

STIMULATING GROWTH

Europe is facing a serious financial crisis. The EU Budget as a so called “investment budget” and the ongoing Multiannual Financial Framework (MFF) negotiations for the years 2014-2020 play an important role in stimulating sustainable and continuous growth in Europe. At the same time as we have to make sure that the EU is generating its own resources, we have to guarantee that instruments within the MFF are aimed at creating an environment that sets the conditions to support research, development, innovation and entrepreneurship; leading to growth. The EU therefore needs the necessary financial flexibility and capability to respond to new and unexpected challenges. Article 311 TFEU states that the budget shall be financed wholly from own resources. This is hardly the case now and we believe that in order to create a framework for growth, the system of own resources is in need of a considerable reform.

BOOSTING TRANSPARENCY

The budget of the EU is a complex construct, a result of years of political confrontation. It is funded by a resource proportional to the gross national income (GNI) of Member States, a proportion of the value added tax (VAT) collected by Member States and proceeds from agricultural levies and customs duties. In this context, the unclear exemptions for some Member States as a means of giving them rebates do not contribute to increasing budgetary transparency. Reforming the system, establishing new and different budgetary resources through for example EU taxations would in this regard also help to increase transparency and provide the budgetary means to the European Union to implement its political strategy and to live up to the commitments deriving from the Lisbon Treaty. The introduction of a Financial Transaction Tax (FTT) would ensure that financial institutions pay their fair share and offer great potential for growth-enhancing public spending and economic incentives.

CREATING EQUAL OPPORTUNITIES

The youth in Europe suffers the most from the economic crisis and more than 50 % youth unemployment in Greece and Spain and about 22 % in the EU-27 call for no half-hearted measures. If we want to avoid a “lost generation”, specific, targeted activities are needed. The Employment package of the Commission including its commitment to tackle youth unemployment has been a step in the right direction, setting out ways for Member States to encourage hiring by reducing taxes on labour or supporting business start-ups. It also identifies the areas with the biggest job potential for the future: the green economy, health services and ICT. In addition to austerity measures, new incentives for growth and job creation need to be reflected when negotiating the new Multi-Annual Financial Framework (MFF) for the years 2014-2020. The EU needs to spend more money on education and jobs and we need to support a trans-national European job market. In this context, we have to create a better cooperation network between universities and enterprises. It is necessary to

launch specific European programs and to come forward with a renewed strategy on job creation. The EMI therefore stresses the urgent need to deliver on opportunities and to particularly reduce mass youth unemployment. Youth policy needs to be a financial and a political priority with the mainstreaming of a cross-cutting priority for Youth in the MFF. More money for programmes targeted on youth and integrated support for youth structures should be made available in order to develop young people's skills and competences, both for the demands of the labour market and for an active and inclusive European society.

TARGETING EXPENDITURES

The European Commission proposes to allocate 36.2% of the MFF budgetary framework post 2014 to the Common Agricultural Policy (CAP) in comparison to 39.4% in the previous exercise (41.5% in 2013). The simplification of mechanisms and the review of expenditures are essential. The CAP is an integral part in making our agricultural economy more competitive; preserving and contributes to creating jobs while guaranteeing a sound development of our rural areas. It is part of the approach to reach the environmental and climate action objectives of the EU. The EMI welcomes in this context the balanced approach of the current MFF 2014-2020 proposal, where market-related expenditure and direct payments within the CAP would decrease. Those could be reallocated to priority areas such as pan-European infrastructure, research and innovation, or energy and climate technologies, thus also increasing Europe's competitiveness.

STRENGTHENING CIVIL SOCIETY

Europe will only be able to emerge from this crisis through a collective European effort. The EMI believes that Civil Society is an integral part in lobbying for joint solutions in a united and peaceful Europe. Civil Society is needed to drive forward the process of European integration and to help creating one European identity. NGOs, parties, institutions and civil society as such have to continuously work on creating a sustainable pro-European society. The MFF budget has to provide the needed funds for this grass root movement. The EMI therefore disagrees with the message sent by some of the EU Members States to cut public spending as a lower budget would weaken European Civil Society, and therefore Europe as a whole, decreasing its influence on the international scene and compromising any long-lasting return of prosperity.