

# Press release – Debate on EU budget and recovery: “A deal in the Council is not the final deal”



In the debate with European Council President Charles Michel and Commissioner Maroš Šefčovič, most MEPs reiterated that the Commission’s proposals for the recovery package and a revamped long-term EU budget are the bare minimum that is acceptable for Parliament.

MEPs also demanded a proper repayment plan, including several new “EU Own Resources” – sources of revenue – like a digital tax or one based on the Emissions Trading System (ETS), to avoid citizens having to pay back the recovery debt.

Several members insisted that

- conditions attached to the recovery funds must not result in new austerity measures,
- rule of law must be respected,
- investments must strengthen the EU’s resilience, for example by boosting the digital agenda.

While for some MEPs the whole package amounts to a “meagre 1,5%” of the EU’s GNI, others, however, said the size of the package was too big and deplored

that the EU would be taking on debt.

A number of MEPs said that it is important to look at the long term, in case there are more lockdowns to come. They underlined that “a deal in the Council is not the final deal”, as the European Parliament stands ready to negotiate. It will have a final say (vote by absolute majority) before the 2021-2027 long-term budget (MFF) can enter into force.

As [provided for under Article 324 of the Treaty](#), David Sassoli, the President of the European Parliament, Angela Merkel, German Chancellor, in her capacity as rotating Presidency of the Council, as well as Charles Michel, the President of the European Council, have met with Commission President von der Leyen on 8 July to take stock of progress and prepare the political negotiations that lie ahead.

## Background

On 19 June, EU heads of state or government [exchanged views via video conference](#) to discuss the recovery fund plans to respond to the COVID-19 crisis and a new EU long-term budget [presented by the European Commission on 27 May 2020 in Parliament](#). They did not manage to agree on a common position.

EU leaders will [meet again, physically, in Brussels on 17 July](#) to try to come to an agreement among themselves based on concrete proposals which Charles Michel, President of the European Council, is expected to present before the summit meeting.

Review individual statements

[Charles MICHEL, European Council](#) President

[Maroš ŠEFČOVIČ](#), Vice-President, for the Commission

[Siegfried MUREŞAN \(EPP, RO\)](#)

[Iratxe GARCÍA PÉREZ \(S&D, ES\)](#)

[Valérie HAYER \(Renew Europe, FR\)](#)

[Gilles LEBRETON \(ID, FR\)](#)

[Philippe LAMBERTS \(Greens/EFA, BE\)](#)

[Johan VAN OVERTVELDT \(ECR, BE\)](#)

[Manon AUBRY \(GUE/NGL, FR\)](#)

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# Read-out of the meeting between Presidents of the EU institutions von der Leyen, Michel and Sassoli and Chancellor Merkel on the recovery package



Today, President von der Leyen received the Presidents of the European Parliament, of the Council of the EU and of the European Council, in order to take stock of progress in the discussions regarding the next Multiannual Financial Framework and NextGenerationEU, and prepare the intensive interinstitutional negotiations that lie ahead.

They analysed the economic forecasts for the coming months that point to a severe recession and noted that the crisis will have deep social impacts across the European Union. They reaffirmed their strong commitment to doing everything in their power to mitigate these social impacts and to help the European economy rebound rapidly.

On this basis, participants concurred that reaching swiftly an agreement on an ambitious European recovery package is the EU's highest priority for the coming weeks. This will require strong coordination between the EU institutions, at each stage of the process, as well as swift ratification of the key elements according to each Member States' constitutional provisions.

The participants discussed the timetable of the forthcoming negotiations and the next steps in the process. President Michel provided updates on his bilateral discussions held with Heads of State and Government and on preparations for the European Council meeting on 17-18 July.

The participants stressed that it would be essential that Heads of State and Government reach agreement during this European Council meeting in order to allow for the interinstitutional negotiations to start. They further exchanged views on the main elements that will structure the discussion. President Sassoli presented in the discussion the main conditions of the Parliament for its approval.

The four Presidents agreed to stay in close contact throughout the coming weeks and months. President von der Leyen expressed her intention to reconvene meetings under article 324 of the Treaty, as appropriate, at key stages in the discussions.

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# “A strong appeal for ambitious cooperation” – Report by President Charles Michel at the European Parliament on the video conference of the members of the European Council of 19 June 2020



Thank you for this opportunity to speak with you. Covid-19 has shown that we can't always control what happens to us. But we can control how we respond. Let's not forget that the pandemic is still with us. As we speak, it continues to destroy lives, businesses, and jobs.

One statistic alone paints the dramatic picture: Compared to pre-Covid growth forecasts, the EU is estimated to lose 1,5 trillion euros in economic output in 2020-2021 alone. This is indeed a grim prospect.

As you know, on 23 April, the European Council asked the Commission to urgently come up with an ambitious recovery plan that was commensurate with the challenge we are facing. In June, Leaders had a first discussion on the Commission proposals. I will say more about this in a minute – but our initial discussion highlighted that some elements of the Commission proposal were simply not acceptable for a number of Member States.

That is why after our meeting I launched the process of bilateral talks with all the Leaders. I then called a physical summit, the first since the crisis, on 17th and 18th July.

There are three issues in particular I would like to discuss with you: one is my traditional debrief to you on the leaders' videoconference in June, the second is to clarify the outcome of my bilateral meetings with leaders and share with you my intentions for the upcoming European Council and lastly, I wish to make a strong appeal for ambitious cooperation between the Member States and with you, the European Parliament. We need to work together if we want to make this work.

Our last video conference of the European Council, on June 19, was the first time EU leaders discussed together the Commission's proposals for the MFF and the Recovery Fund. This summit was a necessary step to prepare for the decisions we need to take. It served as a bridge, connecting the consultation phase to our current negotiation phase.

We noted the areas where consensus is emerging:

1. Member States agreed on the need to address together the MFF and the

recovery fund,

2. They agreed that an unprecedented crisis required an unprecedented response.
3. And they also agreed that we would focus on the regions and sectors most affected.

But we also observed areas where our views still needed to converge, for instance, the idea of loans for grants is still difficult, even very difficult, to accept for some Member States. Similarly, some leaders showed reluctance to accept the allocation criteria suggested by the Commission because they consider that there is no link in the current proposal with the consequences of the COVID-19 crisis.

Last week, I concluded my first round of bilateral discussions. They have been intense and sometimes difficult, even very difficult, but always in a constructive spirit.

Premièrement, sur la dimension du prochain budget pluriannuel européen: il y a différentes opinions sur le niveau acceptable.

Le deuxième point, lié au premier, est la question des corrections, les rabais: pour certains Etats membres, ce point est essentiel, pour d'autres, ce point n'a plus lieu d'être. Ce sera très certainement un des sujets avec lesquels nous devons compter dans le cadre d'un possible accord global.

Le troisième point, c'est le niveau du Recovery Fund. Vous connaissez la proposition émise par la Commission. Tous les Etats membres ne partagent pas la conviction que le montant proposé doit être accepté. Le quatrième point, je l'ai évoqué tout à l'heure, c'est la question des emprunts et des subsides. Le principe même des subsides pose des difficultés à un certain nombre d'Etats membres. Et la question de l'équilibre entre les emprunts et les subsides est un autre sujet délicat pour lequel les décisions doivent être prises.

Le cinquième point, je voudrais m'y attarder quelques instants, est la question des critères d'allocation dans le cadre du Recovery Fund. De nombreux États membres, au mois de juin, ont exprimé leurs réticences dans la mesure où ils considèrent que la proposition de la Commission se fonde sur des données d'avant la crise. Ces données étant le niveau de chômage, le critère du PIB inversé et celui de la population, ne sont pas suffisamment dynamiques et ne sont pas adéquates pour prendre en compte ce que sera la situation réelle en termes d'impact économique et donc social pour les régions, les pays et les secteurs les plus affectés. C'est la raison pour laquelle nous testons l'idée d'amener une démarche un peu plus dynamique dans le cadre des critères d'allocation en question.

Et enfin, le sixième point qui est un point très essentiel, c'est la question du lien entre ce Recovery Fund et des réformes qui doivent être mises en oeuvre dans les différents Etats membres, mais aussi de la manière d'organiser la gouvernance et le rôle des différentes institutions. Il y a là un débat qui concerne très directement aussi le rôle du Parlement européen.

Toujours en termes de conditions ou de lien avec le Recovery Fund et avec le MFF, la question de l'Etat de droit est également une question qui doit faire l'objet de délibérations. La question du lien avec l'ambition climatique est aussi extrêmement importante.

Vous vous souviendrez que nous avons, il y a quelques mois, proposé avant le début de la crise qu'une partie significative du MFF soit directement liée à notre ambition climatique. Et je vous rappelle qu'au mois de décembre, nous avons fixé cette ambition très forte pour le continent européen, pour l'Union européenne, plus exactement d'atteindre la neutralité carbone en 2050.

There are also other issues at stake which I know are crucial to you, the European Parliament: first the own resources and I am aware that these are key for your agreement. We worked a lot on plastic waste and on ETS. There is some reluctance on that, but we have also looked at other possible resources, that have gathered some support like the digital taxation, like the financial taxation. Flexibility in the MFF for cohesion and agriculture is also an important topic for some Member States.

And there are two other issues that we need to tackle in order to try to reach an agreement. The first one is the question of the front loading in the Recovery Fund and the questions of the commitments and payments and the time that we need for both. And the question of repayments, when do we start the repayments, you know that the Commission proposes to start the repayment not during the upcoming MFF but in the next one, maybe it will be useful to propose to start the repayment earlier.

As you probably know, I have announced that I intend to publish a negotiation box by the end of this week. Together with the German Presidency, we will discuss this further in the COREPER, the meeting with all the Ambassadors, and this process will allow us to prepare thoroughly for our July European Council Summit. I can assure you I am doing all I can to secure an agreement. We need to find a workable solution quickly.

Mon impression après ce tour de consultation extrêmement intense, depuis les derniers jours, les deux ou trois dernières semaines depuis le dernier Conseil, est le suivant: nous ne sommes pas encore au bout de la négociation. Énormément de travail reste nécessaire et ma conviction est que nous pourrions progresser à la condition, d'une part, que les Etats membres soient déterminés à coopérer davantage les uns avec les autres.

Ma conviction est également qu'il sera indispensable, parce que la crise est sans précédent, que la coopération entre les institutions démocratiques européennes soit également sans précédent et à la hauteur de l'enjeu. Soyez convaincus que j'entends bien cet appel du Parlement européen pour être pleinement mobilisé et pour prendre pleinement sa responsabilité dans le cadre des décisions à prendre. Vous pourrez compter sur moi, en plein partenariat avec la présidence rotative, pour veiller à ce que du mieux possible, on puisse progresser ensemble.

Enfin une conviction de bon sens que je partage avec vous: nous n'y arriverons que si chacun accepte de faire un pas vers l'autre. Si chacun,

Etat membre ou institutions, restent figés, bloqués, immobilisés au point de départ, il n'y aura pas de solution. Et on ne sera pas à la hauteur de l'enjeu pour ce projet européen qui nous rassemble. La seule option est de faire un pas les uns vers les autres afin d'être en mesure non seulement de porter cet intérêt européen avec ambition, mais aussi avec la conviction réaliste qu'il faut prendre en considération le point de vue de l'autre pour être capable de prendre des décisions ensemble.

C'est l'appel que je veux adresser à chacun d'entre vous aujourd'hui. Parce que les montants en jeu sont sans précédent dans l'histoire de l'Union européenne, avec un budget européen pour les sept prochaines années et un Recovery Fund dont les montants discutés sont gigantesques.

Ma conviction, c'est que nous devons être habités par trois objectifs que l'on ne peut pas perdre de vue, que l'on doit tenter d'atteindre en parallèle.

Le premier, c'est l'objectif de poursuivre ce qui a nourri ce projet européen depuis le départ: la convergence. Faire en sorte que l'on puisse continuer à travailler, à œuvrer sans relâche pour la convergence européenne qui est et sera toujours la force de ce projet européen. Travailler aussi, l'histoire récente l'a montré, pour la résilience, la capacité demain à être plus fort, à tirer des leçons de cette crise, et faire en sorte que l'on ait la capacité de réagir mieux, de façon plus adéquate et plus forte. Enfin, on doit, je pense, garder constamment un troisième objectif dans notre viseur politique: la transformation. La transformation du projet européen sur base de l'agenda digital, sur base de cette nécessité de prendre en compte le climat comme une occasion de rendre l'Union européenne plus forte, plus solide, tout entière tournée vers un avenir que nous devons bâtir de manière confiante, de manière optimiste. Je mesure bien que l'enjeu est difficile, je mesure bien que l'enjeu est important.

Soyez convaincus, chers collègues, monsieur le Président, que je suis très déterminé non seulement à faire avancer le débat au sein du Conseil européen, mais très rapidement, dès lors qu'il aura pu avancer et franchir une étape par une décision prise, je compte bien être tout entier tourné vers le dialogue positif, constructif avec les institutions et singulièrement avec le Parlement européen. Merci pour votre attention.

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**[Press release – Angela Merkel presents German Presidency priorities to the European Parliament](#)**



Under the motto “Together for Europe’s recovery”, the German presidency is determined to tackle the huge challenge posed by the pandemic, Mrs Merkel said. She highlighted five areas that Europe needs to work on if it wants to emerge unified and strong from the current crisis: fundamental rights, solidarity and cohesion, climate change, digitisation and Europe’s role in the world. “Germany is prepared to show extraordinary solidarity”, she underlined, to build a Europe that is green, innovative, sustainable, more digital and competitive. “Europe is capable of achieving great things if we work together and stand together in solidarity”, she concluded.

View Merkel’s full statement [here](#).

“The challenge ahead for all of us could not be more extraordinary”, [Commission President Ursula von der Leyen](#) said. “But we can emerge stronger thanks to Next Generation EU. Germany chose the word: together. That is the engine of our union”. She underlined that Europe needed both, a new EU long-term budget (MFF) and Next Generation EU. The Commission will do its utmost to make sure we will reach agreement, she said.

[Manfred Weber \(EPP, DE\)](#) said that the EU stumbles from crisis to crisis because of fear. “Fear is the enemy of solidarity, future and freedom”. There are high expectations for the German Presidency, he continued. “The EU needs now courage to show solidarity: We need a solution this month for the Recovery Fund”, Weber insisted. “No community can survive without community spirit. For us, this is simply the European Way of Life.”

[Iratxe García Pérez \(S&D, ES\)](#) offered to work “side by side” with the German



Presidency to overcome North-South and East-West differences and divisions in Europe, for the benefit of citizens. “We have to prove that it is possible to create a fairer and more sustainable society, which thinks about the environment and future generations (...), protects workers, values diversity and manages migration flows with solidarity”, she added.

“The priority right now must be the adoption of the recovery plan and the new multiannual financial framework”, said [Dacian Ciolos \(Renew Europe, RO\)](#). “We build Europe around a project, a vision and strong values”, he added. “It is high time we make the respect of the rule of law a condition for accessing EU funds. The political opportunity is here. Use this unprecedented package as leverage”.

[Jörg Meuthen \(ID, DE\)](#) criticised the chancellor for being ignorant and ideological. “You are betraying the European idea and endangering the future of coming generations”, he said, pointing to the European Green Deal and the recovery fund. “Your understanding of solidarity is absurd”, he concluded.

[Ska Keller \(Greens/EFA, DE\)](#) said the same decisiveness that the EU shows against COVID-19 should apply to the climate crisis. “We need to overcome the Coronavirus crisis and to avoid the climate crisis”. The German presidency can make an important contribution here, she said, such as an ambitious climate law, calling for 65 % reduction in greenhouse gas emissions by 2030.

[Rafaele Fitto \(ECR, IT\)](#) said that up to now the EU’s response to the pandemic was “slow, not very efficient and lacking in true solidarity”. Germany should put aside selfishness and recover the original spirit of the EU by avoiding the mistakes of the past. “We need to revitalise the economy, implement favourable trade policies and relaunch the single market.”

[Martin Schirdewan \(GUE/NGL, DE\)](#) recalled the harmful austerity policies implemented during the financial crisis and appealed to Mrs Merkel not to make the mistake twice. He also called on Germany to make Council protocols public and transparent and to no longer block a proposal on digital tax on big companies.

View [response by Angela Merkel](#) to political group leaders

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## [\*\*EIOPA announces the new composition of its two stakeholder groups\*\*](#)

The Board of Supervisors of the European Insurance and Occupational Pensions Authority (EIOPA) has appointed new members to the Insurance and Reinsurance Stakeholder Group (IRSG) and Occupational Pensions Stakeholder Group (OPSG). The two groups consist of a broad range of stakeholders, representing the

industry, consumers, beneficiaries, academics, small and medium-sized companies, employees as well as professional associations.

EIOPA received considered 158 applications from 26 European countries, submitted following an [open call](#). In its selection, EIOPA aimed to achieve geographical and gender balance, and an appropriate representation of different of stakeholders.

In this regard, IRSG is composed of members from 19 different nationalities and 11 female members; OPSG has members with 17 different nationalities and 10 female members.

The new members will take up their appointment today and will serve a 4-year term, which is a year and a half longer than the previous mandate.

Gabriel Bernardino, Chairman of EIOPA, said: *'In these challenging and uncertain times it is even more important to have a vital connection to different stakeholders. Stakeholder groups provide a valuable contribution to EIOPA's work. Thanks to their broad geographical representation, and the diverse professional backgrounds, EIOPA can take informed decisions and make sure that interests of European citizens are taken into account. I would like to thank the outgoing members for their dedication and contributions while wishing new members a good start.'*

[Discover the new composition of the IRSG](#)

[Discover the new composition of the OPSG](#)