary to limit the deductibility of interest (and other financial) costs, in order to discourage such practices. In that context, the deductibility of interest (and other financial) costs should only be allowed without restrictions to the extent that those costs can be offset against taxable interest (and other financial) revenues. Any surplus of interest costs should however be subject to deductibility restrictions, to be determined by reference to a taxpayer’s taxable earnings before interest, tax, depreciation and amortisation (EBITDA).

Amendment

(9) Recent developments in international taxation have highlighted that, in an effort to reduce their global tax liability, multinational groups of companies have increasingly engaged in tax avoidance arrangements leading to base erosion and profit shifting, through excessive interest payments. It is therefore necessary to limit the deductibility of interest (and other financial) costs, in order to discourage such practices. In that context, the deductibility of interest (and other financial) costs should only be allowed without restrictions to the extent that those costs can be offset against taxable interest (and other financial) revenues. Any surplus of interest costs should however be subject to deductibility restrictions, to be determined by reference to a taxpayer’s taxable earnings before interest, tax, depreciation and amortisation (EBITDA). Member States could further restrict the amount of the deductibility of interest and other financial costs to ensure a higher level of protection.
Amendment 11
Proposal for a directive
Recital 10

(10) The fact that interest paid out on loans is deductible from the tax base of a taxpayer whilst this is not the case for profit distributions creates a definitive advantage in favour of financing through debt as opposed to equity. Given the risks that this entails for the indebtedness of companies, it is critical to provide for measures which neutralise the current bias against equity financing. In this light, it is envisaged to give taxpayers an allowance for growth and investment according to which increases in a taxpayer’s equity should be deductible from its taxable base subject to certain conditions. Thus, it would be essential to ensure that the system does not suffer cascading effects and to this end, it would be necessary to exclude the tax value of a taxpayer’s participations in associated enterprises. Finally, to make the scheme of the allowance sufficiently robust, it would also be required to lay down anti-tax avoidance rules.

Amendment 12
Proposal for a directive
Recital 12

(12) In order to discourage the shifting of passive (mainly, financial) income out of highly-taxed companies, any losses that such companies may incur at the end of a tax year should be presumed to mostly correspond to the results of trading activity. Based on that premise, taxpayers should be allowed to carry losses forward indefinitely without restrictions on the deductible amount per year. Since the carry-forward of losses is intended to ensure that a taxpayer pays tax on its real income, there is no reason to place a time limit on carry-forward. Regarding the prospect for a loss carry-back, no such a rule would need to be introduced because that is relatively rare in the practice of Member States, and tends to lead to excessive complexity. Furthermore, an anti-abuse provision should be laid down in order to prevent, thwart or counter attempts to circumvent the rules on loss deductibility through purchasing loss-making companies.

Amendment 13
Proposal for a directive
Recital 13

Text proposed by the Commission

(13) In order to facilitate the cash-flow capacity of businesses – for instance, by compensating start-up losses in a Member State with profits in another Member State – and encourage the cross-border expansion within the Union, taxpayers should be entitled to temporarily take into account the losses incurred by their immediate subsidiaries and permanent establishments situated in other Member States. For that purpose, a parent company or head office located in a Member State should be able to deduct from its tax base, in a given tax year, the losses incurred in the same tax year by its immediate subsidiaries or permanent establishments situated in other Member States in proportion to its holding. The parent company should then be required to add back to its tax base, considering the amount of losses previously deducted, any subsequent profits made by those immediate subsidiaries or permanent establishments. As it is vital to safeguard national tax revenues, the deducted losses should also be reincorporated automatically if this has not already occurred after a certain number of years or if the requisites to qualify as an immediate subsidiary or permanent establishment are no longer met.

Amendment 14
Proposal for a directive
Recital 15

Text proposed by the Commission

(15) It is crucial to provide for appropriate anti-tax avoidance measures in order to reinforce the resilience of the rules on a common base against aggressive tax planning practices. Specifically, the system should include a general anti-abuse rule (GAAR), supplemented by measures designed to curb specific types of avoidance. Given that GAARs have the function of tackling abusive tax practices that have not yet been dealt with through specifically targeted provisions, they fill in gaps, which should not affect the applicability of specific anti-avoidance rules. Within the Union, GAARs should be applied to arrangements that are not genuine. It is furthermore important to ensure that the GAAR apply in a uniform manner to domestic situations, cross-border situations within the Union and cross-border situations involving companies established in third countries, so that their scope and results of application do not differ.

Amendment 15

(15) It is crucial to provide for appropriate anti-tax avoidance measures in order to reinforce the resilience of the rules on a common base against aggressive tax planning practices. Specifically, the system should include a strong and effective general anti-abuse rule (GAAR), supplemented by measures designed to curb specific types of avoidance. Given that GAARs have the function of tackling abusive tax practices that have not yet been dealt with through specifically targeted provisions, they fill in gaps, which should not affect the applicability of specific anti-avoidance rules. Within the Union, GAARs should be applied to arrangements that are not genuine. It is furthermore important to ensure that the GAAR apply in a uniform manner to domestic situations, cross-border situations within the Union and cross-border situations involving companies established in third countries, so that their scope and results of application do not differ.
Amendment 15
Proposal for a directive
Recital 17

Text proposed by the Commission

(17) Taking into account that the effect of hybrid mismatches is usually a double deduction (i.e. deduction in both states) or a deduction of the income in one state without inclusion in the tax base of another, such situations clearly affect the internal market by distorting its mechanisms and creating loopholes for tax avoidance practices to flourish. Given that mismatches generate from national differences in the legal qualification of certain types of entities or financial payments, they normally do not occur amongst companies which apply the common rules for calculating their tax base. Mismatches would however persist in the interaction between the framework of the common base and national or third-country corporate tax systems. To neutralise the effects of hybrid mismatch arrangements, it is necessary to lay down rules whereby one of the two jurisdictions in a mismatch deny the deduction of a payment or ensures that the corresponding income is included in the corporate tax base.

Amendment

(17) Taking into account that the effect of branch and hybrid mismatches is usually a double deduction (i.e. deduction in both states) or a deduction of the income in one state without inclusion in the tax base of another, such situations clearly affect the internal market by distorting its mechanisms and creating loopholes for tax avoidance practices to flourish. Given that mismatches generate from national differences in the legal qualification of certain types of entities or financial payments, they normally do not occur amongst companies which apply the common rules for calculating their tax base. Mismatches would however persist in the interaction between the framework of the common base and national or third-country corporate tax systems. To neutralise the effects of hybrid mismatches or related arrangements, Directive (EU) 2016/1164 lays down rules on hybrid mismatches and reverse hybrid mismatches. Those rules should be systematically taken into account in the application of this Directive.

Amendment 16
Proposal for a directive
Recital 17 a (new)

Text proposed by the Commission

(17a) Member States should not be prevented from introducing additional anti-tax avoidance measures in order to reduce the negative effects of shifting profits to low-tax third countries, which do not necessarily automatically exchange tax information in accordance with Union standards.

Amendment

(17a) Member States should not be prevented from introducing additional anti-tax avoidance measures in order to reduce the negative effects of shifting profits to low-tax third countries, which do not necessarily automatically exchange tax information in accordance with Union standards.

Amendment 17
Proposal for a directive
Recital 17 b (new)

Text proposed by the Commission

(17b) Member States should have in place a system of penalties for infringements by undertakings of national provisions adopted in accordance with this Directive as provided for in national law and should inform the Commission thereof.

Amendment

(17b) Member States should have in place a system of penalties for infringements by undertakings of national provisions adopted in accordance with this Directive as provided for in national law and should inform the Commission thereof.
Amendment 18

Proposal for a directive

Recital 19

Text proposed by the Commission

(19) In order to supplement or amend certain non-essential elements of this Directive, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission with respect of (i) taking into account changes to the laws of Member States concerning the company forms and corporate taxes and amend Annexes I and II accordingly; (ii) laying down additional definitions; (iii) enacting detailed rules against tax avoidance in a number of specified fields relevant to the allowance for growth and investment; (iv) defining the concepts of legal and economic ownership of leased assets in more detail; (v) calculating the capital and interest elements of lease payments and the depreciation base of leased assets; and (vi) defining more precisely the categories of fixed assets subject to depreciation. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level. The Commission, when preparing and drawing up delegated acts, should ensure a simultaneous, timely and appropriate transmission of relevant documents to the European Parliament and the Council.

Amendment

(19) In order to supplement or amend certain non-essential elements of this Directive, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission with respect of (i) taking into account changes to the laws of Member States concerning the company forms and corporate taxes and amend Annexes I and II accordingly; (ii) laying down additional definitions; (iii) defining the concepts of legal and economic ownership of leased assets in more detail; (iv) calculating the capital and interest elements of lease payments and the depreciation base of leased assets; (v) defining more precisely the categories of fixed assets subject to depreciation; and (vi) issuing guidelines for the transitional phase in which formulary apportionment coexists with other allocation methods in dealing with third countries. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level. The Commission, when preparing and drawing up delegated acts, should ensure a simultaneous, timely and appropriate transmission of relevant documents to the European Parliament and the Council.

Amendment 19

Proposal for a directive

Recital 19 a (new)

Text proposed by the Commission

(19a) The Commission should monitor the uniform implementation of this Directive in order to avoid situations in which the competent authorities of the Member States each enforce a different regime. Furthermore, the lack of harmonised accounting rules in the Union should not lead to new opportunities for tax planning and arbitrage. Therefore, the harmonisation of accounting rules could strengthen the common regime, especially if and when all Union businesses fall under that regime.
Amendment 20
Proposal for a directive
Recital 23

(23) The Commission should be required to review the application of the Directive five years after its entry into force and report to the Council on its operation. Member States should be required to communicate to the Commission the text of the provisions of national law which they adopt in the field covered by this Directive.

Since this Directive contains an important change to corporate taxation rules, the Commission should be required to conduct a thorough assessment of the application of the Directive five years after its entry into force and report to the European Parliament and the Council on its operation. That implementation report should include at least the following points: the impact of the system of taxation provided for in this Directive on Member States’ revenues, the advantages and disadvantages of the system for small and medium-sized enterprises, the impact on a fair tax collection between Member States, the impact on the internal market as a whole, with particular regard to possible distortion of competition between companies subject to the new rules laid down in this Directive, and the number of undertakings that fall within the scope during the transition period. The Commission should be required to review the application of this Directive 10 years after its entry into force and report to the European Parliament and the Council on its operation. Member States should be required to communicate to the Commission the text of the provisions of national law which they adopt in the field covered by this Directive.

Amendment 21
Proposal for a directive
Article 1 – paragraph 1

1. This Directive establishes a system of a common base for the taxation of certain companies and lays down rules for the calculation of that base.

1. This Directive establishes a system of a common base for the taxation in the Union of certain companies and lays down rules for the calculation of that base, including rules on measures to prevent tax avoidance and on measures relating to the international dimension of the proposed tax system.

Amendment 22
Proposal for a directive
Article 2 – paragraph 1 – introductory part

1. The rules of this Directive shall apply to a company that is established under the laws of a Member State, including its permanent establishments in other Member States, where the company meets all of the following conditions:

1. The rules of this Directive shall apply to a company that is established under the laws of a Member State, including its permanent and digital permanent establishments in other Member States, where the company meets all of the following conditions:
### Amendment 23
Proposal for a directive
Article 2 – paragraph 1 – point c

<table>
<thead>
<tr>
<th>Text proposed by the Commission</th>
<th>Amendment</th>
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<tbody>
<tr>
<td>(c) it belongs to a consolidated group for financial accounting purposes with a total consolidated group revenue that exceeded EUR 7,500,000,000 during the financial year preceding the relevant financial year;</td>
<td>(c) it belongs to a consolidated group for financial accounting purposes with a total consolidated group revenue that exceeded EUR 7,500,000,000 during the financial year preceding the relevant financial year. <em>That threshold shall be lowered to zero over a maximum period of seven years.</em></td>
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### Amendment 24
Proposal for a directive
Article 2 – paragraph 3

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<tbody>
<tr>
<td>3. A company that meets the conditions of points (a) and (b) of paragraph 1, but does not meet the conditions of points (c) or (d) of that paragraph, may opt, including for its permanent establishments situated in other Member States, to apply the rules of this Directive for a period of five tax years. That period shall automatically be extended for successive terms of five tax years, unless there is a notice of termination as referred to in Article 65(3). The conditions under points (a) and (b) of paragraph 1 shall be met each time the extension takes place.</td>
<td>3. A company that meets the conditions of points (a) and (b) of paragraph 1, but does not meet the conditions of points (c) or (d) of that paragraph, may opt, including for its permanent establishments situated in other Member States, to apply the rules of this Directive.</td>
</tr>
</tbody>
</table>

### Amendment 25
Proposal for a directive
Article 2 – paragraph 4

<table>
<thead>
<tr>
<th>Text proposed by the Commission</th>
<th>Amendment</th>
</tr>
</thead>
<tbody>
<tr>
<td>4. The rules of this Directive shall not apply to a shipping company under a special tax regime. A shipping company under a special tax regime shall be taken into account for the purpose of determining the companies which are members of the same group as referred to in Article 3.</td>
<td>deleted</td>
</tr>
</tbody>
</table>

### Amendment 26
Proposal for a directive
Article 3 – paragraph 1 – point a

<table>
<thead>
<tr>
<th>Text proposed by the Commission</th>
<th>Amendment</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) it has a right to exercise <em>more than</em> 50% of the voting rights; and</td>
<td>(a) it has a right to exercise <em>voting rights exceeding</em> 50%; and</td>
</tr>
</tbody>
</table>
Amendment 27

Proposal for a directive

Article 4 – paragraph 1 – point 12

Text proposed by the Commission

Amendment

(12) ‘borrowing costs’ means interest expenses on all forms of debt, other costs economically equivalent to interest and expenses incurred in connection with the raising of finance, as defined in national law, including payments under profit participating loans, imputed interest on convertible bonds and zero coupon bonds, payments under alternative financing arrangements, the finance cost elements of finance lease payments, capitalised interest included in the balance sheet value of a related asset, the amortisation of capitalised interest, amounts measured by reference to a funding return under transfer pricing rules, notional interest amounts under derivative instruments or hedging arrangements related to an entity’s borrowings, the defined yield on net equity increases as referred to in Article 11 of this Directive, certain foreign exchange gains and losses on borrowings and instruments connected with the raising of finance, guarantee fees for financing arrangements, arrangement fees and similar costs related to the borrowing of funds;

Amendment 28

Proposal for a directive

Article 4 – paragraph 1 – point 30 a (new)

Text proposed by the Commission

Amendment

(30a) ‘non-cooperative tax jurisdiction’ means a jurisdiction to which any of the following apply:

(a) the jurisdiction does not fulfil international transparency standards;
(b) potential preferential regimes exist within the jurisdiction;
(c) a tax system with no corporate income tax or a close to zero corporate tax rate exists within the jurisdiction;
### Amendment 29
**Proposal for a directive**  
**Article 4 – paragraph 1 – point 30 b (new)**

<table>
<thead>
<tr>
<th>Text proposed by the Commission</th>
<th>Amendment</th>
</tr>
</thead>
<tbody>
<tr>
<td>(30b) 'economic substance' means factual criteria, including</td>
<td></td>
</tr>
<tr>
<td>in the context of the digital economy, which can be</td>
<td></td>
</tr>
<tr>
<td>used to define the taxable presence of an undertaking,</td>
<td></td>
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<tr>
<td>such as the existence of human and physical resources</td>
<td></td>
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<tr>
<td>specific to the entity, its management autonomy, its</td>
<td></td>
</tr>
<tr>
<td>legal reality, the revenues it generates and, where</td>
<td></td>
</tr>
<tr>
<td>appropriate, the nature of its assets;</td>
<td></td>
</tr>
</tbody>
</table>

### Amendment 30
**Proposal for a directive**  
**Article 4 – paragraph 1 – point 30 c (new)**

<table>
<thead>
<tr>
<th>Text proposed by the Commission</th>
<th>Amendment</th>
</tr>
</thead>
<tbody>
<tr>
<td>(30c) 'letterbox company' means any type of legal entity which</td>
<td></td>
</tr>
<tr>
<td>has no economic substance and which is set up purely for tax</td>
<td></td>
</tr>
<tr>
<td>purposes;</td>
<td></td>
</tr>
</tbody>
</table>

### Amendment 31
**Proposal for a directive**  
**Article 4 – paragraph 1 – point 30 d (new)**

<table>
<thead>
<tr>
<th>Text proposed by the Commission</th>
<th>Amendment</th>
</tr>
</thead>
<tbody>
<tr>
<td>(30d) 'royalty cost' means costs arising from payments of any</td>
<td></td>
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<tr>
<td>kind made as a consideration for the use of, or the right to</td>
<td></td>
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<tr>
<td>use, any copyright of literary, artistic or scientific work,</td>
<td></td>
</tr>
<tr>
<td>including cinematograph films and software, any patent, trade</td>
<td></td>
</tr>
<tr>
<td>mark, design or model, plan, secret formula or process, or for</td>
<td></td>
</tr>
<tr>
<td>information concerning industrial, commercial or scientific</td>
<td></td>
</tr>
<tr>
<td>experience, or any other intangible asset; payments for the use</td>
<td></td>
</tr>
<tr>
<td>of, or the right to use, industrial, commercial or scientific</td>
<td></td>
</tr>
<tr>
<td>equipment shall be regarded as royalty costs;</td>
<td></td>
</tr>
</tbody>
</table>

### Amendment 32
**Proposal for a directive**  
**Article 4 – paragraph 1 – point 30 e (new)**

<table>
<thead>
<tr>
<th>Text proposed by the Commission</th>
<th>Amendment</th>
</tr>
</thead>
<tbody>
<tr>
<td>(30e) 'transfer prices' means the prices at which an undertaking</td>
<td></td>
</tr>
<tr>
<td>transfers tangible goods or intangible assets or provides</td>
<td></td>
</tr>
<tr>
<td>services to associated undertakings;</td>
<td></td>
</tr>
</tbody>
</table>
Amendment 33

Proposal for a directive

Article 4 – paragraph 1 – point 31

Text proposed by the Commission

(31) ‘hybrid mismatch’ means a situation between a taxpayer and an associated enterprise or a structured arrangement between parties in different tax jurisdictions where any of the following outcomes is attributable to differences in the legal characterisation of a financial instrument or entity, or in the treatment of a commercial presence as a permanent establishment:

(a) a deduction of the same payment, expenses or losses from the taxable base occurs both in the jurisdiction in which the payment has its source, the expenses are incurred or the losses are suffered and in the other jurisdiction (‘double deduction’);

(b) a deduction of a payment from the taxable base in the jurisdiction in which the payment has its source without a corresponding inclusion for tax purposes of the same payment in the other jurisdiction (‘deduction without inclusion’);

(c) in case of differences in the treatment of a commercial presence as a permanent establishment, non-taxation of income which has its source in a jurisdiction without a corresponding inclusion for tax purposes of the same income in the other jurisdiction (‘non-taxation without inclusion’).

A hybrid mismatch only arises to the extent that the same payment deducted, expenses incurred or losses suffered in two jurisdictions exceed the amount of income that is included in both jurisdictions and which can be attributed to the same source.

A hybrid mismatch also includes the transfer of a financial instrument under a structured arrangement involving a taxpayer where the underlying return on the transferred financial instrument is treated for tax purposes as derived simultaneously by more than one of the parties to the arrangement, who are resident for tax purposes in different jurisdictions, giving rise to any of the following outcomes:

(a) a deduction of a payment connected with the underlying return without a corresponding inclusion for tax purposes of such payment, unless the underlying return is included in the taxable income of one the parties involved;

(b) a relief for tax withheld at source on a payment derived from the transferred financial instrument to more than one of the parties involved.

Amendment

(31) ‘hybrid mismatch’ means a hybrid mismatch as defined in point (9) of Article 2 of Directive (EU) 2016/1164.
Amendment 34
Proposal for a directive
Article 4 – paragraph 1 – point 32

Text proposed by the Commission

(32) ‘structured arrangement’ means an arrangement involving a hybrid mismatch where the mismatch is priced into the terms of the arrangement or an arrangement that has been designed to produce a hybrid mismatch outcome, unless the taxpayer or an associated enterprise could not reasonably have been expected to be aware of the hybrid mismatch and did not share in the value of the tax benefit resulting from the hybrid mismatch;

Amendment

deleted

Amendment 35
Proposal for a directive
Article 4 – paragraph 1 – point 33 a (new)

Text proposed by the Commission

(33a) ‘digital permanent establishment’ means a significant digital presence of a taxpayer that provides services in a jurisdiction directed towards consumers or businesses in that jurisdiction, in accordance with the criteria laid down in Article 5(2a);

Amendment

Amendment 36
Proposal for a directive
Article 4 – paragraph 1 – point 33 b (new)

Text proposed by the Commission

(33b) ‘European tax identification number’ or ‘TIN’ means a number as defined in the Commission’s Communication of 6 December 2012 containing an Action plan to strengthen the fight against tax fraud and tax evasion.

Amendment

Amendment 37
Proposal for a directive
Article 4 – paragraph 2

Text proposed by the Commission

The Commission may adopt delegated acts in accordance with Article 66 in order to lay down definitions of more concepts.

Amendment

The Commission may adopt delegated acts in accordance with Article 66 in order to update current definitions or lay down definitions of more concepts.

Amendment 38
Proposal for a directive
Article 5 – paragraph 1 – introductory part

Text proposed by the Commission

1. A taxpayer shall be considered to have a permanent establishment in a Member State other than the Member State in which it is resident for tax purposes when it has a fixed place in that other Member State through which it carries on its business, wholly or partly, including in particular:

Amendment

1. A taxpayer shall be considered to have a permanent establishment which includes a digital permanent establishment in a Member State other than the jurisdiction in which it is resident for tax purposes when it has a fixed place of business or a digital presence in that other Member State through which it carries on its business, wholly or partly, including in particular:
Amendment 39
Proposal for a directive
Article 5 – paragraph 1 – point f (new)

Text proposed by the Commission

(fa) a digital platform or any other digital business model based on the collection and exploitation of data for a commercial purpose.

Amendment

Amendment 40
Proposal for a directive
Article 5 – paragraph 2 a (new)

Text proposed by the Commission

2a. If a taxpayer resident in one jurisdiction provides access to or offers a digital platform such as an electronic application, database, online marketplace, or storage room, or offers search engine or advertising services on a website or in an electronic application, that taxpayer shall be deemed to have a digital permanent establishment in a Member State other than the jurisdiction in which it is resident for tax purposes if the total amount of revenue of the taxpayer or associated enterprise due to remote transactions generated from aforementioned digital platforms in the non-resident jurisdiction exceeds EUR 5000000 per year and where any of the following conditions is met:

(a) at least 1000 registered individual users per month domiciled in a Member State other than the jurisdiction in which the taxpayer is resident for tax purposes have logged in or visited the taxpayer’s digital platform;

(b) at least 1000 digital contracts have been concluded per month with customers or users that are domiciled in the non-resident jurisdiction in a taxable year;

(c) the volume of digital content collected by the taxpayer in a taxable year exceeds 10% of the group’s overall stored digital content.

The Commission shall be empowered to adopt delegated acts in accordance with Article 66 amending this Directive by adjusting the factors set out in points (a), (b) and (c) of this paragraph on the basis of progress in international agreements.

If in addition to the revenue based threshold set out in the first subparagraph of this paragraph, one or more of the three digital factors set out in points (a), (b) and (c) of this paragraph are applicable to a taxpayer in the relevant Member State, the taxpayer shall be deemed to have a permanent establishment in that Member State.

A taxpayer shall be required to disclose to the tax authorities all information relevant to the determination of permanent establishment or digital permanent establishment in accordance with this Article.
Amendment 41
Proposal for a directive
Article 9 – paragraph 3 – subparagraph 1

Text proposed by the Commission
In addition to the amounts which are deductible as costs for research and development in accordance with paragraph 2, the taxpayer may also deduct, per tax year, an extra 50% of such costs, with the exception of the cost related to movable tangible fixed assets, that it incurred during that year. To the extent that costs for research and development reach beyond EUR 20000000, the taxpayer may deduct 25% of the exceeding amount.

Amendment
For research and development costs not exceeding EUR 20000000 and that relate to staff including wages, subcontractors agency workers and freelancers, the taxpayer shall receive a tax credit of 10% of the costs incurred.

Amendment 42
Proposal for a directive
Article 9 – paragraph 3 – subparagraph 2

Text proposed by the Commission
By way of derogation from the first subparagraph, the taxpayer may deduct an extra 100% of its costs for research and development up to EUR 20000000 where that taxpayer meets all of the following conditions:

(a) it is an unlisted enterprise with fewer than 50 employees and an annual turnover and/or annual balance sheet total that does not exceed EUR 10000000;

(b) it has not been registered for longer than five years. If the taxpayer is not subject to registration, the period of five years may be taken to start at the moment that the enterprise either starts, or is liable to tax for, its economic activity;

(c) it has not been formed through a merger;

(d) it does not have any associated enterprises.

Amendment
deleted

Amendment 43
Proposal for a directive
Article 11

Text proposed by the Commission
[...]

Amendment
deleted
Amendment 44

Proposal for a directive

Article 12 – paragraph 1 – point b

Text proposed by the Commission

(b) 50 % of entertainment costs, up to an amount that does not exceed [x] % of revenues in the tax year;

Amendment

(b) 50 % of ordinary and necessary entertainment costs directly related to, or associated with, the business of the taxpayer, up to an amount that does not exceed [x] % of revenues in the tax year;

Amendment 45

Proposal for a directive

Article 12 – paragraph 1 – point c

Text proposed by the Commission

(c) the transfer of retained earnings to a reserve that forms part of the equity of the company;

Amendment

(c) the transfer of retained earnings to a reserve that forms part of the equity of the company, other than earnings retained to a reserve by cooperative enterprises and cooperative consortia, both during the current activity of the company and after its expiration, in accordance with national tax rules;

Amendment 46

Proposal for a directive

Article 12 – paragraph 1 – point ja (new)

Text proposed by the Commission

(ja) expenses to beneficiaries situated in countries appearing on the EU list of non-cooperative jurisdictions for tax purposes (also known as "tax havens");
Thursday 15 March 2018

Amendment 47
Proposal for a directive
Article 13 – paragraph 2 – subparagraph 1

Text proposed by the Commission
Exceeding borrowing costs shall be deductible in the tax year in which they are incurred for maximum of 30% of the taxpayer’s earnings before interest, tax, depreciation and amortisation (‘EBITDA’) or for a maximum amount of EUR 3000000, whichever is higher.

Amendment
Exceeding borrowing costs shall be deductible in the tax year in which they are incurred for maximum of 10% of the taxpayer’s earnings before interest, tax, depreciation and amortisation (‘EBITDA’) or for a maximum amount of EUR 1000000, whichever is higher.

Amendment 48
Proposal for a directive
Article 13 – paragraph 2 – subparagraph 2

Text proposed by the Commission
For the purposes of this Article, where a taxpayer is permitted or required to act on behalf of a group, as defined in the rules of a national group taxation system, the entire group shall be treated as a taxpayer. In those circumstances, exceeding borrowing costs and the EBITDA shall be calculated for the entire group. The amount of EUR 3000000 shall also be considered for the entire group.

Amendment
For the purposes of this Article, where a taxpayer is permitted or required to act on behalf of a group, as defined in the rules of a national group taxation system, the entire group shall be treated as a taxpayer. In those circumstances, exceeding borrowing costs and the EBITDA shall be calculated for the entire group. The amount of EUR 1000000 shall also be considered for the entire group.

Amendment 49
Proposal for a directive
Article 13 – paragraph 6

Text proposed by the Commission
6. Exceeding borrowing costs that cannot be deducted in a given tax year shall be carried forward without time limitation.

Amendment
6. Exceeding borrowing costs that cannot be deducted in a given tax year shall be carried forward for a period of five years.

Amendment 50
Proposal for a directive
Article 14 a (new)

Text proposed by the Commission

Amendment

Article 14a
Specific exemptions

Earnings retained to a reserve by cooperatives and consortia, both during the current activity of a company and after its expiration, as well as the benefits granted by cooperatives and consortia to their own members, are deductible whenever the deductibility is allowed by fiscal national law.
Amendment 51
Proposal for a directive
Article 29

Text proposed by the Commission

Article 29

Exit taxation

1. An amount equal to the market value of transferred assets, at the time of exit of the assets, less their value for tax purposes, shall be treated as accrued revenues in any of the following circumstances:

(a) where a taxpayer transfers assets from its head office to its permanent establishment in another Member State or in a third country;

(b) where a taxpayer transfers assets from its permanent establishment in a Member State to its head office or another permanent establishment in another Member State or in a third country, to the extent that, due to the transfer, the Member State of the permanent establishment no longer has the right to tax the transferred assets;

(c) where a taxpayer transfers its tax residence to another Member State or to a third country, except for those assets which remain effectively connected with a permanent establishment in the first Member State;

(d) where a taxpayer transfers the business carried on by its permanent establishment from a Member State to another Member State or to a third country, to the extent that, due to the transfer, the Member State of the permanent establishment no longer has the right to tax the transferred assets.

2. The Member State to where the assets, tax residence or the business carried on by a permanent establishment are transferred shall accept the value established by the Member State of the taxpayer or of the permanent establishment as the starting value of the assets for tax purposes.

3. This Article shall not apply to asset transfers related to the financing of securities, assets posted as collateral or where the asset transfer takes place in order to meet prudential capital requirements or for the purpose of liquidity management where those assets are set to revert to the Member State of the transferor within a period of 12 months.

Amendment

Article 29

Exit taxation

For the purposes of this Directive, exit taxation rules laid down in Directive (EU) 2016/1164 shall apply.
Amendment 52
Proposal for a directive
Article 41 – paragraph 1

1. Losses incurred in a tax year by a resident taxpayer or a permanent establishment of a non-resident taxpayer may be carried forward and deducted in subsequent tax years, unless otherwise provided by this Directive.

Amendment
1. Losses incurred in a tax year by a resident taxpayer or a permanent establishment of a non-resident taxpayer may be carried forward and deducted in subsequent tax years, up to a maximum period of five years.

Amendment 53
Proposal for a directive
Article 42

Text proposed by the Commission

Article 42

Loss relief and recapture

1. A resident taxpayer that is still profitable after having deducted its own losses pursuant to Article 41 may additionally deduct losses incurred, in the same tax year, by its immediate qualifying subsidiaries, as referred to in Article 3(1), or by permanent establishment(s) situated in other Member States. This loss relief shall be given for a limited period of time in accordance with paragraphs 3 and 4 of this Article.

2. The deduction shall be in proportion to the holding of the resident taxpayer in its qualifying subsidiaries as referred to in Article 3(1) and full for permanent establishments. In no case shall the reduction of the tax base of the resident taxpayer result in a negative amount.

3. The resident taxpayer shall add back to its tax base, up to the amount previously deducted as a loss, any subsequent profits made by its qualifying subsidiaries as referred to in Article 3(1) or by its permanent establishments.

4. Losses deducted pursuant to paragraphs 1 and 2 shall automatically be reincorporated into the tax base of the resident taxpayer in any of the following circumstances:

(a) where, at the end of the fifth tax year after the losses became deductible, no profit has been reincorporated or the reincorporated profits do not correspond to the full amount of losses deducted;

(b) where the qualifying subsidiary as referred to in Article 3(1) is sold, wound up or transformed into a permanent establishment;

(c) where the permanent establishment is sold, wound up or transformed into a subsidiary;

(d) where the parent company no longer fulfils the requirements of Article 3(1).
Amendment 54
Proposal for a directive
Article 45 a (new)

Text proposed by the Commission

Amendment

Article 45a

Effective tax contribution

For as long as the threshold laid down in point (c) of Article 2(1) remains in place, Member States shall monitor and publish the effective tax contribution of small and medium-sized enterprises and multinational enterprises across the Member States, so that Member States can ensure a level playing field for similar companies within the Union and mitigate the administrative burden and costs for small and medium-sized enterprises.

Amendment 55
Proposal for a directive
Article 53 – paragraph 1 – subparagraph 1

Text proposed by the Commission

Amendment

By way of derogation from points (c) and (d) of Article 8, a taxpayer shall not be exempt from tax on foreign income that the taxpayer received as a profit distribution from an entity in a third country or as proceeds from the disposal of shares held in an entity in a third country where that entity in its country of tax residence is subject to a statutory corporate tax rate lower than half of the statutory tax rate that the taxpayer would have been subject to, in connection with such foreign income, in the Member State of its residence for tax purposes.

Amendment 56
Proposal for a directive
Article 53 – paragraph 2

Text proposed by the Commission

Amendment

2. Where paragraph 1 applies, the taxpayer shall be subject to tax on the foreign income with a deduction of the tax paid in the third country from its tax liability in the Member State where it is resident for tax purposes. The deduction shall not exceed the amount of tax, as computed before the deduction, which is attributable to the income that may be taxed. In order to benefit from the deduction, the taxpayer shall be required to prove to its tax authorities that the foreign income arises from an active business, which could be done through a certificate to that effect provided by the foreign tax authorities.
Amendment 57

Proposal for a directive

Article 58

For the purposes of calculating the tax base under the rules of this Directive, a Member State shall disregard an arrangement or a series of arrangements which, having been put in place for the essential purpose of obtaining a tax advantage that defeats the object or purpose of this Directive, are not genuine, having regard to all relevant facts and circumstances. An arrangement may comprise more than one step or part.

2. For the purposes of paragraph 1, an arrangement or a series thereof shall be regarded as non-genuine to the extent that they are not put in place for valid commercial reasons that reflect economic reality.

3. Arrangements or a series thereof that are disregarded in accordance with paragraph 1 shall be treated, for the purpose of calculating the tax base, by reference to their economic substance.

Amendment 58

Proposal for a directive

Article 59 – paragraph 1 – subparagraph 1 – introductory part

An entity, or a permanent establishment of which the profits are not subject to tax or are exempt from tax in the Member State of its head office, shall be treated as a controlled foreign company where the following conditions are met:

The Member State of a taxpayer shall treat an entity, or a permanent establishment of which the profits are not subject to tax or are exempt from tax in that Member State as a controlled foreign company where the following conditions are met:
Amendment 59
Proposal for a directive
Article 59 – paragraph 1 – subparagraph 1 – point b

Text proposed by the Commission

(b) the actual corporate tax paid by the entity or permanent establishment on its profits is lower than the difference between the corporate tax that would have been charged on the profits of the entity or permanent establishment in accordance with the rules of this Directive and the actual corporate tax paid on those profits by the entity or permanent establishment.

Amendment

(b) profits of the entity are subject to a corporate tax rate lower than 15%; that rate shall be assessed on the basis of the profit before implementation of the operations introduced by these countries to reduce the taxable base subject to the rate; that rate shall be revised each year in line with economic developments in world trade.

Amendment 60
Proposal for a directive
Article 59 – paragraph 1 – subparagraph 2

Text proposed by the Commission

For the purposes of point (b) of the first subparagraph, in computing the corporate tax that would have been charged on the profits of the entity according to the rules of the Directive in the Member State of the taxpayer, the income of any permanent establishment of the entity that is not subject to tax or is exempt from tax in the jurisdiction of the controlled foreign company shall not be taken into account.

Amendment

deleted
2. Where an entity or permanent establishment is treated as a controlled foreign company under paragraph 1, non-distributed income of the entity or permanent establishment shall be subject to tax to the extent that it is derived from the following categories:

(a) interest or any other income generated by financial assets;
(b) royalties or any other income generated from intellectual property;
(c) dividends and income from the disposal of shares;
(d) income from financial leasing;
(e) income from insurance, banking and other financial activities;
(f) income from invoicing companies that earn sales and services income from goods and services purchased from and sold to associated enterprises and add no or little economic value.

The first subparagraph shall not apply to a controlled foreign company that is resident or situated in a Member State or in a third country that is party to the EEA Agreement where the controlled foreign company has been set up for valid commercial reasons that reflect economic reality. For the purposes of this Article, the activity of the controlled foreign company shall reflect economic reality to the extent that that activity is supported by commensurate staff, equipment, assets and premises.

 Amendemnt

2. Where an entity or permanent establishment is treated as a controlled foreign company under paragraph 1, the Member State of the taxpayer shall include in the tax base:

(a) les revenus non distribués de l'entité ou les revenus de l'établissement stable qui relèvent des catégories suivantes:

(i) interest or any other income generated by financial assets;
(ii) royalties or any other income generated from intellectual property;
(iii) dividends and income from the disposal of shares;
(iv) income from financial leasing;
(v) income from insurance, banking and other financial activities;
(vi) income from invoicing companies that earn sales and services income from goods and services purchased from and sold to associated enterprises and add no or little economic value.

This point shall not apply where the controlled foreign company carries on a substantive economic activity supported by staff, equipment, assets and premises, as evidenced by relevant facts and circumstances. Where the controlled foreign company is resident or situated in a third country that is not party to the EEA Agreement, Member States may decide to refrain from applying the preceding subparagraph, or

(b) the non-distributed income of the entity or permanent establishment arising from non-genuine arrangements which have been put in place for the essential purpose of obtaining a tax advantage.

For the purposes of this point, an arrangement or a series thereof shall be regarded as non-genuine to the extent that the entity or permanent establishment would not own the assets or would not have undertaken the risks which generate all, or part of, its income if it were not controlled by a company where the significant people functions, which are relevant to those assets and risks, are carried out and are instrumental in generating the controlled company’s income.
Amendment 62
Proposal for a directive
Article 59 – paragraph 3 – subparagraph 1

Text proposed by the Commission
An entity or permanent establishment shall not be treated as a controlled foreign company as referred to in paragraph 1 where not more than one third of the income accruing to the entity or permanent establishment falls within categories (a) to (f) of paragraph 2.

Amendment
Where, under the rules of a Member State, the tax base of a taxpayer is calculated in accordance with point (a) of paragraph 2, the Member State may opt not to treat an entity or permanent establishment as a controlled foreign company under paragraph 1 if one third or less of the income accruing to the entity or permanent establishment falls within categories under point (a) of paragraph 2.

Amendment 63
Proposal for a directive
Article 59 – paragraph 3 – subparagraph 2

Text proposed by the Commission
Financial undertakings shall not be treated as controlled foreign companies under paragraph 1 where not more than one third of the income accruing to the entity or permanent establishment from categories (a) to (f) of paragraph 2 comes from transactions with the taxpayer or its associated enterprises.

Amendment
Where, under the rules of a Member State, the tax base of a taxpayer is calculated in accordance with point (a) of paragraph 2, the Member State may opt not to treat financial undertakings as controlled foreign companies if one third or less of the entity’s income from categories under point (a) of paragraph 2 comes from transactions with the taxpayer or its associated enterprises.

Amendment 64
Proposal for a directive
Article 59 – paragraph 3 a (new)

Text proposed by the Commission
3a. Member States may exclude from the scope of point (b) of paragraph 2 an entity or permanent establishment:

(a) with accounting profits of no more than EUR 750000, and non-trading income of no more than EUR 75000; or

(b) of which the accounting profits amount to no more than 10 percent of its operating costs for the tax period.

For the purpose of point (b) of the first subparagraph, the operating costs may not include the cost of goods sold outside the country where the entity is resident, or the permanent establishment is situated, for tax purposes and payments to associated enterprises.
To the extent that a hybrid mismatch between Member States results in a double deduction of the same payment, expenses or losses, the deduction shall be given only in the Member State where such payment has its source, the expenses are incurred or the losses are suffered.

To the extent that a hybrid mismatch involving a third country results in a double deduction of the same payment, expenses or losses, the Member State concerned shall deny the deduction of such payment, expenses or losses, unless the third country has already done so.

To the extent that a hybrid mismatch between Member States results in a deduction without inclusion, the Member State of the payer shall deny the deduction of such payment.

To the extent that a hybrid mismatch that involves a third country results in a deduction without inclusion:

(a) if the payment has its source in a Member State, that Member State shall deny the deduction, or

(b) if the payment has its source in a third country, the Member State concerned shall require the taxpayer to include such payment in the taxable base, unless the third country has already denied the deduction or has required that payment to be included.

To the extent that a hybrid mismatch between Member States involving a permanent establishment results in non-taxation without inclusion, the taxpayer is resident for tax purposes shall require the taxpayer to include in the taxable base the income attributed to the permanent establishment.

To the extent that a hybrid mismatch involving a permanent establishment situated in a third country results in non-taxation without inclusion, the Member State concerned shall require the taxpayer to include in the taxable base the income attributed to the permanent establishment in the third country.

4. To the extent that a payment by a taxpayer to an associated enterprise in a third country is set off directly or indirectly against a payment, expenses or losses which due to a hybrid mismatch are deductible in two different jurisdictions outside the Union, the Member State of the taxpayer shall deny the deduction of the payment by the taxpayer to an associated enterprise in a third country from the taxable base, unless one of the third countries involved has already denied the deduction of the payment, expenses or losses that would be deductible in two different jurisdictions.

For the purposes of this Directive, rules laid down in Article 9 of Directive (EU) 2016/1164 concerning hybrid mismatches shall apply.
5. To the extent that the corresponding inclusion of a deductible payment by a taxpayer to an associated enterprise in a third country is set off directly or indirectly against a payment which, due to a hybrid mismatch, is not included by the payee in its taxable base, the Member State of the taxpayer shall deny the deduction of the payment by the taxpayer to an associated enterprise in a third country from the taxable base, unless one of the third countries involved has already denied the deduction of the non-included payment.

6. To the extent that a hybrid mismatch results in a relief for tax withheld at source on a payment derived from a transferred financial instrument to more than one of the parties involved, the Member State of the taxpayer shall limit the benefit of such relief in proportion to the net taxable income regarding such payment.

7. For the purposes of this Article, 'payer' means the entity or permanent establishment where the payment has its source, the expenses are incurred or the losses are suffered.

Amendment 66
Proposal for a directive
Article 61a – title

Text proposed by the Commission

5. To the extent that a payment, expenses or losses of a taxpayer who is resident for tax purposes in both a Member State and a third country, in accordance with the laws of that Member State and that third country, are deductible from the taxable base in both jurisdictions and that payment, those expenses or losses can be set-off in the Member State of the taxpayer against taxable income that is not included in the third country, the Member State of the taxpayer shall deny the deduction of the payment, expenses or losses, unless the third country has already done so.

Amendment 67
Proposal for a directive
Article 61a – paragraph 1

Text proposed by the Commission

5. To the extent that a payment, expenses or losses of a taxpayer who is resident for tax purposes in both a Member State and a third country, in accordance with the laws of that Member State and that third country, are deductible from the taxable base in both jurisdictions and that payment, those expenses or losses can be set-off in the Member State of the taxpayer against taxable income that is not included in the third country, the Member State of the taxpayer shall deny the deduction of the payment, expenses or losses, unless the third country has already done so.

For the purposes of this Directive, Member States shall treat reverse hybrid mismatches in accordance with Article 9a of Directive (EU) 2016/1164.
Amendment 68
Proposal for a directive
Article 65 a (new)

European tax identification number

The Commission shall present a legislative proposal for a harmonised, common European taxpayer identification number by 31 December 2018, in order to make automatic exchange of tax information more efficient and reliable within the Union.

Amendment 69
Proposal for a directive
Article 65 b (new)

Mandatory automatic exchange of information on tax matters

In order to guarantee full transparency and the proper implementation of this Directive, the exchange of information on tax matters shall be automatic and mandatory, as laid down by Council Directive 2011/16/EU (1a).

Member States shall allocate adequate staff, expertise and budget resources to their national tax administrations as well as resources for the training of tax administration staff focusing on cross-border tax cooperation, and an automatic exchange of information in order to ensure full implementation of this Directive.


Amendment 70
Proposal for a directive
Article 66 – paragraph 2

2. The power to adopt delegated acts referred to in Articles 2(5), 4(5), 5(2a), 32(5) and Article 40 shall be conferred on the Commission for an indeterminate period of time from the date of entry into force of this Directive.
Amendment 71
Proposal for a directive
Article 66 – paragraph 3

Text proposed by the Commission

3. The delegation of power referred to in Articles 2(5), 4(5), 11(6), 32(5) and 40 may be revoked at any time by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.

Amendment

3. The delegation of power referred to in Articles 2(5), 4(5), 5(2a), 32(5) and Article 40 may be revoked at any time by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.

Amendment 72
Proposal for a directive
Article 66 – paragraph 5

Text proposed by the Commission

5. A delegated act adopted pursuant to Articles 2(5), 4(5), 11(6), 32(5) and 40 shall enter into force only if no objection has been expressed by the Council within a period of [two months] of notification of that act to the Council or, if, before the expiry of that period, the Council has informed the Commission that it will not object. That period shall be extended by [two months] at the initiative of the Council.

Amendment

5. A delegated act adopted pursuant to Articles 2(5), 4(5), 5(2a), 32(5) and Article 40 shall enter into force only if no objection has been expressed by the Council within a period of [two months] of notification of that act to the Council or, if, before the expiry of that period, the Council has informed the Commission that it will not object. That period shall be extended by [two months] at the initiative of the Council.

Amendment 73
Proposal for a directive
Article 66 a (new)

Text proposed by the Commission

Article 66a

Measures against tax treaty abuses

Member States shall amend their bilateral tax treaties in accordance with this Directive to ensure such treaties contain all of the following:

(a) a clause ensuring that both parties to the treaty undertake to laying down measures whereby tax is to be paid where economic activities are taking place and where value is created;

(b) an addendum to clarify that the objective of bilateral treaties, beyond avoiding double taxation is also to fight tax evasion and aggressive tax planning;

(c) a clause for a principal purpose test based on a general anti-avoidance rule.
Amendment 74
Proposal for a directive
Article 68 a (new)

Text proposed by the Commission

Article 68a
Monitoring

The Commission shall monitor and publish its findings on the uniform implementation of this Directive to ensure homogeneous interpretation of its measures by Member States.

Amendment 75
Proposal for a directive
Article 69

Text proposed by the Commission

Article 69
Review

The Commission shall, five years after the entry into force of this Directive, review its application and report to the Council on the operation of this Directive.

Notwithstanding the first subparagraph, the Commission shall, three years after the entry into force of this Directive, examine the functioning of Article 11 and consider adjustments to the definition and calibration of the AGI. The Commission shall undertake a thorough analysis of how the AGI can encourage companies that are entitled to opt for applying the rules of this Directive to finance their activities through equity.

The Commission shall communicate its findings to Member States with the aim to take those findings into account for the design and implementation of national corporate tax systems.

The Commission shall communicate its findings in a report to the European Parliament and Member States with the aim of taking those findings into account for the design and implementation of national corporate tax systems accompanied, if appropriate, by a legislative proposal to amend this Directive.
Amendment 76  
Proposal for a directive  
Article 70 – paragraph 1 – subparagraph 1

Text proposed by the Commission  

Member States shall adopt and publish, by 31st December 2018, at the latest, the laws, regulations and administrative provisions necessary to comply with this Directive. They shall forthwith communicate to the Commission the text of those provisions.

Amendment  

Member States shall adopt and publish, by 31 December 2019, at the latest, the laws, regulations and administrative provisions necessary to comply with this Directive. They shall forthwith communicate to the Commission the text of those provisions.

Amendment 77  
Proposal for a directive  
Article 70 – paragraph 1 – subparagraph 2

Text proposed by the Commission  

They shall apply those provisions from 1st January 2019.

Amendment  

They shall apply those provisions from 1 January 2020.
Guidelines for the 2019 budget – Section III


(2019/C 162/31)

The European Parliament,

— having regard to Article 314 of the Treaty on the Functioning of the European Union,

— having regard to Article 106a of the Treaty establishing the European Atomic Energy Community,


— having regard to the Interinstitutional Agreement of 2 December 2013 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management(2),


— having regard to Council Decision 2014/335/EU, Euratom of 26 May 2014 on the system of own resources of the European Union(4),

— having regard to the general budget of the European Union for the financial year 2018(5) and the joint statements agreed between Parliament, the Council and the Commission annexed thereto,

— having regard to the Council Conclusions of 20 February 2018 on the 2019 budget guidelines (06315/2018),

— having regard to Rule 86a of its Rules of Procedure,

— having regard to the report of the Committee on Budgets (A8-0062/2018),

A. whereas negotiations on the 2019 Union budget, the last under the current parliamentary term, will run in parallel with the negotiations on the next multiannual financial framework (MFF) and the reform of the EU own resources system; whereas 2019 will mark the sixth year of the 2014-2020 MFF;

B. whereas the two arms of the budgetary authority should endeavour to reach an ambitious and comprehensive agreement on the 2019 budget in the Conciliation Committee, in order to positively influence the parallel negotiations and enable an agreement on the post-2020 MFF and own resources by the end of this parliamentary term;

C. whereas following the December 2017 agreement to launch the second phase of negotiations, the Brexit process should not have a direct impact on the 2019 budget, as in accordance with the joint report of the EU and the UK(6), the UK will contribute to, and participate in, the implementation of the Union annual budgets for the years 2019 and 2020 as if it had remained in the Union;

D. whereas growing populist and extremist movements in all Member States have provided and fuelled misleading information about the EU and its budget, highlighting the need for better and more transparent information;

E. whereas after years of negative perception by citizens of the management of the financial, social and economic crisis, today’s improving economic outlook, which is the result of coordinated efforts to put Europe on the path of economic recovery, allows for more generous budgetary planning;

F. whereas the Council has repeatedly contradicted itself over the last few years, by presenting new political priorities for the EU but showing itself unwilling to provide for fresh appropriations to finance them; whereas new political priorities and upcoming challenges for the EU should be financed by fresh appropriations and not by reducing existing successful programmes;

G. whereas towards the end of the current financial programming period the implementation of the multiannual programmes will reach cruising speed, and the need for adequate financial resources is therefore increasing;

Responses to challenges for the EU and citizens’ expectations

1. Acknowledges the recovery from the consequences of the financial, economic and social crisis, strengthened as a result of EU and Member State efforts to create growth and jobs which must be further consolidated so as to generate a positive influence on the day-to-day lives of EU citizens, many of whom have been hit hard by the crisis for several years; calls for a particular focus on young people and people at risk of poverty or unemployment to ensure that they feel the beneficial effects, thus preventing social and regional inequalities from continuing to grow; stresses, in this context, that a special focus should nevertheless be placed on the different regions’ capacity to take advantage of the increasing growth;

2. Emphases that, according to Eurostat data and contrary to populist narrative, EU citizens are optimistic about the future of the EU; stresses that the Union should fulfil its tasks and responsibilities and do more to improve the lives of its citizens, both now and in the future, but also to protect them against unfair trade and economic practices in the global market, while helping them to reap its benefits; stresses that the challenges of climate change and international security threats must be tackled; believes that in order to fulfil these expectations and commitments, the EU must, within the remit of its competences, perform better, so as to support the creation of sustainable growth and jobs and narrow the gap in living standards between EU citizens in all its regions, while fully adhering to the EU 2020 strategy, the UN Sustainable Development Goals and the Paris Agreement; stresses the need to prepare the European economy and EU citizens for the opportunities of digitalisation; considers that tackling the root causes of migration and putting an end to various kinds of discrimination, such as discrimination against women and LGBTI people, also represent important challenges for 2019;

Preparing a sustainable future and reinforced solidarities within and outside the Union

A sustainable future

3. Believes that the 2019 EU budget should reinforce all the relevant instruments for tackling youth unemployment, especially in EU regions that are lagging economically, paying particular attention to the improvement of entrepreneurial and professional skills and mobility, recognition of qualifications at all levels of education and vocational training, and support to growth, competitiveness, job creation, investments in infrastructure, innovation, research and SMEs; stresses that youth unemployment, which has a high social impact, is one of the greatest challenges at European level;

4. Believes that the priorities for the 2019 EU budget should be growth, innovation, competitiveness, security, the fight against climate change, the transition to renewable energy and migration;

5. Supports the widening of opportunities for young people to participate in solidarity activities; calls for the swift roll-out and thorough implementation of the European Solidarity Corps following its adoption envisaged for 2018;

6. Welcomes the fact that, at the strong request of Parliament, the result of the conciliation on the 2018 EU budget was to increase the originally proposed specific allocation for the Youth Employment Initiative (YEI) by EUR 116.7 million of fresh appropriations, bringing its total amount to EUR 350 million in 2018, but points to the need to improve the implementation of funding that is lagging behind; opposes the Commission’s interpretation, in its technical update of financial programming 2019-2020 following adoption of the 2018 budget, of the financial programming for the year 2018, which views this reinforcement as frontloading of appropriations in years to come, and expects the Commission to fulfil the promises it made to Parliament at the end of the 2017 conciliation period; expects the 2019 draft budget to demonstrate greater ambition to fight youth unemployment, finding the right balance between the real evolution of absorption capacity in that area and political will to demonstrate support for this issue; recalls the Commission commitment to proposing a further increase in YEI funding through an amending budget should the absorption capacity of the YEI in 2018 allow for such an increase; insists that the Member States and the Commission match offers of employment, education or training with participant profiles and labour market demand in order to place participants in sustainable employment;

7. Calls on the Commission to make available, for the 2019 procedure, the financial data on implementation of the YEI broken down by national share, to complement the data reporting expressed in the form of total costs that is already publicly available; urges the Commission to improve synergies between the YEI, the European Social Fund and the national budgets of the Member States to ensure that the YEI does not become a substitute for national funding for young people not in education, employment or training (NEETs);

8. Stresses that, in the light of the celebration of its 30th anniversary, Erasmus+ remains the leading programme to foster youth mobility, teach key European values and inculcate them in young people, together with the EU’s culture programmes, as demonstrated by the volume of applications received which exceed the funding available; believes that the 2019 Erasmus+ budget needs to be increased further (at least doubled) to meet the eligible demand for this programme, notably that linked to lifelong learning;

9. Believes that research, competitiveness and SMEs are key to enabling economic growth and job creation; underlines the importance, therefore, of providing EU companies, especially SMEs, with a favourable environment for innovation, research and investments in order to create an EU economy that is genuinely competitive on a global level; stresses the importance of an increased budget under Heading 1a and the extension of funding for successful programmes, such as Horizon 2020 and programmes that support SMEs, including the EU programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises (COSME), which have far more applicants than recipients of funding; stresses the importance of considering the specific requirements and low administrative resources of SMEs when designing SME programmes; considers this to be necessary in view of the rapidly changing and highly competitive world and the profound changes in all sectors brought on by digitalisation; acknowledges that the European Structural and Investment Funds (ESI Funds) also contribute to all these priorities;
10. Stresses that investments in research and innovation represent a precondition for achieving genuine competitiveness in the EU; regrets that, as a result of an alarmingly low application success rate, fewer high-quality projects in the field of research and innovation are receiving EU funding; stresses, in this context, that an adequate level of appropriations must be ensured for Horizon 2020;

11. Stresses the potential for economic growth stemming from the technological transformation and calls for the EU budget to have an appropriate role in supporting the digitalisation of European industry and the promotion of digital skills and entrepreneurship;

12. Recognises that SMEs remain the backbone of the European economy and will continue to play a decisive role in creating jobs and growth across the EU; calls, in this respect, for COSME appropriations to be increased in 2019, given the success of this programme;

13. Welcomes the extension and enhancement of the European Fund for Strategic Investments (EFSI), whose increased guarantee fund plays a key role in reducing the investment gap in the EU; recalls that the EFSI guarantee fund has been financed partly at the expense of Horizon 2020 and the Connecting Europe Facility (CEF), even though both are long-term, future-oriented programmes; underlines Parliament’s long-standing position that any new initiatives must be financed by new appropriations and not by redeployments, and that the damage done to existing programmes must be corrected through the annual budgetary procedure; reiterates that the cuts in those programmes should be reversed as far as possible;

14. Stresses that the extended EFSI should make significant progress in 2019 towards delivering on better geographical coverage, so that all regions can benefit equally from the leverage provided by the EU budget guarantee; calls on the Member States to implement structural reforms that improve the investment environment and local capacities for successful implementation of EFSI support in all regions;

15. Welcomes the Member States’ recent commitment to a renewed EU defence agenda, which seeks to enhance both hard and soft power, and considers it to be in line with the security concerns of citizens, in the light of rising global instability exacerbated by new types of threats; supports the recent Commission initiative to launch the European Defence Industrial Development Programme (EDIDP), as a first stage of the European Defence Fund; requires the EDIDP to be financed exclusively by unallocated margins and/or special instruments and not, therefore, by redeployments from existing programmes;

16. Underlines that tackling internal security must remain one of the Union’s main priorities and calls for reinforced funding for this evolving policy; is convinced that the EU needs to invest more in the strengthening and management of its borders, enhancing cooperation between law enforcement agencies and national authorities and fighting terrorism, radicalisation and organised crime, by implementing an adequate and modern digital information system; underlines, in this respect, the role played by the Internal Security Fund (ISF) and the need to adequately fund agencies in the areas of borders, security and justice; recalls that the financial envelope of this instrument was reduced significantly for 2018;

17. Calls for increased funding to combat the phenomenon of radicalisation which breeds violent extremism within the Union; considers that this objective can be achieved by promoting integration and combating discrimination, racism, xenophobia, fundamentalism, hate speech and hate scripts;

18. Welcomes the role played by the Asylum, Migration and Integration Fund (AMIF); calls for adequate budgeting for this fund in 2019 in order to support the dignified reception of asylum seekers in the Member States, fair return strategies, resettlement programmes, legal migration policies and promotion of effective integration of third country nationals, and to tackle irregular migration; reaffirms the importance of possessing targeted financial means to tackle the root causes of the migrant and refugee crisis; stresses, to this end, that the EU budget must fund measures in the countries of origin of migrants and in the host countries of refugees, including, but not limited to, measures to tackle poverty, unemployment, educational and economic challenges, and instability;
19. Calls on the Commission to present a proposal which would provide for the expression of financial solidarity at EU level to victims of acts of terrorism and their families;

20. Recalls the importance of EU agencies in ensuring the implementation of EU legislative priorities and thereby accomplishing EU policy objectives, such as those related to competitiveness (employment, sustainable growth, the Energy Union), migration (asylum, cross-border management), support for fundamental rights (data protection), and security (cybercrime, drugs, fraud, money laundering, terrorism, judicial cooperation, police cooperation, support for information systems on a large scale); expects the negotiations on the 2019 budget to lead to realistic and adequate operational and administrative funding of the EU agencies and other EU bodies, enabling them to accomplish their duties, including their growing tasks and increased workload; calls for the allocation of adequate resources to ensure the proper implementation and functioning of the European Public Prosecutor’s Office; calls, more generally, for a thorough assessment of the strategic interest and tasks of all agencies and the possibility of grouping agencies according to the strategic nature of their mission and results; reiterates that 2018 marks the last year of the implementation of the 5 % reduction in staff numbers and the ‘redeployment pool’; expects the Commission and Council to refrain from cutting agencies’ resources further in the 2019 budget;

21. Considers that the 2019 budget, at a time when key actors, such as the US, are unwilling to implement their commitments to fight climate change under the Paris Agreement, must place the EU squarely at the forefront of this challenge, one of the greatest of our generation, by providing additional financial support to initiatives such as the LIFE Climate Action programme, ECOPOTENTIAL and Clean Sky; underlines that expenditures in this respect should be considered long-term investments rather than costs and that both the European Court of Auditors and the Economic and Financial Affairs Council have ascertained that the EU is falling short of its climate financing target; calls on the Commission to fulfil the objectives of the Paris Agreement and the EU’s own long-term climate goals by meeting the 20 % climate spending target in the current MFF (2014-2020); stresses, in this regard, that the contribution for 2019 should significantly overshoot the overall target in order to offset the lower allocations made during the first years of the MFF, and that the climate change mainstreaming mechanism should be fully optimised;

Reinforced solidarities to address social, territorial and global challenges

22. Believes that the EU budget should contribute to the efforts made by Member States in areas such as unemployment and healthcare, by setting aside adequate funding for programmes that set out to fight inequalities, alleviate the worst forms of poverty, specifically for the most isolated and fragile populations, notably children, and enable citizens to acquire the necessary skills to adapt to digitalisation;

23. Insists on the need to reinforce support to the Union programmes which foster growth and creation of long-term quality jobs, in particular for young people, complementing Member States’ efforts to guarantee diversified professional qualifications instead of precocious specialisation, as a means to increase resilience and enable societal adaptation while addressing demographic regression, skilled labour shortages in certain sectors and the sustainability of welfare systems; notes that consideration of specific, tailor-made measures might prove useful in the sectors and/or regions that are most affected or that have become much more vulnerable;

24. Recalls the significant ageing of the population and the increase in those in need of special and dedicated care, in particular the elderly; calls on the Commission to introduce further support measures to address demographic challenges and reiterates its support to initiatives such as villages for people with dementia, where appropriate care is provided from an early stage;

25. Believes that gender-related discrimination, notably on the labour market, is not only incompatible with the values of the EU, but also constitutes a serious impediment to economic growth as it disempowers women from engaging in meaningful employment; underlines the key contribution of women’s empowerment in achieving more inclusive, equitable and peaceful societies whose growth is more sustainable; expects the 2019 budget to support women’s entrepreneurship and encourage access for women to EU funding, such as under the COSME and Horizon 2020 programmes, and to broaden cohesion policy to support further investments in education, childcare and healthcare infrastructure, helping women to reconcile private and professional life;
26. Reiterates its concern about delays to the implementation of cohesion policy, which is the expression of the EU's territorial solidarity and its main investment policy, but acknowledges that 2017 was the first year in which the implementation of ESI Fund programmes was accelerated and expects that this trend will continue in 2018 and 2019; believes that sufficient levels of payment appropriations should be provided in order for implementation to proceed smoothly;

27. Recalls the important contribution the Union has made to encouraging peace and reconciliation in Ireland, in particular through the PEACE and INTERREG programmes, which are targeted to Northern Ireland and border counties in the South; calls for the full observance of the framework of the commitments previously assumed, as in the case of the Good Friday Agreement, in respect of the rule of law and democracy; calls on the Commission and the Member States to continue its support for the peace process through the continued funding of the PEACE and associated programmes;

28. Points out that the common agricultural policy (CAP) is one of the cornerstones of European integration, which has ensured safe, high-quality food supply for European citizens, the proper functioning of the agricultural single market and the sustainability of rural regions for many years; recalls that CAP funds contribute in particular to the agricultural profitability and stability of the EU;

29. Calls on the Commission to continue to support farmers across Europe in coping with unexpected market volatility and in securing safe, high-quality food supplies; requests that appropriate attention be paid to small-scale farms and fisheries;

30. Considers that regionalisation and socio-economic objectives need to play a greater role under the common fisheries policy and that the scope of the European Maritime and Fisheries Fund must be broadened; calls on the Commission to facilitate access to and simplify the procedures for funding; expresses particular concern about the potential adverse impact the UK's withdrawal from the EU will have on fisheries, particularly for neighbouring coastal Member States;

31. Welcomes the proposal to extend the scope of and reinforce the Union's Civil Protection Mechanism; is of the opinion that strengthening the Civil Protection Mechanism is of the utmost importance in order to provide a more rapid and coherent response in the field of civil protection at Union level, in the areas of prevention, preparedness and response to natural and man-made disasters within and outside the Union;

32. Expects ongoing procedures and measures to be enhanced in the implementation of the budget, in the light of the resource constraints that have arisen and the calls for the EU to assume greater responsibilities, so as to ensure that financial commitments are met in a timely and cost-effective manner;

33. Believes that EU agencies, programmes and policies involved in or relating to the management of migration and refugee flows and border control should be provided with adequate financial and human resources to deal with the current refugee crisis, for which Member States are also expected to take responsibility in accordance with the principle of burden-sharing and the Geneva Conventions; is convinced that the EU, in order to find a long-term solution, should also demonstrate its external solidarity in fostering conditions for peace and prosperity in the countries of origin, by placing greater emphasis on investments and development policies, notably through the implementation of the European Fund for Sustainable Development (EFSD), the Development Cooperation Instrument (DCI) and the Humanitarian Aid Instrument; recognises the importance and distinct value of development policy, with priorities such as poverty eradication, education, health and economic development; underlines the need to support UNRWA actions and programmes; underlines that one of the conditions for preserving stability and prosperity in the EU is a stable EU Neighbourhood; calls on the Commission, therefore, to ensure that priority is given to investments in the EU Neighbourhood in order to support efforts to tackle the main issues faced by this area – migration, refugee challenges and development in the Southern Neighbourhood and instability in the Eastern Neighbourhood – which is partly due to a Russian foreign policy not in line with international law and democratic and human rights standards; emphasises that new political priorities and upcoming challenges for the EU, such as security and defence, should be financed by fresh appropriations and not by cutting existing policies and programmes which are both successful and important, such as development and humanitarian aid and neighbourhood policy; stresses, furthermore, that security and development policies have a mutual influence on one another and that both are important conditions for the construction of a functioning state, as well as functioning administrative structures without corruption and minimum standards in the social, health, and economic sectors;
34. Reiterates its position that the satellite budgetary mechanisms, such as trust funds and other similar instruments, circumvent the budgetary procedure, undermine the transparency of budgetary management and infringe upon the right of Parliament to exercise effective scrutiny of expenditures; considers, therefore, that these external instruments, created in the past few years, must be incorporated into the Union budget, and that alternative solutions must be found to enable the Union to react promptly to emergency and post-emergency situations at international level;

35. Stresses that the Instrument for Pre-Accession Assistance (IPA) should primarily facilitate political and economic reforms in enlargement countries, among other objectives; invites the Commission, in this context, to further evaluate IPA funds in its 2019 budget proposal, taking into account the deteriorating political situation in Turkey and the urgent need to tackle growing radicalisation in the Balkan states;

Expectations for the 2019 procedure

36. Invites the Commission to continue to act as an honest mediator at every single stage of the procedure, and to implement faithfully and accurately the budgetary authority decisions;

37. Welcomes the fact that, following the mid-term revision of the MFF, and contrary to the Council conclusions of 20 February 2018 on the budget guidelines for 2019, the 2018 procedure showed that the budgetary authority can fully exercise its prerogatives to determine the level and content of the EU budget through the annual budgetary procedure;

38. Believes that as the arm of the budgetary authority directly elected by citizens, Parliament should fulfil its political role and put forward proposals for Pilot Projects and Preparatory Actions expressing its political vision for the future; commits itself, in this context, to proposing a package of Pilot Projects and Preparatory Actions developed in close cooperation with each of its committees so as to find the right balance between political will and technical feasibility, as assessed by the Commission;

39. Expects the negotiations on the 2019 budget to be based on shared political ambition and solidarity, and to take into account the added value of EU programmes and policies; believes that this objective can only be realised if the negotiating parties are promptly informed of one another’s positions, start the negotiations at the earliest possible stage and are willing to compromise;

40. Instructs its President to forward this resolution to the Council, the Commission and the Court of Auditors.