


# Procedure file

Basic information		
INI - Own-initiative procedure	<a href="#">1994/2191(INI)</a>	Procedure completed
EC own resources		
Subject 8.70.01 Financing of the budget, own resources		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	<b>BUDG</b> Budgets		16/01/1995
		PSE <a href="#">HAUG Jutta</a>	
	Committee for opinion	Rapporteur for opinion	Appointed
	<b>RELA</b> External Economic Relations		10/11/1998
	PPE <a href="#">VALDIVIELSO DE CUÉ Jaime</a>		
	<b>CONT</b> Budgetary Control		10/11/1994
		PPE <a href="#">BARDONG Otto</a>	
	<b>INST</b> Institutional Affairs		10/11/1994
		PPE <a href="#">BOURLANGES Jean-Louis</a>	
Council of the European Union	Council configuration	Meeting	Date
	<a href="#">Economic and Financial Affairs ECOFIN</a>	<a href="#">2143</a>	01/12/1998
	<a href="#">Economic and Financial Affairs ECOFIN</a>	<a href="#">2122</a>	12/10/1998

Key events			
17/02/1995	Committee referral announced in Parliament		
12/10/1998	Debate in Council	<a href="#">2122</a>	
01/12/1998	Debate in Council	<a href="#">2143</a>	
08/03/1999	Vote in committee		
08/03/1999	Committee report tabled for plenary	<a href="#">A4-0105/1999</a>	
09/03/1999	Debate in Parliament		
11/03/1999	Decision by Parliament	T4-0172/1999	Summary
11/03/1999	End of procedure in Parliament		

21/06/1999	Final act published in Official Journal		
------------	---	--	--

Technical information	
Procedure reference	1994/2191(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Initiative
Legal basis	Rules of Procedure EP 54
Stage reached in procedure	Procedure completed
Committee dossier	BUDG/4/06207

Documentation gateway					
Supplementary non-legislative basic document		COM(1998)0560	07/10/1998	EC	Summary
Committee report tabled for plenary, single reading		<a href="#">A4-0105/1999</a> <a href="#">OJ C 175 21.06.1999, p. 0012</a>	08/03/1999	EP	
Text adopted by Parliament, single reading		T4-0172/1999 <a href="#">OJ C 175 21.06.1999, p. 0182-0238</a>	11/03/1999	EP	Summary

## EC own resources

The object of this Commission report is to review the performance of the EU own resources system, including the search for new own resources and the possibility of applying a fixed rate of call for the VAT resource. It is also intended to examine the correction mechanism in favour of the United Kingdom and the issue of contributions to the EU budget raised by several Member States. The report concludes by confirming the view put forward in Agenda 2000, that neither the need for an increase in the financial resources of the Union, nor the limited shortcomings of the financing system provide grounds to modify the own resources decision at an early stage. The options presented in the report are interchangeable, can be completed and can be spread over time. However, none of these options provides an ideal solution. If a consensus were to emerge on the need to address the issue of budgetary imbalances of Germany, the Netherlands, Austria and Sweden it would be necessary to choose between the options presented in the report or to agree on a combination of them which would respect their logic. The three options are as follows: - the first, concerning the financing side of the budget would be to move towards an own resources system characterised by greater transparency and equity. This would encompass the reduction or even the phasing out of the present correction mechanism; - another possibility would be to introduce corrections on the expenditure side of the budget. Such an option would involve the partial (75%) reimbursement of CAP direct aid paid to farmers (possibility of sharing the amount of assistance in direct aids between the EU and the national treasuries); - finally, there is the option of a generalised correction mechanism for all Member States recording a negative budgetary balance. The timing of any change would depend on whether a modification of the own resources decision would be required; enlargement would appear to present a change of circumstances which could provide the opportunity for such a major structural change. ?

## EC own resources

The European Parliament adopted the resolution, drafted by Jutta Haug (PSE,DE), on the need to modify and reform the European Union's own resources system. The report stresses that all the Member States must participate in the financing of the budget in accordance with the same principles and that offsetting, in accordance with the Treaty, of disparities in economic development must be ensured not on the revenue side, but, rather, in accordance with systematic budgetary principles, on the expenditure side. It condemns the so-called "juste retour" theory as it is contrary to the indivisible nature of the financial and non-financial rights, benefits and obligations deriving from Union membership and from the principle of solidarity between Member States and the principles of the four freedoms. The report calls for the European Parliament to be given full budgetary powers, which are not confined to the expenditure side, and to only some expenditure, but embrace all areas of expenditure and revenue. The Parliament rejected Jutta Haug's proposal that the CAP should be based on co-financing from national budgets. The resolution points out that the rebate which applies to the UK was introduced when agriculture accounted for over 70% of the Community's expenditure to ease the burden on countries whose agricultural industry was small in macroeconomic terms. It emphasises that a reduction in individual Member States' shares of the financing of such aspects as structural policy, pre-accession measures and internal policies is inconsistent with the system and cannot be justified in any way. The report re-emphasises the Parliament's call for the EDF to be integrated into the EU budget. The Parliament gives its initial support to the proposal that VAT-based and GNP-based own resources should be combined in a transparent, simple source of own resources the calculation of which is comprehensible, which is based on GNP and on the basis of which fundamental reform of the own resources system and the introduction of new forms of own revenue in place of the present third and fourth sources of revenue can be addressed. It calls for any agreement reached by the Member States on certain types of tax to provide for at least some of the yield to accrue to the Union budget as own revenue, since these taxes will then be of a primarily European nature. The

Parliament emphasises that such new revenue for the European budget should not be additional, but should replace existing revenue. Finally, the report expresses the Parliament's belief that thought should be given to the introduction of a system under which the Member States would be required to collect traditional own resources more efficiently.?