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LIMITE

**RESPR 25
FIN 424
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NOTE

From: Presidency
On: 30 June 2020
To: Delegations
Subject: Multiannual Financial Framework (MFF) 2021-2027 - New Own Resources

New Own Resources

Plastic based own resource

1. The Negotiating Box presented in February included a plastic based own resource with a mechanism to limit the impact on some Member States. It was proposed that a call rate of EUR 0.80 per kilogramme is applied to the quantity of plastic packaging waste that is not recycled ('the base') as reported by Member States on a yearly basis.
2. In order to ensure that some Member States are not penalised by an excessive regressive impact, Member States with a per capita Gross National Income lower than the EU average in 2017 would benefit from a reduction in the base for the Own Resource. This reduction would ensure fairness and at the same time maintains the incentive to reduce the amount of non-recycled plastic packaging waste. The amount to be subtracted from the base was presented by the Commission on 19 February 2020, see WK 1983/2020 INIT.

3. The Commission further replied on 12 June 2020 in WK 6208/2020 INIT to a number of technical questions raised by Delegations. The Commission confirmed that the correction mechanism would apply during the entire MFF and the lump sum reductions (EUR 710 million in current prices) would not be updated during the period. The estimated plastic based Own Resource contributions by Member State, by year, average 2021-2027, with and without adjustment mechanism, are presented in both current and 2018 prices.

In respect to the Commission's reply in WK 6208/2020 INIT, delegations will be invited to share their views on the following question:

- Are there technical follow-up questions on the plastic based own resource, including the correction mechanism?

Emissions Trading System (ETS) own resource

4. The Negotiating Box presented in February included an Emissions Trading System (ETS) own resource. It proposed a mechanism whereby a share of revenue generated by the European Union Emissions Trading System exceeding the average annual revenue per Member State generated by allowances auctioned over the period 2016-2018 would go to the EU budget.

5. The mechanism would ensure that Member States will keep the same amount of revenues that they received from auctioning over the period 2016-2018. The amount defines the maximum Member States could keep in their national budget. These maximum revenues would be adjusted (National Maxima) to include the market value of allowances transferred in accordance with Article 10 of the ETS Directive as explained by Commission in WK 1982/2020 INIT of 19 February 2020. The National Maxima are presented by Member States.

6. Any contributions generated by the European Emissions Trading System exceeding these national maxima would go the EU budget.

7. The Commission further replied on 23 June 2020 in WK 6685/2020 to a number of technical questions raised by delegations.

The Commission will be invited to clarify the following issues:

- What is the estimated annual contribution over the period 2021-2027 that will go to the EU budget? How does the Commission foresee the contribution to develop over time? Should the reference period 2016-2018 be updated?

Delegations will be invited to share their views on the following questions:

In respect to WK 6685/2929 INIT, do delegations have any further technical questions regarding the proposed ETS based own resource?

Without prejudice to decisions to be taken at the appropriate political level, delegations could also address the following issues:

- The size of total contributions (is there a need to define a maximum contribution)?
- The expected relative share by Member States (is there a need for any further adjustment mechanism)?