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Brussels, 30 May 2023

WK 7097/2023 INIT

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INFORMATION

From:	General Secretariat of the Council
To:	Working Party of Financial Counsellors Budget Committee
Subject:	MFF revision: Letter to the President of the European Council

Delegations will find attached a letter from the President of the European Parliament to the President of the European Council regarding a revision of the multiannual financial framework.

E-MAIL

IM 006274 2023
25-05-2023



The President

Mr Charles Michel
President
European Council

D 305868 25.05.2023

Dear President,

The Union budget must play a central role in tackling the EU's policy challenges in a turbulent geopolitical and economic environment. As the past two years have shown us, the current Multiannual Financial Framework (MFF) is not fit for purpose and needs to be urgently revised.

Parliament's concerns about the robustness of the agreed framework, expressed throughout the MFF negotiations in 2020, have proven well founded. Parliament pointed consistently to the volatility and non-discretionary nature of the European Union Recovery Instrument (EURI) refinancing costs and therefore to the threat that the costs posed to the sustainability of the MFF if included within the expenditure ceilings. Our warnings against the risk of basing the MFF on such an unpredictable architecture regrettably went unheeded.

Two years on, interest rates are much higher than originally expected, and in all likelihood EURI refinancing costs will eat up the narrow margins and limited flexibilities remaining. The EUR 15 billion budgeted to meet those costs based on the Commission forecast are likely to be inadequate, with recent data suggesting that they are on track to reach at least EUR 30 billion. Finding that extra amount in Heading 2b would require us to cut programmes, such as Erasmus+, that are well known to, and much loved by, our citizens. We cannot allow that to happen. We need to take political action now.

As Parliament made clear in its recent Resolution of 10 May 2023 on EURI borrowing costs, our priority must be to solve this problem in the upcoming MFF revision. By taking this step, we would create the necessary room to support Ukraine, address the consequences of the war at our borders and finance new priorities, such as defence and any other emerging needs on the global stage.

EURI was designed as a temporary instrument, but its repayment requires a long-term commitment. The 2020 Own Resources Roadmap was designed to pave the way for the introduction of new own resources to raise additional revenue for the Union, most immediately to cover the repayment of EURI debt. It is with concern that we note that no significant progress has yet been made. As Parliament reiterated in its recent Resolution of 10 May 2023 on Own Resources, no further delay is acceptable if we are to demonstrate the Union's capacity to repay its debt.

Parliament set out its priorities for the upcoming revision in December 2022. Our overarching aim is to ensure that the EU budget is better equipped, more resilient and able to meet the expectations of citizens. I look forward to working constructively with you over the coming weeks and months to achieve this shared aim.

I am transmitting this message also to Ms Ursula von der Leyen, President of the European Commission.

Yours sincerely,



Roberta Metsola

Copy: Ms Jessika Roswall, President-in-Office, Council of the European Union
Mr Pedro Sánchez, incoming Presidency of the Council of the European Union