

# Guidelines for the 2025 Budget - Section III

2023/2220(BUI) - 05/03/2024 - Committee report tabled for plenary, single reading

The Committee on Budgets adopted the report by Victor NEGRESCU (S&D, RO) on general guidelines for the preparation of the 2025 budget, Section III – Commission.

## *A people-centred EU budget 2025: Investments tailored to improving people's lives and boosting the Union's competitiveness*

Members are adamant that, in times of geopolitical and institutional change, financial pressure, climate change and societal challenges, a reliable, robust, flexible, investment oriented EU budget remain instrumental for the implementation of the Union's policies. They are determined to maintain a coherent and unified position which reflects its established policy priorities and institutional interests, including boosting the Union's competitiveness, reducing strategic dependencies, accelerating clean energy deployment, ensuring the achievement of the Union's climate and biodiversity mainstreaming targets, enhancing its security and defence capabilities as well as contributing to the green and digital transitions while minimising negative impacts on flagship programmes and maximising the spill-over benefits of economic growth for all people in the EU.

Given that the Council did not succeed in reaching an agreement on the revision of the multiannual financial framework (MFF) before the end of 2023, Parliament considers the outcome of the MFF revision to be **below its initial aspirations**.

According to the report, the European economy is forecast to grow very modestly (0.9 % in 2024 and 1.7 % in 2025), while inflation is expected to remain substantially above the 2 % which is used as an automatic deflator for the MFF (3.0 % in 2024 and 2.5 % in 2025). This means continued loss of purchasing power for a budget which must remain in balance and which is capped by absolute amounts.

## *Fresh own resources*

Members highlighted the very low call rate for the Gross National Income (GNI)-based own resource in recent years (0.46 % in the draft budget 2024), as a result of the combined effect of inflation, low levels of payment appropriations and higher income from some other own resources. Furthermore, Members deplored the absence of progress in the Council on the reform of the own resources system. They urged the Commission to continue the efforts to **identify fresh, new and preferably genuine own resources and other revenue sources** for the EU budget beyond the IIA.

## *An equitable, fair and inclusive budget*

The report stated that the EU budget is above all an **investment budget** with leverage effect, able to boost the Union's objectives and policymaking. It recalled the importance of the **Recovery and Resilience Facility** in increasing the resilience of the Union and mitigating the socio-economic impacts of the past and ongoing crises.

Members also underlined the importance of implementing the European Pillar of Social Rights and called on the Commission to start reflections on a methodology for tracking social expenditure in the EU budget under the next programming period. It reiterated the need for a European strategy for **elderly people** and the need for full implementation of the strategy for the rights of **persons with disabilities** 2021-2030 to improve their living conditions in the Union.

Parliament is firmly determined to use the EU budget to make a tangible and visible difference: (i) **to citizens**: by fostering social inclusion and educational opportunities through programmes like Erasmus+ and the European Solidarity Corps; (ii) **to the economy in the single market**: by supporting quality job creation in cutting-edge industries, future-proofing the labour market through skills development and talent booster schemes, fighting unemployment, enhancing European competitiveness and increasing the Union's defence readiness.

### *A budget that delivers on strategic priorities*

The report stressed the importance of reducing the Union's strategic dependencies in key sectors. It welcomed the new Strategic Technologies for Europe Platform (STEP) regulation but pointed out the need for a structural answer to the investment needs of strategic industries in order to make it easier to identify, develop and scale up breakthrough technologies. Members called for **increased funding for Horizon Europe** and other key Union programmes in this field, such as InvestEU, to deliver on the goal of open strategic autonomy.

### *Renewable energy*

Members considered that the EU's dependency in the supply of resources represents a growing concern and called for further EU investment in building its open strategic autonomy by securing the acceleration of renewable energy, faster permitting processes, the decarbonisation of buildings, access to critical raw materials and developing resilient value chains for EU industrial ecosystems especially in key fields such as health and defence.

### *Digitalisation*

Stressing that the digital transition offers a host of opportunities to improve digital infrastructure and connectivity, Members pointed to the importance of the Digital Europe programme (DEP) and the Connecting Europe Facility (CEF-Digital) as well as the Digital Education Action Plan in this respect.

### *CAP*

The report called for concrete measures to address the root-causes of farmers' discontent across the EU and in particular called for **immediate resources and measures** to help farmers cope with the impact of inflation, fuel costs, new production standards and changes in the global food market.

### *A future-fit budget for a changing world*

The report stressed that effective, humane and fair management and protection of the Union's external borders are key to ensuring the security of the Union, guaranteeing the smooth and efficient implementation of the Union's migration and asylum policy in particular in order to prepare the entry into application of the new Migration and Asylum Pact including as regards effective, safe and dignified reception, integration and return and readmission procedures.

Stressing that the security environment surrounding the EU remains very volatile, Members continue to put strong emphasis on European security and defence capabilities to better respond to the unprecedented geopolitical challenges.

The EU budget is instrumental in the context of a common EU defence strategy and strengthened security and defence coordination between the Member States.

Members remain determined to help and support Ukraine through the proposed **Ukraine Facility**, which will provide support in the form of grants and loans for Ukraine's repair, recovery and reconstruction,

macro-financial assistance, institutional, social, economic and environmental upward convergence and public investments, as well as for its EU accession path.

Regarding the terrorist attacks perpetrated by Hamas against Israel and its people on 7 October, the report stated that the Union budget must continue to provide support to build peace and stability in the region, to combat hate, political extremism and fundamentalism and to promote human rights.