(English version)

Question for written answer E-002656/24
to the Commission
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(26 November 2024)

Subject: Financial risks to EU taxpayers following Northvolt's bankruptcy filing

According to a recent *Financial Times* article, the Commission has acknowledged that the EU could face substantial financial losses of up to USD 313 million as a result of Northvolt filing for bankruptcy ([1]). The company received hundreds of millions of euro in loan guarantees from the European Fund for Strategic Investments and the European Investment Bank ([2]) as part of efforts to create a European battery champion and reduce dependency on foreign producers. The European Court of Auditors has warned that the EU budget faces increased risk exposure. During a press conference by the Commission, concerns were raised about safeguarding taxpayer funds in high-risk investments similar to Northvolt.

In the light of recent developments:

1. What steps has the Commission taken to minimise the potential loss of taxpayers' money arising from Northvolt's financial difficulties and ensure accountability for hundreds of millions in taxpayer-backed loans?

2. How does the Commission plan to strengthen risk assessment and oversight mechanisms for future investments under the European Fund for Strategic Investments and from the European Investment Bank?

3. How will the Commission ensure that strategic industrial investments adequately take into account realistic risk assessments and adequate protection for EU taxpayers?

Submitted: 26.11.2024

Answer given by Mr Dombrovskis on behalf of the European Commission
(7 February 2025)

The implementation framework of budgetary guarantees, for instance under the European Fund for Strategic Investments (EFSI), requires that partner institutions implementing them (for EFSI, the European Investment Bank) manage and share concomitant risk exposures as part of their own.

Hence, the Commission is in close contact with the banks to ensure that the guarantees concerned are managed as such and in accordance with established terms and risk management frameworks, as well as market practice.

However, it is recognised that the principal expenditure for programmes deploying budgetary guarantees is meant to cover potential losses on some of the supported investments, which without such support would not be financed by the market at reasonable terms while they make an important contribution to EU policy priorities.

That is why budgetary guarantees are provisioned from the outset so that occasional losses do not impinge on the relevant programmes and their capacity to provide substantial leverage in supporting EU policy priorities.

For instance, the InvestEU Programme ([1]) is on track to mobilise more than EUR 370 billion of investments, comparing with *ex ante* provisioning of EUR 10.46 billion.

Moreover, the Commission notes, that in the specific case of interest to the Honourable Members, insolvency proceedings have not yet concluded.

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1 [1]https://omni.se/a/KMa9Pe.

2 [2]USD 500 million (EUR 453.6 million) of the EIB's financing package is provided under a guarantee issued by the Swedish National Debt Office Riksgälden, with a further USD 400 million (EUR 362.9 million) guaranteed under the Commission's InvestEU programme. Finally, USD 138.7 million (EUR 126.1 million) of the full EUR 1.0387 billion package will be provided in the form of intermediated lending to Northvolt via participating commercial banks. https://ec.europa.eu/commission/presscorner/detail/en/ip_24_224.

([1]) https://investeu.europa.eu/index_en