



Brussels, 24 November 2023
(OR. en)

15858/23

RESPR 35
FIN 1233
ECOFIN 1273
FISC 271

NOTE

From: Presidency
To: Delegations
Subject: Presidency report on new own resources

I. INTRODUCTION

In line with the conclusions of the European Council of 17-21 July 2020¹, the Interinstitutional Agreement of 16 December 2020² (IIA) foresees the work towards the introduction of new own resources (NOR), which should raise an amount that is sufficient to cover the level of overall expected expenditure for the repayment of the principal and the interest of the funds borrowed to be used for expenditure referred to in point (b) of Article 5(1) of the Own Resources Decision (NextGenerationEU, grants part). The IIA also sets out a roadmap towards the introduction of NOR and provides that the Council should deliberate on a first package before 1 July 2022 (with a view to introducing it on 1 January 2023) and on an additional second basket of own resources by 1 July 2025 (with a view to introducing it by 1 January 2026).

¹ Doc. EUCO 10/20 (paragraphs A29, 145-150).

² Interinstitutional Agreement of 16 December 2020 between the European Parliament, the Council of the European Union and the European Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management, as well as on new own resources, including a roadmap towards the introduction of new own resources (OJ L 433I, 22.12.2020, p. 28).

In this context, the Commission presented in December 2021 a proposal to amend the Decision on the system of own resources of the European Union³, which would include three NOR based on: the EU emissions trading system (ETS), a carbon border adjustment mechanism (CBAM)⁴ and a national contribution to the EU budget based on the share of the residual profits of the largest and most profitable multinational enterprises re-allocated to Member States⁵.

On 20 June 2023, the Commission presented an adjusted package for the next generation of own resources. The package includes a new amendment to the Own Resources Decision (ORD)⁶ (amending the December 2021 proposal) by introducing a new own resource based on statistics on company profits (CPOR) as well as adjustments following the adoption of the sectoral legislation on the CBAM and on the revision of the ETS.

The adjusted package also includes two proposals concerning the implementing measures of the OR system, in particular new amendments to the making available regulation (MAR)⁷ and to the implementing measures (IMSOR)⁸ proposals from March 2022, which were also accompanied by a Staff Working Document⁹. These new proposals contain the adjustments needed to reflect the co-legislators' agreement as regards the CBAM collection and include new provisions concerning the statistical-based own resource. The rules on the own resource based on the share of the re-allocated profits (as a result of sectoral rules on 'Pillar I') remains in the ORD proposal and would enter into force, pursuant to the Commission proposal, once the Directive on implementation of the global agreement on re-allocation of taxing rights applies and the Multilateral Convention has entered into effect.

³ Doc. 15260/21.

⁴ The Commission also published, on 14 July 2021, legislative proposals on CBAM and on the revision of the ETS. Both regulations were adopted in May 2023.

⁵ Sectoral EU legislation on this aspect is not in place yet. Once the negotiations on the Multilateral Convention on a partial re-allocation of taxing rights ("Pillar I") are completed in the G20/OECD Inclusive Framework on BEPS, it is expected that the Commission will table a legislative proposal ensuring a consistent implementation of that Convention in the EU.

⁶ Doc. 10853/1/23 REV1.

⁷ Doc. 10855/1/23 REV1.

⁸ Doc. 10854/1/23 REV1.

⁹ Doc. 10853/23 ADD1. The Staff Working Document (SWD) assesses the main own resource candidates suggested by the European Parliament, as well as their potential as NOR according to three criteria: revenue potential, simplicity and fast mobilisation of revenues.

This report sets out the progress made during the Spanish Presidency in the field of own resources.

II. STATE OF PLAY

The adjusted package for the next generation of own resources was presented at the Council (ECOFIN) on 14 July, where delegations, in a full-table round, expressed their preliminary positions. The Presidency concluded the discussion amongst ministers by recognising the need to work at technical level and to analyse the proposals carefully, as referred to by the majority of delegations.

The technical work under the Spanish Presidency has focused on making as much progress as possible on the new package of proposals, by organising seven meetings (11 and 19 July, 11 September, 5 and 13 October, 14 and 23 November) and encouraging discussion between Member States.

During the various technical discussions, delegations were clear on the need to have appropriate information and accurate revenue estimates on one side, and NGEU forecasts for reimbursement needs (principal and interest) on the other. Moreover, some Member States pointed out that the current own resources system is already capable to cover the NGEU reimbursement.

On the basis of questions from the Member States, the Commission provided information and answers to concrete technical enquiries, in particular on: (i) revised forecasts of and estimated revenues from NOR; (ii) the repayment costs of NGEU and budgetary needs to be financed by own resources; (iii) the forecasting, making available and control framework of the statistically-based own resource on company profits; and (iv) a follow-up to other technical questions from Member States on other elements of the package. All these elements were thoroughly discussed at the WPOR.

As the new package of proposals introduces substantial changes to the system of own resources of the Union, the majority of delegations asked for additional time to analyse the proposals before they are ready to indicate their final positions. Moreover, the preliminary input received from delegations resulted on a general scepticism on the new adjusted package, particularly for what concerns the new statistical own resource based on corporate profits. Specifically, several delegations do not see the added value of such a new own resource, mainly due to its similarities with the GNI-based own resource, being no “fresh money” and not rebalancing the previous basket with ETS and CBAM.

Some Member States also reiterated their commitment to respect the IIA Roadmap towards the introduction of new own resources. In this context, some delegations expressed their willingness to advance work on the adjusted package before the end of 2023. Other delegations would favour the possible introduction of new own resources in the context of the next Multiannual Financial Framework.

In order to frame the discussions and receive guidance for further work, the Spanish Presidency prepared an “issues note” or questionnaire containing technical questions and issues related to the adjusted package, to which Member States responded orally during the WPOR on 13 October. In line with the previous meetings, most delegations expressed general scepticism about the NOR proposals and only few were ready to advance work on the adjusted package before the end of 2023. The majority of delegations also considered positively the potential introduction of the contributions based on CBAM receipts as NOR, while some were open to further discussions on the ETS parameters and on those NOR that represent real “fresh money” (e.g. ETS2).

In the context of these proposals and the related deliberations, the European Court of Auditors presented, at the WPOR of 14 November 2023, its opinion No 04/2023 on the Commission's amended MAR proposal. The Court also responded to questions and queries from delegations. As in other WPOR meetings, delegations took this opportunity to reiterate the need of consolidating the existing various MAR into a single legislative act. In this regard, the Commission expressed that this important exercise should be done in a comprehensive, efficient and legally sound way, and without unnecessary burden for national administrations, at the appropriate time.

2nd basket of NOR

According to the IIA roadmap, a second basket of own resources is to be proposed by June 2024. Council is to deliberate by 1 July 2025 with a view to the introduction of this second basket by 1 January 2026.

In December 2021, the Commission announced it would present a proposal for a second basket of new own resources by the end of 2023¹⁰. In order to accelerate the negotiations, such proposal was advanced to June 2023 as an adjusted package for the next generation of own resources¹¹.

III. CONCLUSION

In the light of the IIA and the work carried out so far between July and December 2023 on the various proposals published by the Commission, Member States are invited to take note of the progress made during the Spanish Presidency.

¹⁰ Doc. 15259/21.

¹¹ Doc. 10852/23.