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'A' ITEM NOTE

From: General Secretariat of the Council
To: Council

Subject: Joint text on the general budget of the European Union for the financial
year 2025
– *Statement by Austria, Denmark, Finland, the Netherlands and Sweden*

Delegations will find in the ANNEX the joint statement by Austria, Denmark, Finland, the Netherlands and Sweden.

Statement by Austria, Denmark, Finland, the Netherlands and Sweden
on the European Union's budget 2025

This year's annual budget negotiation marked the first application of the cascade mechanism agreed upon by the European Council in February 2024 in the context of the MFF mid-term revision. For 2025, an additional 2.3 billion euro was required to cover the cost overruns related to the interest payments for the European Union Recovery Instrument (EURI).

We believe the EU budget should be based on sound budgetary principles, by maintaining sufficient margins and safeguarding special instruments for unforeseen circumstances. The European Council in February 2024 concluded that about 50% of the cost overruns should be covered by step 2 of the mechanism; the use of redeployments and non-thematic special instruments. The cost overrun for 2025 is addressed solely by the use of special instruments, with no redeployments.

According to Commission estimates, the cost overruns will be significantly higher in 2026 and 2027. The budget for 2025 should have taken this into account by covering a higher amount through step 2. We therefore believe that the current agreement on the EU budget for 2025 is not in line with the principle of prudent budgeting.

Lastly, the agreement on the 2025 budget includes significant increases in the administrative expenditure as well as increases in staff levels which is difficult to reconcile with the budgetary realities and measures taken in many Member States.
