

National ratification of the Own Resources Decision

Procedure completed on 31 May 2021

SUMMARY

The Own Resources Decision (ORD) establishes how the EU budget is financed. Its entry into force requires approval by all EU Member States according to their constitutional requirements. In a majority of Member States, national parliaments are responsible for ratifying the decision. In the others, the government alone decides on the approval. Completion of the ratification procedure by all Member States has generally required more than two years. However, there was a greater sense of urgency for the ORD adopted by the Council in December 2020, since its entry into force is a precondition for the launch of the Next Generation EU (NGEU) recovery instrument. The objective was to complete the ratification procedure before summer 2021, with a view to ensuring the timely launch of NGEU. All Member States have now ratified the ORD, and notified the Council accordingly before the end of May. Therefore, on 1 June 2021, the new ORD entered into force, enabling the Commission to start borrowing resources for the recovery instrument.

EU own resources: A 'quasi-Treaty' procedure

The Own Resources Decision (ORD) sets the financing system of the EU budget. It is one of the most complex pieces of legislation for the EU to adopt and modify, on account of the special legislative procedure set out in [Article 311](#) of the Treaty on the Functioning of the European Union (TFEU). The Council unanimously adopts the decision after consulting the European Parliament. Before entering into force, the decision has to be approved by each Member State in accordance with their respective constitutional requirements. National ratifications must then be notified to the Council.

In a majority of Member States, based on their constitutions, the responsibility for ratifying the Own Resources Decision lies with the national parliament. This approach is usually linked to parliaments' budgetary powers and/or their role in approving agreements or treaties that have implications for public finances. In a number of Member States, however, parliamentary approval is not required. In such cases, the government decides on the ratification of the decision; the parliament is informed, and it may hold a non-binding vote (in plenary or in a committee) on the Own Resources Decision.

Given the complexity of the procedure, EU own resources are deemed to have a quasi-Treaty status. Their reform, strongly advocated by the [European Parliament](#), has proved difficult, leading to only minor changes being introduced in the system over more than 30 years.

Unlike the multiannual financial framework (MFF) that sets the maximum allocation of resources for each major area of EU spending over a period of at least five years, the Own Resources Decision has no end date. Its provisions, except those on time-limited corrections to some Member States' national contributions, continue to apply indefinitely until all Member States have ratified a new Council Decision. This prevents the EU budget from being afflicted by a lack of financing. Once in

This is a further update of a Briefing of which the previous edition was published on 20 May 2021.

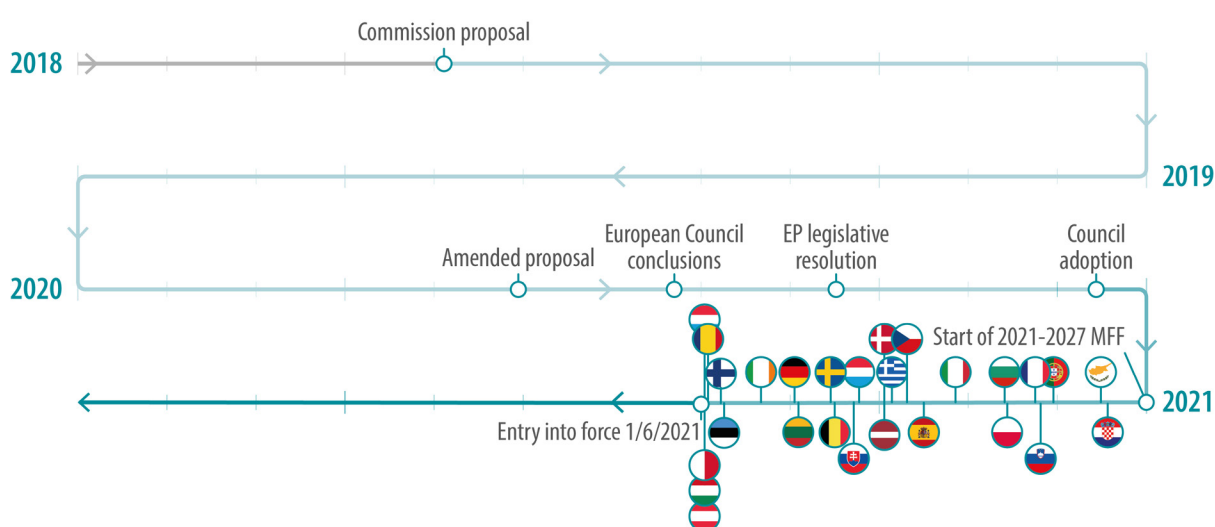
force, the new decision applies retroactively from the start date of the new MFF, in order for the financing system to be aligned with the financial years of the MFF.

Historically, the ratification procedure has proved lengthy. The entry into force of the last three decisions ([2000 ORD](#), [2007 ORD](#) and [2014 ORD](#)) always took place more than two years after the start of the corresponding MFF, but these time lags did not jeopardise the functioning of the EU budgetary system for the reasons detailed above. However, there has been a greater sense of urgency for the Own Resources Decision adopted by the Council in December 2020 ([2020 ORD](#)), with its ratification a pre-condition for the launch of [Next Generation EU](#) (NGEU), the recovery instrument agreed by the EU to counter the severe socio-economic impact of the coronavirus pandemic.

The 2020 Own Resources Decision

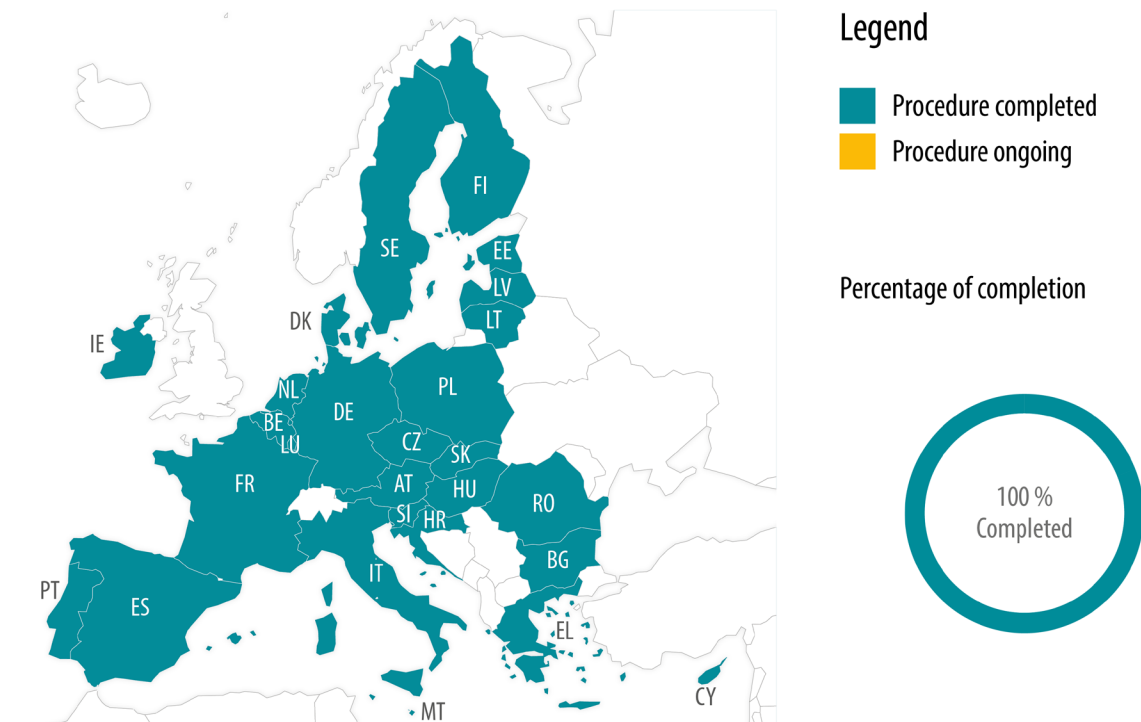
The European Parliament and the European Commission repeatedly called for Member States to ratify the [2020 ORD](#) without delay, in order for NGEU to become operational before summer 2021. The new decision introduces three significant innovations in the own resources system. Notably, the maximum level of resources that can be called from Member States (the own resources ceiling) will permanently rise from 1.20 % to 1.40 % of EU gross national income (GNI). A temporary increase in the ceiling, worth a further 0.60 % of EU GNI, will be devoted exclusively to the financing of NGEU, enabling the Commission to borrow resources on an unprecedented scale on the capital markets, with a view to financing the recovery. A national contribution linked to non-recycled plastic packaging waste will be introduced, the first new EU own resource to be created since 1988. In addition, five countries (Denmark, Germany, the Netherlands, Austria and Sweden) that had temporary corrections to their contributions in the 2014 ORD will enjoy annual lump sum reductions over the 2021-2027 period. The 2020 ORD is accompanied by a package of implementing legislation, which the [Council](#) adopted on 30 April 2021 following the [European Parliament's](#) vote in March.

The timeline shows that, after the original [Commission proposal](#) of May 2018, negotiations in the Council proved lengthy, gaining momentum only two years later with the [Commission's amended proposal](#), when they became intertwined with the debate on common EU recovery measures. Following the July 2020 [political agreement](#) in the European Council, the European Parliament rapidly adopted its [legislative opinion](#) on the decision, with a view to enabling the Council to launch NGEU without delay. However, the European Parliament deemed the reform of the financing system still incomplete and managed to obtain the inclusion of a roadmap for the introduction of additional new own resources in an [interinstitutional agreement](#) (IIA) with the Council and the Commission.¹



All Member States had ratified the new decision just five and a half months after its adoption by the Council.² The [Commission](#) prepared meanwhile to start NGEU borrowing and debt management operations as of June 2021. On 1 June, it adopted the relevant [framework for 2021](#). The following table provides more details on national ratification in individual Member States.³

Ratification of the Own Resources Decision as of 31/5/2021



	Who decides	Procedure completed	Majority	Other remarks
Belgium (BE)		14/4/2021		
Bulgaria (BG)		18/2/2021		
Czechia (CZ)		22/3/2021		Technically, Parliament's approval is not required
Denmark (DK)		29/3/2021		
Germany (DE)		29/4/2021	*	Two Chambers. Constitutional Court will examine case against the ORD, but rejected preliminary injunction to suspend ratification
Estonia (EE)		19/5/2021		
Ireland (IE)		12/5/2021		
Greece (EL)		26/3/2021		
Spain (ES)		15/3/2021		If discrepancy between the two Chambers, Congress decides by absolute majority
France (FR)		10/2/2021		Two Chambers. Fast-track procedure for 2020 ORD
Croatia (HR)		12/1/2021		Government decision for 2014 ORD
Italy (IT)		5/3/2021		Two Chambers
Cyprus (CY)		14/1/2021		
Latvia (LV)		29/3/2021		
Lithuania (LT)		28/4/2021		
Luxembourg (LU)		6/4/2021		
Hungary (HU)		31/5/2021		
Malta (MT)		17/2/2021		
Netherlands (NL)		31/5/2021		Two Chambers
Austria (AT)		31/5/2021	*	Both National and Federal Council on account of the introduction of a new own resource
Poland (PL)		31/5/2021		Two Chambers
Portugal (PT)		3/2/2021		
Romania (RO)		28/5/2021	2/3	Joint meeting of the two Chambers. Emergency procedure agreed for 2020 ORD
Slovenia (SI)		8/2/2021		
Slovakia (SK)		8/4/2021		Interministerial procedure
Finland (FI)		21/5/2021	*	Approved by 2/3 majority as required by the Constitutional Affairs Committee.
Sweden (SE)		15/4/2021		

Parliament (20)

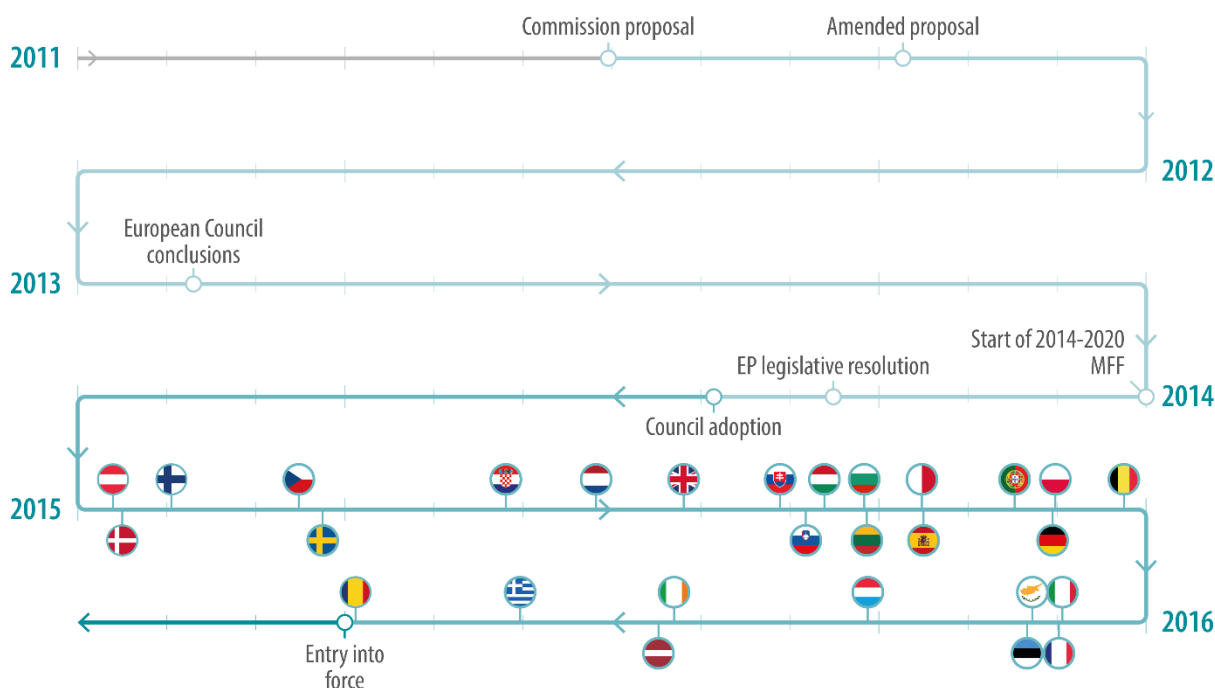
Government (7)

Simple majority

* Simple or 2/3 majority depending on assessment of the decision

The 2014 Own Resources Decision

The timeline for the 2014 ORD shows how ambitious the objective of having the new decision ratified before summer 2021 was. The Council received the first notification more than seven months after the adoption of the decision. Overall, ratification required 2 years and 4 months.



FURTHER READING

D'Alfonso A., [Own resources of the European Union: Reforming the EU's financing system](#), EPRS, European Parliament, June 2021.

ENDNOTES

- ¹ One major objective for additional new own resources, to be agreed on the basis of new proposals that the Commission is to table as from 2021, is to cover the repayment costs of NGEU for both principal and interest.
- ² Including Germany, where the [Federal Constitutional Court](#) will examine a case against the 2020 ORD, but rejected a preliminary injunction to suspend its ratification.
- ³ The author would like to thank European Parliament colleagues in the Institutional Cooperation Unit in the Directorate for Relations with National Parliaments, DG Presidency, and country experts in the European Parliamentary Research Service who assisted with the preparation of the table.

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