



*Committee on the Environment, Public Health and Food Safety
The Chair*

17.7.2020

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Mr. Johan Van Overtveldt
Chair
Committee on Budgets
BRUSSELS

Subject: **Opinion on System of own resources of the European Union
(2018/0135(CNS))**

Dear Mr Van Overtveldt,

Due to the very tight timeline in BUDG, ENVI will not be able to vote in time on its draft opinion on the system of Own Resources of the EU. Therefore, as ENVI Chair, together with the ENVI Rapporteur for the proposal for a Council Decision on the system of Own Resources of the EU, Ms Esther de Lange, let me provide you with ENVI's contribution in the form of resolution paragraphs, which hopefully will be taken into account by your committee:

1. Insists that the Next Generation EU Instrument must be accompanied by a credible repayment plan, to be started already under the next MFF if the economic situation allows, through the establishment of genuine, new EU own resources, in order to avoid that the repayment negatively impacts future generations or future MFFs; believes, furthermore, that new own resources in the multiannual financial framework (MFF) 2021-2027 provide an opportunity to make the income side of the Union budget more sustainable and transparent, to make the Union more autonomous and, ultimately, to make better use of the Union budget's transformative power;

2. Reiterates, therefore, that the reform and introduction of new own resources as from 2021 is a pre-requisite for Parliament's consent to the next MFF;
3. Calls for the introduction as of 2021 of a basket of new own resources that are fully in line with the Union's policies on, inter alia, the environment, health and the climate, and calls for swift agreement on a legally binding provision and a timetable for the introduction of additional own resources in the next MFF;
4. Reaffirms its position supporting new own resources, in particular those that contribute to the Union's goals on the environment, health and the climate, and notably a significant share of the income from the emissions trading scheme, a plastics contribution and a carbon border adjustment mechanism;
5. Reiterates its support for the proposal for an own resource based on non-recycled plastic packaging waste; underlines that its steering effect must give priority to the prevention of waste generation in line with the waste hierarchy; calls for effective registration and control mechanisms and a clarification of the calculation method;
6. Reiterates its call for a significant share of a widened emissions trading system (ETS) to be considered as own resource in order to support Union projects, such as renewable energy, storage and interconnections, as well as investments in breakthrough low-carbon innovation in industry, that are in line with the Paris Agreement and the Union's climate and energy goals, in particular the 2050 climate neutrality objective; considers that this should not counteract national budgets dedicated to climate and energy policy (as 50% of revenues are earmarked for this purpose in the ETS Directive (Directive 2003/87/EC));
7. Believes that, in the absence of harmonised international measures on kerosene taxation, a carbon content-based aviation contribution should be explored as a potential Own Resource at Union level to provide further incentives for research, development and investment in more efficient, low-carbon aircraft and fuels, and in order to curb growing emissions in aviation, while ensuring a level playing field in the transport sector;
8. Calls on the Commission to put forward a proposal on a Carbon Border Adjustment Mechanism in 2021 as a new own resource for the Union budget with a view to its introduction by 1 January 2023, in full compatibility with WTO rules, in order to ensure a level playing field in international trade and reduce emissions and the risk of carbon leakage, while internalising the negative external costs of imported goods;
9. Insists that the proceeds stemming from the new own resources should aim to cover the costs of the repayment of the amounts borrowed under the Next Generation EU Instrument; believes that any amounts generated by these new own resources beyond what is necessary to cover the repayment obligations should flow to the EU budget to finance Union priorities;
10. Welcomes the Commission proposal as a starting point for an immediate and permanent increase of the Own Resources ceiling to meet the needs of the MFF and to factor in the anticipated consequences of the Brexit, as well as an additional temporary increase

of the ceiling to 2% of the EU Gross National Income required to meet the needs of the Recovery and Resilience Fund, bear the liability related borrowing of funds and factor in the anticipated GNI drop after the recession induced by the crisis;

I have sent a similar letter to José Manuel FERNANDES and Valérie HAYER, BUDG co-rapporteurs for the system of Own Resources of the EU.

Yours sincerely,

Pascal CANFIN