



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

3.10.2022

Mr Johan Van Overtveldt
Chair
Committee on Budgets
BRUSSELS

Subject: Opinion on the proposal for a Council decision amending Decision (EU, Euratom) 2020/2053 on the system of own resources of the European Union (2021/430(CNS))

Dear Mr Chair,

Dear Mr Van Overtveldt,

The coordinators of the Committee on the Environment, Public Health and Food Safety (ENVI) decided on 26 January 2022 that ENVI would provide an opinion on the *System of own resources of the European Union (2021/0430(CNS))* in the form of a letter. Therefore, both as ENVI Chair and Rapporteur for this opinion, let me provide you with ENVI's contribution in the form of resolution paragraphs, which was adopted by ENVI at its meeting¹ of 3 October 2022 and which I kindly request will be taken into account by your committee:

1. Insists that the Next Generation EU Instrument must be accompanied by a credible repayment plan through the establishment of genuine, new EU own resources, in order

¹ The following were present for the final vote: Abir Al-Sahlani, Mathilde Androuët, Attila Ara-Kovács, Bartosz Arłukowicz, Simona Baldassarre, Marek Paweł Balt, Aurélie Beigneux, Hildegard Bentele, Sergio Berlato, Monika Beňová, Michael Bloss, Simona Bonafè, Biljana Borzan, Delara Burkhardt, Pascal Canfin, Sara Cerdas, Mohammed Chahim, Asger Christensen, Nathalie Colin-Oesterlé, Anna Deparnay-Grunenberg, Estrella Durá Ferrandis, Matthias Ecke, Bas Eickhout, Cyrus Engerer, Agnès Evren, Pietro Fiocchi, Helène Fritzon, Malte Gallée, Andreas Glück, Catherine Griset, Anja Hazekamp, Krzysztof Hetman, Martin Hojsík, Pär Holmgren, Jan Huitema, Yannick Jadot, Radan Kanev, Ondřej Knotek, Petros Kokkalis, Ewa Kopacz, Joanna Kopcińska, Peter Liese, César Luena, Javi López, Marian-Jean Marinescu, Liudas Mažylis, Marina Measure, Tilly Metz, Silvia Modig, Dolors Montserrat, Alessandra Moretti, Ville Niinistö, Ljudmila Novak, Grace O'Sullivan, João Pimenta Lopes, Jessica Polfjärd, Nicola Procaccini, Luisa Regimenti, Frédérique Ries, María Soraya Rodríguez Ramos, Silvia Sardone, Christel Schaldemose, Christine Schneider, Günther Sidl, Ivan Vilibor Sinčić, Maria Spyrali, Eugen Tomac, Nils Torvalds, Véronique Trillet-Lenoir, Edina Tóth, Alexandr Vondra, Mick Wallace, Pernille Weiss, Sarah Wiener, Michal Wiezik, Tiemo Wölken, Anna Zalewska

to avoid that the repayment reduces future Multiannual Financial Frameworks (MFF) and thereby the availability of EU funding for important programmes relating to environment, biodiversity, health and food safety which would negatively impact future generations; believes, furthermore, that a system of own resources as adopted in the MFF 2021-2027 provides 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. Reaffirms its position to support new own resources, in particular those that contribute to the Union's goals on the environment, health and climate policies, including the implementation of future Union legislation adopted as part of the Fit for 55 package, as well as the Union's goals to rapidly reduce its dependence on fossil fuels, in particular those coming from Russia, as provided for in the RePowerEU Plan; is of the opinion that the current funding of these areas may prove insufficient;
3. Insists that a well-defined share of the auctioning revenue of the reformed and extended EU Emission Trading System (ETS) as well as a well-defined share of the revenues from the Carbon Border Adjustment Mechanism (CBAM) and Pillar One of the OECD/G20 Agreement should be used as own resources, from 1 January 2023 onwards, to accrue to the Union budget to help cover the borrowing costs as enshrined in [Council Decision (EU, Euratom) .../... amending Decision (EU, Euratom) 2020/2053 on the system of own resources of the European Union] and prevent substantial decreases that would jeopardise Union programmes in the future MFF; underlines that this decision should be followed by the second basket of own resources including but not limited to the initiatives such as the Financial Transaction Tax, a financial contribution linked to the corporate sector or a new common corporate tax base;
4. Highlights that the revenues from the above own resources are not guaranteed; underlines particularly that the implementation of Pillar One of the OECD/G20 Agreement requires the participation of third countries and is not a certainty; calls on the Commission to regularly assess progress of the implementation of Pillar One, and more broadly, all own resources; stresses therefore, that in the instance where own resources acquired do not meet expectations to fulfil the needs of the Union budget, particularly in relation to programmes for environment, biodiversity, health and food safety, that action, in the form of enhanced, new own resources or other means is taken to address these shortcomings;
5. Highlights that revenues derived from climate and environmental EU own resources will decrease as Europe and its trading partners cut emissions and achieve higher levels of circularity; in this respect, calls on the Commission to observe this development closely and provide for additional own resources via a stable, predictable, and enduring stream of EU own resources fit for the Union's needs;
6. Asserts furthermore that 25% of the expected revenues linked to commercial road transport, commercial buildings and other fuels covered by Chapter IVa [ETS Directive] are to be allocated to the Union budget, and should be complemented by the revenues from the 150 million allowances auctioned in accordance with Article 30d(3) of Directive 2003/87/EC;
7. Underlines that modifications of the current MFF are necessary to reflect Parliament's strong support for the Fit for 55 package, including on the revised financial envelope of the Social Climate Fund.

8. Recalls that the Recovery and Resilience Facility (RRF) should contribute to the mainstreaming of biodiversity and climate action in Union policies ; notes that several National Recovery and Resilience Plans (NRRPs) contribute to biodiversity and climate action but insists that Member States use the RRF more to improve biodiversity and climate action; stresses the relevance of monitoring the implementation of the measures included in the NRRPs in light of the respect of the ‘do no significant harm’ principle defined in the Taxonomy regulation and enshrined in the RRF Regulation; is of the opinion that more ambitious climate and biodiversity mainstreaming is essential to meet the goals laid out in the European Climate Law, and believes that tackling biodiversity decline in particular deserves and requires increased funding;
9. States that a broader revision of the current MFF is needed as it was already pushed to its limits in its first years; points to the multiple crises and challenges that the Union has been addressing, in particular the war in Ukraine and its repercussions, and the substantial financing needs it has generated; calls, therefore, on the Commission to conduct an in-depth review of the functioning of the current MFF and proceed with a legislative proposal for a comprehensive MFF revision as soon as possible and no later than the first quarter of 2023;
10. Reiterates that, in the absence of harmonised international measures on kerosene taxation, a carbon content-based aviation contribution should be considered 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, to generate additional resources for facilitating a shift towards zero emission transport, especially for intra-EU travelling, and in order to curb growing emissions in aviation, while ensuring a level playing field in the transport sector which takes into account all negative and positive externalities of the different means of transport.

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