

Parliament: EU27 need €2 trillion recovery package to tackle COVID-19 fallout

- Recovery fund must be added to the long-term EU budget, not serve as an argument to reduce it
- Commission should abstain from using “financial wizardry” or misleading figures
- Funds to be disbursed mostly through grants



€2 trillion to rebuild the economy after Covid-19

https://multimedia.europarl.europa.eu/en/2-trillion-to-rebuild-the-economy-after-covid-19_N01-PUB-200515-MFFR_ev

In a resolution on the post-2020 EU budget revision and economic recovery plans, MEPs demand a robust package, focused on citizens’ needs and building on the EU budget.

The [resolution](#) was adopted on Friday by 505 votes in favour, 119 against and 69 abstentions.

“European citizens must be at the heart of the recovery strategy”, MEPs stress, adding that Parliament will stand firm in defending citizens’ interests. The recovery efforts must have a strong social dimension, addressing social and economic inequalities and the needs of those hardest hit by the crisis.

Parliament insists that the new “recovery and transformation fund” must be of €2 trillion in size, be financed “through the issuance of long-dated recovery bonds” and be “disbursed through loans and, mostly, through grants, direct payments for investment and equity.” They urge the

Commission not to use “dubious multipliers to advertise ambitious figures”, and not resort to “financial wizardry”, as the EU’s credibility is at stake.

Recovery investments must be added on top of MFF-financed programmes

The recovery plan must be provided on top of the next Multiannual Financial Framework (MFF), which is the EU’s long-term budget, not to the detriment of existing and upcoming EU programmes, MEPs warn. In addition, they insist that the MFF must be increased and underline that Parliament will use its veto powers if EP demands are not met.

The recovery money “should go to programmes within the EU budget”, to guarantee parliamentary oversight and participation. Parliament must also be fully involved “in the shaping, adoption and implementation of the recovery fund”. They warn the Commission to refrain from “any attempt to design a European recovery strategy that is outside the community method and resorts to intergovernmental means.”

Plan must focus on priorities under the Green Deal and digital agenda

The “massive recovery package”, which MEPs demanded already in their recent [April resolution](#), must last long enough to tackle the “expected deep and long-lasting impact of the current crisis”. It must “transform our economies” by supporting SMEs, and “increase job opportunities and skills to mitigate the impact of the crisis on workers, consumers and families”. They call for investments to be prioritised according to the Green Deal and the digital agenda and insist on the creation of a new standalone European health programme.

EU revenue reform becomes vital

MEPs [reiterate](#) their call for the introduction of a basket of new “own resources” (sources of EU revenue), so as to prevent a further increase of member states’ direct contributions to the EU budget to meet the needs of the MFF and the Recovery and Transformation Fund. As the ceiling for the EU revenue is expressed in GNI, which is expected to drop significantly due to the crisis, MEPs also call “for an immediate and permanent increase of the Own Resources ceiling.”

Background

The European Commission is expected to submit soon a proposal for a revamped MFF and recovery fund to take account of the health crisis and its consequences.

As the current long-term EU budget runs out on 31 December 2020, the EU needs a new budgetary planning horizon for the next seven years. The EU Commission thus presented plans for the next MFF for 2021-2027 in [May 2018](#). The European Parliament adopted its position in [November 2018](#), and re-confirmed it in [October 2019](#). The Council has not yet been able to agree on a position.

Further information

[Adopted text \(15.05.2020\)](#)

[Press Conference by President David Sassoli on the MFF resolution](#)

[Press release on plenary debate preceding the resolution: “MEPs want ambitious, future-oriented budget with the recovery fund as part of it” \(13.05.2020\)](#)

[Press release: “Long-term EU budget - Parliament wants safety net for beneficiaries” \(13.05.2020\)](#)


[Q&A on the EU's long-term budget \(Multiannual Financial Framework, MFF\)](#)


[EP Research background briefings on the MFF](#)

Contacts

Armin WISDORFF

Press Officer

 (+32) 2 28 40924 (BXL)

 (+33) 3 881 73780 (STR)

 (+32) 498 98 13 45

 armin.wisdorff@europarl.europa.eu

 budg-press@europarl.europa.eu

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