



Plenary sitting

A9-0295/2023

16.10.2023

REPORT

on the proposal for a Council decision amending Decision (EU, Euratom)
2020/2053 on the system of own resources of the European Union
(COM(2023)0331 – C9-0211/2023 – 2021/0430(CNS))

Committee on Budgets

Co-rapporteurs: José Manuel Fernandes and Valérie Hayer

Symbols for procedures

- * 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 to a draft act

Amendments by Parliament set out in two columns

Deletions are indicated in ***bold italics*** in the left-hand column. Replacements are indicated in ***bold italics*** in both columns. New text is indicated in ***bold italics*** in the right-hand column.

The first and second lines of the header of each amendment identify the relevant part of the draft act under consideration. If an amendment pertains to an existing act that the draft act is seeking to amend, the amendment heading includes a third line identifying the existing act and a fourth line identifying the provision in that act that Parliament wishes to amend.

Amendments by Parliament in the form of a consolidated text

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.

By way of exception, purely technical changes made by the drafting departments in preparing the final text are not highlighted.

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DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

on the proposal for a Council decision amending Decision (EU, Euratom) 2020/2053 on the system of own resources of the European Union (COM(2023)0331 – C9-0211/2023 – 2021/0430(CNS))

(Special legislative procedure – consultation)

The European Parliament,

- having regard to the Commission proposal to the Council (COM(2021)0570) and the amended proposal (COM(2023)0331),
 - having regard to Article 311, third paragraph, of the Treaty on the Functioning of the European Union and Article 106a of the Treaty establishing the European Atomic Energy Community, pursuant to which the Council consulted Parliament (C9-0211/2023),
 - having regard to the Interinstitutional Agreement between the European Parliament, the Council and the European Commission of 16 December 2020 on budgetary discipline, on cooperation in budgetary matters and on sound financial management, as well as on new own resources, including a roadmap for the introduction of new own resources (“IIA of 16 December 2020”)¹,
 - having regard to its legislative resolution of 16 September 2020 on the draft Council decision on the system of own resources of the European Union²,
 - having regard to its legislative resolution of 23 November 2022 on the proposal for a Council decision amending Decision (EU, Euratom) 2020/2053 on the system of own resources of the European Union (COM(2021)0570 – C9-0034/2022 – 2021/0430(CNS))³,
 - having regard to its resolution of 10 May 2023 on own resources: a new start for EU finances, a new start for Europe⁴,
 - having regard to Rules 82 of its Rules of Procedure,
 - having regard to the letter from the Committee on Constitutional Affairs,
 - having regard to the report of the Committee on Budgets (A9-0295/2023),
1. Approves the Commission proposal as amended;
 2. Calls on the Commission to alter its proposal accordingly, in accordance with

¹ OJ L 433I, 22.12.2020, p. 28.

² Texts adopted, P9_TA(2020)0220.

³ Texts adopted, P9_TA(2022)0404.

⁴ Texts adopted, P9_TA(2023)0195.

Article 293(2) of the Treaty on the Functioning of the European Union and Article 106a of the Euratom Treaty;

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 an amending decision Recital 1 a (new)

Text proposed by the Commission

Amendment

(1a) In accordance with the Interinstitutional Agreement of 16 December 2020, this amended Decision constitutes a further important step, for the implementation of a roadmap for the introduction of new own resources. It will make sure that the revenue from a basket of new income sources will become available and will be sufficient for the payment of the interest and the principal of NGEU debts and that the distributive financial implications of the basket are acceptable to all Member States.

Amendment 2

Proposal for an amending decision Recital 2 a (new)

Text proposed by the Commission

Amendment

(2a) With the proceeds of the new own resources introduced by this amended decision, the Union budget can be financed reliably on a long-term basis, and accommodate the costs of the repayment of the European Union Recovery Instrument and new Union priorities while avoiding reductions of existing Union programmes and policies.

Amendment 3

Proposal for an amending decision Recital 2 b (new)

Text proposed by the Commission

Amendment

(2b) The implementation of the Roadmap in the Interinstitutional Agreement should be completed by future reforms that would replace the transitional solution of the statistics-based national contribution on corporate profits into a more genuine, tax-based own resource as soon as the necessary directives or Union-wide harmonisation frameworks on corporate taxation are in place.

Justification

These additional recitals recall the purpose and spirit of the Roadmap in the IIA and confirm that the basket presented would constitute significant progress towards the roadmap's objectives. Attention is drawn to the remaining steps.

Amendment 4

Proposal for an amending decision Recital 10 a (new)

Text proposed by the Commission

Amendment

(10a) Against the background of high inflation, the temporary lump sum reductions for Denmark, Germany, the Netherlands, Austria and Sweden, from which they benefit for the period 2020-2027, have increased unexpectedly and disproportionately. In order to avoid further distributional distortions, these lump sums should be adjusted annually according to the same rationale and rule as the ceilings of the Multiannual Financial Framework, i.e. on the basis of a fixed deflator of 2 % per year.

Amendment 5

Proposal for an amending decision

Article 1 – paragraph 1 – point 1 e a (new)

Decision (EU, Euratom) 2020/2053

Article 2 – paragraph 4

Present text

4. For the period 2021-2027, the following Member States shall benefit from a gross reduction in their annual GNI-based contributions under point (d) of paragraph 1 in the amount of EUR 565 million for Austria, EUR 377 million for Denmark, EUR 3 671 million for Germany, EUR 1 921 million for the Netherlands and EUR 1 069 million for Sweden. Those amounts shall be measured in 2020 prices and adjusted to current prices ***by applying the most recent gross domestic product deflator for the Union expressed in euro, as provided by the Commission, which is available when the draft budget is drawn up.*** Those gross reductions shall be financed by all Member States.

Amendment

(ea) paragraph 4 is replaced by the following:

“4. For the period 2021-2027 the following Member States shall benefit from a gross reduction in their annual GNI-based contributions under point (d) of paragraph 1 in the amount of EUR 565 million for Austria, EUR 377 million for Denmark, EUR 3 671 million for Germany, EUR 1 921 million for the Netherlands and EUR 1 069 million for Sweden. Those amounts shall be measured in 2020 prices and adjusted to current prices ***on the basis of a fixed deflator of 2% per year.*** Those gross reductions shall be financed by all Member States.”

Justification

EP has traditionally stood against the lump sum corrections in GNI-based contributions. Whereas this position has not changed, the annual adjustment of the lump sum reductions by applying the GDP deflator in a context of exceptionally and unexpectedly high inflation has resulted in unjustifiably high rebates for the MS concerned. Such ‘windfall’ discounts and the distributional distortions they entail, can be avoided by aligning the annual adjustment of the amounts with the 2% automatic deflator that is also used for the MFF ceilings according to Article 4 (b) of the MFFR.

EXPLANATORY STATEMENT

EP position and purpose of own resources reform

The EP's long standing and well-established position in support of a diverse and resilient basket of own resources was reflected in its consultative opinions on the Commission proposals for the Own Resources Decision of 2020 and 2021 and it has most recently been re-asserted in its *Own Initiative Report on own resources: a new start for EU finances, a new start for Europe*.

The own initiative report identifies a range of potential new revenue sources which are linked with EU policy priorities - encompassing also the ones now included in the Commission proposal - and reiterates the urgent need to mobilise fresh income in order to repay the debts incurred under NGEU. The report also pioneered specific ideas for statistics-based contributions which can serve as a proxy and a transitional solution to short circuit protracted decision making procedures for the underlying sectoral legislation.

The updated basket: ETS, CBAM and a contribution based on company profits

On 20 June 2023, the Commission submitted a proposal for amending and updating the December 2021 initiative. It aligns the ETS and CBAM-based own resources with the outcome of the legislative Fit for 55 negotiations and changes the call-rate for the ETS-based own resource from 25% to 30%.

In the context of the Fit for 55 negotiations, the BUDG rapporteurs helped maintain a consistent position so that the Own Resources initiative and the climate legislation remained entirely compatible and coherent. The ETS directive with its broader scope and the CBAM regulation which will resolve the 'carbon leakage dilemma' (in conjunction with the Social Climate Fund) are ground breaking and an international benchmark in view of modern, equitable carbon pricing policy.

Furthermore, the Commission proposes a new own resource based on corporate profits (CPOR). This national contribution is calculated on the basis of the statistical data on gross operating surplus in the financial and non-financial sectors which are available in the context of the European System of National Accounts (ESA). These data (while imperfect just like all statistical aggregates, including GNI) are sufficiently robust and harmonised to serve as a proxy indicator for corporate profits and as a viable basis for determining a national contribution. A call-rate of 0,5% will be applied. According to the Commission, this contribution could eventually be replaced by a more genuinely tax-based own resources once an appropriate framework for business taxation is in place (BEFIT).

The overall revenue estimates of this updated basket, once at cruising speed, is expected to yield income in the order of EUR 36 billion (2018 prices) or around 45 billion in current prices per year. This would be largely sufficient to refinance the NGEU costs, even though a significant part would be destined to the Social Climate Fund. However, this package should not be conceived as the end of the long-term global reform of the own resources system that should provide the Union with further means to achieve its ambitious policies and more financial autonomy.

Rapporteurs' approach in line with the spirit and letter of the Roadmap

Your co-rapporteurs welcome that the COM proposal incorporates several EP priorities and demands and consider the legislative text to be in line with the objectives and rationale of the IIA roadmap. Therefore, we wish to pursue a straight-forward and consensual approach to the EP consultative opinion by

- endorsing and approving the Commission proposal,
- tabling only a few very targeted amendments and
- demanding the Council to make swift progress towards adopting the amended decision.

The political context is difficult, as always, but all legislative elements and budgetary figures are now available to make quick progress in Council. Moreover, the Spanish and Belgian presidencies are perceived as a ‘window of opportunity’ by many actors. The ratification procedure will also take some time before the decision can enter into force. The BUDG report should therefore be processed without delay and be voted in plenary in November. The rapporteurs take good note of the opinions and opinions in the form of letters from AFCE, ECON/FISC and ENVI for the present and previous own resources reports.

Your co-rapporteurs remind that the EP legislative resolution of 23 November 2022 remains pertinent and valid, including, in particular the amendment modifying the call rate for the CBAM-based own resource.

Very few amendments: Lump sum corrections to be rationalised

In mid-course of a financial period, the co-rapporteurs do not call into question the overall equilibrium of the MFF-Own Resources Package, even though they recall their opposition to reductions in GNI-based contributions. However, one issue has been identified that should and can be rectified by the present procedure: the rules for adjusting the lump sum corrections for five of the ‘net contributing’ Member States. *Nota Bene*, these lump sums have not been introduced to mitigate inequalities on the revenue side. Rather, they are intended to moderate the overall net balance of income payments and expenditure reflows as seen from a Member State’s perspective.

The annual adjustment of the lump sum reductions by applying the GDP deflator in a context of exceptionally and unexpectedly high inflation has resulted in unjustifiably high rebates for the Member States concerned. Such ‘windfall’ discounts and the distributional distortions they entail, can be avoided by aligning the annual adjustment of the amounts with the 2% automatic deflator that is also used for the MFF ceilings according to Article 4, paragraph b of the MFF regulation.

Your rapporteurs deplore the recurrent practice in Council to introduce ‘rebates’ in order to obtain unanimous approval. Both, the lump sum payments to rectify overall net balances of certain Member States as well as the specific correction and capping mechanisms within most individual own resources dilute the economic rationale of the own resources, undermine the spirit of EU wide solidarity and reinforce the perception that the EU budget is a ‘zero-sum game’ of financial transactions. We are firmly convinced that a revenue side based on a diverse, dynamic and robust basket of different sources should not need to include any rebates or discounts.

20.9.2023

LETTER OF THE COMMITTEE ON CONSTITUTIONAL AFFAIRS

Mr Johan Van Overtveldt
Chair
Committee on Budgets
BRUSSELS

Subject: Opinion on the amended proposal for a Council Decision amending Decision (EU, Euratom) 2020/2053 on the system of own resources of the European Union (2021/0430(CNS))

Dear Mr Van Overtveldt,

Under the procedure referred to above, the Committee on Constitutional Affairs has been asked to submit an opinion to your committee. At its meeting of 18 July 2023, the committee decided to send the opinion in the form of a letter.

The Committee on Constitutional Affairs considered the matter at its meeting of 20 September 2023 and adopted the opinion at that meeting¹.

Yours sincerely,

Salvatore De Meo

¹ The following were present for the final vote: Vladimír Bilčík, Ana Collado Jiménez, Salvatore De Meo, Paulo Rangel, Sara Skytvedal, Loránt Vincze, Rainer Wieland, Mercedes Bresso, Włodzimierz Cimoszewicz, Pascal Durand, Victor Negrescu, Domènec Ruiz Devesa, Pedro Silva Pereira, Charles Goerens, Sandro Gozi, Alin Mituța, Max Orville, François Alfonsi, Gwendoline Delbos-Corfield, Daniel Freund, Zdzisław Krasnodębski, Jacek Saryusz-Wolski, Jaak Madison, Helmut Scholz

SUGGESTIONS

The Committee on Constitutional Affairs:

1. Welcomes the Commission proposal amending its proposal of December 2021, which introduced three new categories of own resources, based, respectively, on the emissions trading system (ETS), the carbon border adjustment mechanism (CBAM) and Pillar One of the Organisation for Economic Co-operation and Development (OECD) convention on international corporate taxation;
2. Welcomes the adjustments to the proposed own resources based on ETS and CBAM as a result of the legislation adopted in those fields and welcomes the proposal for a statistical own resource based on company profits, based on national accounts statistics prepared under the European system of accounts (ESA);
3. Notes that the introduction of new genuine own resources is behind the schedule set out in the legally binding roadmap of Annex II to the Interinstitutional Agreement of 16 December 2020²; reiterates the need to move swiftly; urges the Council, therefore, to approve the new genuine own resources without any further delay; underlines that these new resources should also enable the Union to repay the common debt and interests under Next Generation EU and assure sustainable financing of the Union budget in the long term, in order to deliver on Union's key policies and programmes as well as to respond to emerging challenges;
4. Reiterates that a more comprehensive reform of the own resources system is indispensable, as outlined, inter alia, in its resolution of 10 May 2023 on own resources: a new start for EU finances, a new start for Europe³;
5. Recalls that the Conference on the Future of Europe has echoed Parliament's call for strengthening the Union budget through new own resources and proposed an end to the unanimity principle for fiscal matters⁴ and that the European Parliament should decide on the Union budget as it is the right of parliaments at national level⁵;
6. Stresses that these proposals should be explored by a Convention on the revision of the treaties, as called for by the European Parliament in its resolution of 9 June 2022, including the possibility of applying the ordinary legislative procedure to the adoption of new own resources with the aim to increase the Union's ability to act and strengthen democratic scrutiny by the European Parliament; calls therefore to amend the Treaty on the Functioning of the European Union;

² [OJ L 433 I, 22.12.2020, p. 28.](#)

³ Texts adopted, [P9_TA\(2023\)0195](#)

⁴ Conference on the Future of Europe proposal 16.

⁵ Conference on the Future of Europe proposal 38.

PROCEDURE – COMMITTEE RESPONSIBLE

Title	Proposal for a Council Decision amending Decision (EU, Euratom) 2020/2053 on the system of own resources of the European Union		
References	COM(2023)0331 – C9-0211/2023 – COM(2021)0570 – C9-0034/2022 – 2021/0430(CNS)		
Date Parliament was consulted	3.2.2022		
Committee responsible Date announced in plenary	BUDG 11.9.2023		
Committees asked for opinions Date announced in plenary	ECON 11.9.2023	ENVI 11.9.2023	AFCO 11.9.2023
Not delivering opinions Date of decision	ECON 19.7.2023	ENVI 17.7.2023	
Rapporteurs Date appointed	José Manuel Fernandes 28.6.2023	Valérie Hayer 28.6.2023	
Discussed in committee	20.9.2023		
Date adopted	9.10.2023		
Result of final vote	+: 15 -: 5 0: 0		
Members present for the final vote	Rasmus Andresen, David Cormand, Andor Deli, Pascal Durand, Alexandra Geese, Vlad Gheorghe, Hervé Juvin, Joachim Kuhs, Janusz Lewandowski, Siegfried Mureşan, Lefteris Nikolaou-Alavanos, Bogdan Rzońca, Nils Torvalds, Nils Ušakovs, Angelika Winzig		
Substitutes under Rule 209(7) present for the final vote	Attila Ara-Kovács, Sunčana Glavak, Hannes Heide, Jarosław Kalinowski, Sabine Verheyen		
Date tabled	16.10.2023		

FINAL VOTE BY ROLL CALL IN COMMITTEE RESPONSIBLE

15	+
PPE	Sunčana Glavak, Jarosław Kalinowski, Janusz Lewandowski, Siegfried Mureşan, Sabine Verheyen, Angelika Winzig
Renew	Vlad Gheorghe, Nils Torvalds
S&D	Attila Ara-Kovács, Pascal Durand, Hannes Heide, Nils Ušakovs
Verts/ALE	Rasmus Andresen, David Cormand, Alexandra Geese

5	-
ECR	Bogdan Rzońca
ID	Joachim Kuhs
NI	Andor Deli, Hervé Juvin, Lefteris Nikolaou-Alavanos

0	0

Key to symbols:

+ : in favour

- : against

0 : abstention