

[Press release – COVID-19: MEPs urge quick action to prevent “huge recession”](#)



In Tuesday's [EP webinar for journalists](#) on the EU long-term budget and Europe's economic recovery plan, MEPs welcomed the recent French-German proposal for a €500 billion recovery fund and reiterated [Parliament's position on the recovery plan as adopted in the recent plenary session](#).

Parliament will hear Commission President von der Leyen present the revised Multiannual Financial Framework (MFF) and recovery plan proposals and hold a debate in plenary session on the afternoon of Wednesday 27 May.

[Johan Van Overtveldt](#) (ECR, BE), Chair of the Committee on Budgets, warned that the current economic situation might be getting out of hand and demanded quick action: "COVID-19 is still is a major health crisis, and we realise that, slowly but surely, it is transforming into a huge recession. In the coming days and weeks, we have to work out how to reconcile solidarity with responsibility. [...] If we don't stop the recession in its tracks as soon as possible, we might be confronted with what I define as a new financial hurricane."

[José Manuel FERNANDES](#) (EPP, PT), co-rapporteur for the EU's Own Resources (EU revenue), said that the French-German initiative is a "step in the right direction" and underlined that the recovery fund is needed immediately, as the MFF will not be in place before 2021. On member states' reticence until now to agree on a robust long-term budget, Mr Fernandes said: "Member states do not say to what extent they want to cut cohesion or agriculture funding. They want to keep their envelopes. They all want to increase research funding. The Commission wants a 'geopolitical Europe' and to finance the Green Deal. We therefore need the means to honour these commitments."

[Margarida MARQUES](#) (S&D, PT), co-rapporteur for the MFF, insisted that the recovery fund must be anchored to the MFF. “The EU’s answer to the crisis is based on the MFF and the recovery fund. The MFF can also be a platform to access other financing sources, like the EIB or the ESM.” The three main priorities now are to “repair the internal market in the wake of state aid measures, set up the economic and social recovery plan and, thirdly, increase the EU’s resilience.”

[Valérie HAYER](#) (Renew, FR), co-rapporteur for the EU’s Own Resources, said: “According to the Commission’s latest forecasts, the EU economy will face a 7.5% GDP decrease in 2020. That is tragic. It corresponds to around €1 trillion. The EP is asking for a €2 trillion plan that should include loans but mostly grants.”

On the French-German initiative, Ms Hayer highlighted: “It goes in the right way – the Parliament’s way. The two countries agreed to raise common debt [...] and on direct spending, and that is very important.” She welcomed that the initiative leaves the door open to introduce new Own Resources to pay back the debt.

[Luis GARICANO](#) (Renew, ES), also highlighted new Own Resources as a useful initiative: “The key issue is how to fund this package. The Parliament here is very clear. It offers member states a good bargain: we realise that EU countries have limited abilities to increase their direct contribution to the EU budget. We think that there is a comparative advantage in collecting certain types of revenue, for example a digital tax that allows member states not to increase their contribution. Let’s raise taxes from these sources of revenue which are now unexploited and help pay the interest on this long-term debt generated by the recovery plan.”

[Ernest URTASUN](#) (The Greens/European Free Alliance, ES) said: “The recovery fund must not be created at the expense of the MFF. It would be a bad solution to have a strong recovery fund frontloading MFF spending, and then have a very weak MFF in three or four years’ time. We need both: a strong recovery fund and a strong MFF, because after the recovery, the urgent climate and digital challenges will remain.”

[Watch the full webinar](#)

Background

As the current long-term EU budget runs out on 31 December 2020, the EU needs a new budgetary planning horizon for the next seven years. The EU Commission thus presented plans for the next MFF for 2021-2027 in [May 2018](#). Parliament adopted its position in [November 2018](#), and re-confirmed it in [October 2019](#), updating it recently through two plenary resolutions on [17 April](#) and on [15 May 2020](#). The Council has not yet been able to agree on a position.