



Plenary sitting

A9-0163/2023

28.4.2023

REPORT

on the impact on the 2024 EU budget of increasing European Union Recovery Instrument borrowing costs
(2023/2037(BUI))

Committee on Budgets

Rapporteur: Johan Van Overtveldt

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on the impact on the 2024 EU budget of increasing European Union Recovery Instrument borrowing costs (2023/2037(BUI))

The European Parliament,

- having regard to Article 314 of the Treaty on the Functioning of the European Union (TFEU),
- having regard to Article 106(a) of the Treaty establishing the European Atomic Energy Community,
- having regard to its resolution of [xx] entitled ‘General guidelines for the preparation of the 2024 budget, Section III – Commission’¹,
- having regard to the Council conclusions of 14 March 2023 on the budget guidelines for 2024,
- having regard to its resolution of 15 December 2022 entitled ‘Upscaling the 2021-2027 multiannual financial framework: a resilient EU budget fit for new challenges’²,
- having regard to its resolution of 22 November 2022 on the implementation of the borrowing strategy to finance NextGenerationEU, the Union’s recovery instrument³,
- having regard to Council Regulation (EU, Euratom) 2020/2093 of 17 December 2020 laying down the multiannual financial framework for the years 2021 to 2027⁴ and to the joint declarations agreed between Parliament, the Council and the Commission in this context⁵ and the related unilateral declarations⁶,
- having regard to the Interinstitutional Agreement of 16 December 2020 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management, as well as on new own resources, including a roadmap towards the introduction of new own resources⁷,
- having regard to Council Decision (EU, Euratom) 2020/2053 of 14 December 2020 on the system of own resources of the European Union and repealing Decision 2014/335/EU, Euratom (Own Resources Decision)⁸,

¹ Texts adopted, [xx].

² Texts adopted, P9_TA(2022)0450.

³ Texts adopted, P9_TA(2022)0400.

⁴ OJ L 433 I, 22.12.2020, p. 11.

⁵ OJ C 444 I, 22.12.2020.

⁶ Texts adopted, P9_TA(2020)0357.

⁷ OJ L 433 I, 22.12.2020, p. 28.

⁸ OJ L 424, 15.12.2020, p. 1.

- having regard to the Commission proposal of 22 December 2021 for a Council decision amending Decision (EU, Euratom) 2020/2053 on the system of own resources of the European Union (COM(2021)0570), and to Parliament’s position of 23 November 2022 thereon⁹,
 - having regard to Council Regulation (EU) 2020/2094 of 14 December 2020 establishing a European Union Recovery Instrument to support the recovery in the aftermath of the COVID-19 crisis¹⁰,
 - having regard to the general budget of the European Union for the 2023 financial year¹¹ and to the joint statements by Parliament, the Council and the Commission and the Commission statement annexed thereto,
 - having regard to Rule 93 of its Rules of Procedure,
 - having regard to the report of the Committee on Budgets (A9-0163/2023),
- A. whereas pursuant to Article 311 TFEU, the Union must provide itself with the means necessary to attain its objectives and carry through its policies;
 - B. whereas the 2021-2027 multiannual financial framework (MFF) programmed EUR 12.9 billion in 2018 prices (EUR 15 billion in current prices) over the seven-year period to cover the borrowing costs associated with the European Union Recovery Instrument (EURI); whereas this figure was based on an assumption of interest rates for borrowing gradually increasing from 0.55 % in 2021 to 1.15 % in 2027;
 - C. whereas under the 2021-2027 MFF, the repayment of EURI borrowing costs is subject to the spending ceiling in Heading 2b (Resilience and Values), alongside flagship programmes like Erasmus+, EU4Health, the citizenship, equality, rights and values programme and Creative Europe;
 - D. whereas the EURI borrowing strategy has been implemented effectively; whereas Russia’s war of aggression against Ukraine, which started in February 2022, has accelerated inflation, prompting a counter-inflationary response from the European Central Bank and a corresponding substantial increase in interest rates, which now stand at over 3 %, and therefore an increase in EURI borrowing costs;
 - E. whereas without prompt action through a revision of the MFF, the increased EURI repayment costs are likely to exceed the available margins in the budget; whereas urgent action is required to avoid a situation that would necessitate the use of most, if not all, of the available resources under the Flexibility Instrument and the Single Margin Instrument in 2023 and 2024; whereas EURI borrowing is concentrated in 2022 and 2023, with far higher programmed repayment costs in the second half of the MFF period, meaning that higher-than-forecast interest rates will have a significant effect on absolute costs between 2025 and 2027;

⁹ Texts adopted, P9_TA(2022)0404.

¹⁰ OJ L 433 I, 22.12.2020, p. 23.

¹¹ OJ L xxx.

- F. whereas in adopting the MFF agreement, Parliament, the Council and the Commission agreed that expenditure covering the financing costs of EURI must aim at not reducing EU programmes and funds;
- G. whereas in the legally binding roadmap towards the introduction of new own resources, the three institutions recognise that enhancing the credibility and sustainability of the EURI repayment plan depends on introducing sufficient new own resources; whereas the decision on the first basket of new own resources is still pending in Council; whereas the first basket will have to be complemented by proposals for a second batch of own resources in order to ensure a reliable and sufficient overall level of additional revenue, including to cover EURI borrowing costs;
1. Underlines that the Union will meet in full its legal obligation to repay the borrowing costs associated with EURI, come what may; recalls that the decision to increase the own resources ceiling by 0.6 % of gross national income means that the EU budget is comfortably equipped to cover the EURI borrowing costs;
 2. Observes, with growing concern, that the amounts programmed for the repayment of EURI borrowing costs are likely to be insufficient, particularly in 2023 and 2024, and that, as things stand, unallocated margins under most spending ceilings are either severely limited or entirely absent;
 3. Insists, again, on the need for the Commission to provide the EU budgetary authority with timely and detailed information on the calculations underpinning the forecasts for EURI borrowing costs up to 2027, including the assumptions and parameters used; echoes the Council's call for full transparency and visibility on EURI and for the Commission to provide all relevant information, including summary tables on budgetary appropriations;
 4. Is deeply concerned that, without the necessary action being taken, the increasing EURI borrowing costs are likely to limit severely the EU budget's ability to finance the Union's priorities and policies and to respond to emerging needs; underscores that this impact comes on top of the effect of high inflation, which is reducing the real-term value of the EU budget; underlines that the combined impact means that the EU budget is less able to address people's needs and tackle the challenges facing the Union;
 5. Stresses the need for urgent action through an MFF revision in order to avoid a situation in which increased EURI borrowing costs could exhaust the Flexibility and Single Margin Instruments in 2023 and 2024; emphasises that failure to act would not only curtail the Union's ability to respond to emerging needs and crises – both within and outside the Union – but also make it all but impossible to finance important new initiatives, such as the proposed European chips act, without cutting essential existing programmes or funds; stresses that this would constitute a de facto breach of the three institutions' undertaking not to reduce Union programmes or funds;
 6. Recalls that the roadmap towards the introduction of new own resources envisaged introducing the first batch of own resources in January 2023, following deliberation in Council in July 2022 at the latest; stresses that failure to adhere to the roadmap is unacceptable; calls on the Council, therefore, to adopt the necessary amendments to the Own Resources Decision without further delay; calls on the Commission to put forward

proposals for a second basket of new own resources as soon as possible and no later than the third quarter of 2023;

7. Points out, furthermore, that EURI repayment costs are subject to market conditions and influenced by external factors and are thus inherently volatile; underlines that debt repayment is also non-discretionary in nature and that, therefore, subjecting it to a cap within an MFF heading runs counter to the reality of such spending; recalls, therefore, Parliament's demands in the MFF negotiations that EURI repayment costs be placed over and above the ceilings to reduce pressure on the MFF, to safeguard funding for already agreed programmes and to ensure sufficient leeway under the ceilings to finance new initiatives;
8. Underlines that resources available in the margins under the MFF ceilings and via special instruments are already insufficient as a result of the multiple crises and new initiatives since the beginning of the current MFF and that the effect of increased EURI borrowing costs amplifies these shortcomings;
9. Reiterates, therefore, its call for an urgent and ambitious MFF revision; calls on the Commission to include in its proposal for that revision the necessary architecture and financing to manage EURI repayment costs effectively, while preserving the necessary levels of funding for programmes and policies and ensuring that the budget is sufficiently resourced and flexible enough to cope with future needs and respond to crises;
10. Underlines that, in particular given the impact of EURI costs on the 2024 budget, a revised MFF, including a structural solution for EURI, must be in place by 1 January 2024;
11. Instructs its President to forward this resolution to the Council, the Commission and the Court of Auditors.

INFORMATION ON ADOPTION IN COMMITTEE RESPONSIBLE

Date adopted	26.4.2023
Result of final vote	+: 26 -: 2 0: 5
Members present for the final vote	Rasmus Andresen, Pietro Bartolo, Olivier Chastel, Andor Deli, Pascal Durand, José Manuel Fernandes, Eider Gardiazabal Rubial, Matteo Gazzini, Alexandra Geese, Vlad Gheorghe, Valérie Hayer, Eero Heinäluoma, Niclas Herbst, Monika Hohlmeier, Adam Jarubas, Moritz Körner, Joachim Kuhs, Zbigniew Kuźmiuk, Pierre Larroustou, Janusz Lewandowski, Margarida Marques, Andrey Novakov, Dimitrios Papadimoulis, Karlo Ressler, Bogdan Rzońca, Eleni Stavrou, Nicolae Ștefănuță, Nils Torvalds, Rainer Wieland, Angelika Winzig
Substitutes present for the final vote	Jan Olbrycht
Substitutes under Rule 209(7) present for the final vote	João Albuquerque, Maria Veronica Rossi

FINAL VOTE BY ROLL CALL IN COMMITTEE RESPONSIBLE

26	+
PPE	José Manuel Fernandes, Niclas Herbst, Monika Hohlmeier, Adam Jarubas, Janusz Lewandowski, Andrey Novakov, Jan Olbrycht, Karlo Ressler, Eleni Stavrou, Rainer Wieland, Angelika Winzig
RENEW	Olivier Chastel, Vlad Gheorghe, Valérie Hayer, Nils Torvalds
S&D	João Albuquerque, Pietro Bartolo, Pascal Durand, Eider Gardiazabal Rubial, Eero Heinäluoma, Pierre Larrourou, Margarida Marques
THE LEFT	Dimitrios Papadimoulis
VERTS/ALE	Rasmus Andresen, Alexandra Geese, Nicolae Ștefănuță

2	-
ID	Joachim Kuhs
NI	Andor Deli

5	0
ECR	Zbigniew Kuźmiuk, Bogdan Rzońca
ID	Matteo Gazzini, Maria Veronica Rossi
RENEW	Moritz Körner

Key to symbols:

+ : in favour

- : against

0 : abstention