Impact on the 2024 EU budget of increasing European Union Recovery Instrument borrowing costs

2023/2037(BUI) - 10/05/2023 - Parliament's opinion on budgetary estimates/guidelines

The European Parliament adopted by 434 votes to 99, with 89 abstentions, a resolution on the impact on the 2024 EU budget of increasing European Union Recovery Instrument borrowing costs.

The Multiannual Financial Framework (MFF) 2021-2027 programmed EUR 12.9 billion in 2018 prices (EUR 15 billion in current prices) over a seven-year period to cover the borrowing costs related to the European Union Instrument for Recovery (EURI). This figure was based on the

an assumption of interest rates for borrowing gradually increasing from 0.55 % in 2021 to 1.15 % in 2027. Repayment of the EURI borrowing costs is subject to the expenditure ceiling in heading 2b (resilience and values).

Parliament noted with growing concern that the **amounts programmed for the repayment of EURI borrowing costs are likely to be insufficient**, in particular in 2023 and 2024, and that as things stand the unallocated margins under most of the expenditure ceilings are either severely limited or entirely absent.

Members are concerned that, if the necessary measures are not taken, the increase in EURI borrowing costs could severely limit the capacity of the EU budget to finance EU priorities and policies and to respond to emerging needs. This is in addition to the effect of high inflation, which reduces the real value of the EU budget.

The resolution stressed the call for an **urgent and ambitious MFF revision** to avoid a situation where rising EURI borrowing costs could exhaust the Flexibility and Single Margin Instruments in 2023 and 2024.

Members considered that the **failure to respect the roadmap** which foresaw the introduction of the first batch of own resources in January 2023 is unacceptable. They therefore called on the Council to adopt the necessary amendments to the own resources decision without delay and to present proposals for a second basket of new own resources as soon as possible and no later than the third quarter of 2023.

Furthermore, Members believe that capping debt repayment within a heading of the MFF runs counter to the reality of such spending. They recall that Parliament requested, during 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.

Parliament therefore reiterated its call for an **urgent and ambitious revision of the MFF**. It called 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.

In particular, taking into account the impact of the EURI costs on the 2024 budget, Parliament requested that a **revised MFF, including a structural solution for the EURI, be put in place before 1 January 2024**.