



Der Vorsitzende - The Chairman - Le Président

Mr David SASSOLI
President of the European Parliament
Paul-Henry Spaak 09B011
Rue Wiertz 60
B-1047 Brussels

Brussels, 7 July 2020

Dear President,

In view of your upcoming meetings with the President of the European Commission, the President of the European Council and the German Chancellor, I am writing to outline the position of the EPP Group as regards the proposals for the Next Generation EU Instrument and the Multiannual Financial Framework 2021-2027. I believe that the meetings convened under Article 324 of the Treaty are important to facilitate understanding and pave the way to fully-fledged negotiations between Parliament and Council in the autumn, before deciding on granting our consent to the 2021-2027 MFF.

Firstly, I must underline from the beginning that a strong position of the European Parliament is key to achieving our objectives. We owe this to our citizens, who are expecting to see a strong European response to the crisis we are facing.

The EPP Group fully backs the proposal to send a strong signal to overcome the current health crisis, to protect our citizens, and to safeguard and create jobs, while putting Europe's economy on a competitive and future-oriented footing.

Europe's response to this unprecedented crisis has to be based on solidarity, democracy and responsibility. These three guiding principles have to form the basis for the future negotiations on the MFF and the recovery package, and we trust you will make this case to the other institutions.

The EPP Group defends a strong 2021-2027 MFF. The long-term budget of the EU is the driver for the implementation of EU policies. While the current pandemic has severely affected our economies, our response cannot take place at the expense of other policies. This is why the Next Generation EU Instrument must not lead to a reduced MFF. This is a crisis instrument, while the MFF finances have longer-term objectives.

We believe that the Commission's revised proposal sets the next MFF at a weakened level that does not correspond to the joint ambitions agreed by the EU institutions. Therefore, proposing any further reductions would inevitably mean that the EU will be incapable of adequately implementing its priorities and we, as responsible politicians, would not be able

EPPGroup-Chairman@ep.europa.eu - www.eppgroup.eu

ASP 5H 361 - Rue Wiertz, 60 - B-1047 Bruxelles - Tel: (+32) 2 284 58 90 - Fax: (+32) 2 284 98 90
LOW T06044 - Allée du Printemps - F-67070 Strasbourg Cedex - Tel: (+33) 3 88 17 58 90 - Fax: (+33) 3 88 17 98 90

to deliver on what our citizens expect. The Parliament should stand ready to say no to an MFF, which would limit and endanger the future of the European Union.

The EPP Group is committed to defending our well-functioning policies, such as cohesion, agriculture and fisheries, as they enable us to achieve economic prosperity throughout the Union. We believe that in order to ensure predictability for our regions and farmers we must ensure sufficient funding throughout the next MFF.

Moreover, now more than ever, we insist on further reinforcements to future-oriented policies, such as research, digitalisation, education, SMEs, the fight against climate change, as well as on defence and security, including the need to rebuild our productive capacity and create future-oriented investments. The EU Institutions have repeatedly committed to reinforcing these policies and we shall not accept to backtrack now from these pledges. We will defend these policies, as Member States are mostly preoccupied with securing their national allocations.

In order to achieve long-term growth, the digital transition needs to be placed on the same level of importance as climate transition. The recovery package so far lacks decisive political targets in this area and no significant ring-fenced funding is made available (some are even cut like CEF digital). While we do welcome the “green” recovery plan, but on a par, we also need a “digital” recovery plan.

As regards own resources, their introduction as from 2021 is a pre-requisite for Parliament’s consent to the next MFF. Parliament’s longstanding position is that, in order to finance the increasing number of EU priorities while reducing the burden on national treasuries, new own resources are the only solution.

In the context of the Next Generation EU Instrument, we believe that new own resources are even more important. Therefore, we call on the introduction as of 2021 of a basket of new own resources and call for agreeing on a legally binding provision and a timetable for the introduction of additional own resources in the next MFF. The proceeds stemming from the new own resources should cover at least the re-financing costs of the principal and the interest of the amounts borrowed under the Next Generation EU Instrument, and go further to finance the EU budget.

We insist on the repayment to begin as soon as possible, as this will be a concrete signal to our citizens that the Next Generation EU Instrument will not burden the next generations of Europeans and will safeguard the level of future MFFs as well. A strong and realistic repayment plan is key to the EPP Group.

In order to make sure the recovery initiative funds are well spent, a clear European framework, based on European added-value, democratic control and scrutiny is indispensable. The European Parliament as the only directly elected European institution must be involved in all spending decisions, as well as in the ex-post verification that money is well-spent in the interest of European citizens. To that end, we intend to ensure a stronger role for the budgetary authority in the annual budgetary procedure to authorise the use of the external assigned revenue also ex-ante and not only ex-post through the discharge procedure.

Such a democratic framework and oversight must include a binding role for the European Parliament, acknowledged by the Commission and Council via the new inter-institutional agreement, in the European Semester process as a whole. Spending under the Recovery and

Resilience Facility should be subject to the delegated act procedure in order to allow for suitable democratic scrutiny.

Given the crucial role and size of the Recovery and Resilience Facility, spending should be in line with European priorities and be channelled towards projects creating European added-value in order to spur economic growth and create jobs.

Investments should finance the EU's long-term objectives, such as decarbonisation and digitalisation, but also enhance the competitiveness of our economies, promoting entrepreneurship and decreasing energy dependence on third countries. To that end, a "positive" list of spending should be defined in order to make sure money is well-spent in the interest of European citizens. Milestones should be clearly marked and be subject to the appropriate verification. Substituting existing national budgetary expenditure or expenditure running counter to the strategic and economic interests of the EU should not be admissible via the RRF or any other spending tool now proposed. This also includes not providing European funds to projects that are part of the strategic investment plans of third countries such as China or Russia.

An overall methodology must connect all the different initiatives into a functional system: while we have very clear 10-year climate ambitions until 2030 we are lacking an overall 10-year plan which defines research, innovation, infrastructure, industry and digitalisation targets, which all need to come together to achieve economic recovery and long-term growth and jobs. The Commission should not only analyse the investment plans of Member States on an individual basis but also in relation to each other, ensuring their interconnectedness and making sure they are synchronised horizontally across the recovery plan and all relevant EU legislation in terms of prioritisation, funding conditionality and methodology. Synergies should be put in place both between the investment plans of different Member States and at national level, between the actions financed through the Next Generation EU Instrument and the financing from other EU funds. This will maximise the impact of the Instrument and ensure its genuine European added-value.

The institutional framework should reflect this need for democratic scrutiny both within Parliament as well as in the interaction with the Commission. It is in this spirit that we propose the European Parliament being given the right, within the proposed inter-institutional agreement, to scrutinise spending decisions by the Commission and allow for adequate control of the actions taken, including the right to ask for the Commissioner responsible to step-down in case of gross negligence.

Democratic scrutiny must be complimented by the necessary transparency and information to citizens. The EPP Group calls for all Recovery and Resilience Facility spending to be clearly earmarked, and subject to appropriate transparency requirements including publication requirements for a list of final beneficiaries. All spending must be subject to long-established and proven procedures within the Parliament's Budgetary Control Committee and the European Court of Auditors.

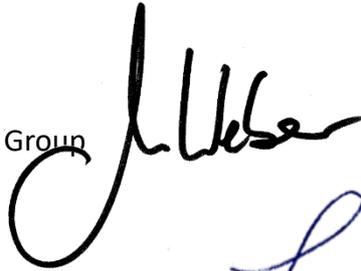
Finally, the EPP Group insists that all EU spending should also be subject to the rule of law mechanism embodying our common values and ensuring transparency in the best interests of our citizens.

I trust that you will defend a strong position of the European Parliament in line with the principles above and ensure that the interests of European citizens are promoted.

These principles are indispensable for ensuring an economic recovery based on solidarity, democracy and responsibility, creating a future for all Europeans in which we not only overcome the current crisis but also make sure we create the right framework for Europe's citizens to live safely and prosperously.

Sincerely yours,

Manfred Weber, Chairman, EPP Group



Siegfried MUREȘAN, Vice-Chair of the EPP Group



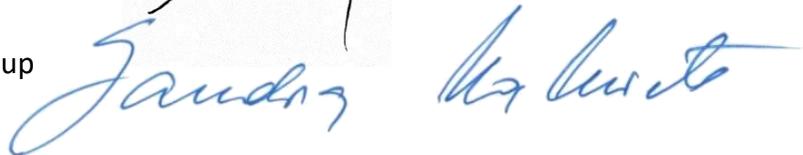
Esther de LANGE, Vice-Chair of the EPP Group



Esteban GONZÁLEZ PONS, Vice-Chair of the EPP Group



Sandra KALNIETE, Vice-Chair of the EPP Group



CC:

Mr Charles MICHEL, President of the European Council

Ms Ursula von der LEYEN, President of the European Commission