

Procedure file

Basic information		
INI - Own-initiative procedure	1995/2103(INI)	Procedure completed
Adjustment of the system of the control of own resources following establishment of the internal market		
Subject 8.70.01 Financing of the budget, own resources		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	CONT Budgetary Control	PPE BARDONG Otto	31/05/1995

Key events			
13/06/1995	Committee referral announced in Parliament		
06/09/1995	Vote in committee		Summary
06/09/1995	Committee report tabled for plenary	A4-0202/1995	
24/10/1995	Debate in Parliament		Summary
25/10/1995	Decision by Parliament	T4-0503/1995	Summary
25/10/1995	End of procedure in Parliament		
20/11/1995	Final act published in Official Journal		

Technical information	
Procedure reference	1995/2103(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	CONT/4/06704

Documentation gateway				
Committee report tabled for plenary, single reading		A4-0202/1995 OJ C 287 30.10.1995, p. 0004	06/09/1995	EP

Adjustment of the system of the control of own resources following establishment of the internal market

The committee unanimously approved a draft own initiative report by Mr Otto BARDONG (PPE, D) on the control of own resources (EP 213.280). Community own resources totaled 66,858 million ecus in 1993. They are divided into four categories: traditional own resources (agricultural and sugar levies and customs duty), VAT resources, a GDP-based financial contribution and miscellaneous receipts. In the basket of receipts, VAT accounted for 53.5% in 1993, GDP-based resources accounted for 26.4% and customs duty accounted for 18.1%. In his report, Mr BARDONG pulls no punches in describing the discrepancy between the implementation of the single market (1 January 1993) and the European Economic Area (1 January 1994), i.e. a space without physical, technical or computerized internal barriers, on the one hand, and the integration of customs services in the Union, on the other. The rapporteur points to a lack of harmonization in controls after customs clearance, disparities in the powers of the respective administrations, the lack of a proper computerized system with data on external and intra-Community trade, the disappointing results in the recovery of duty defrauded or evaded and the inadequacy of the guarantee mechanisms put in place. He highlights the risk of the collapse of the Community transit procedure for which, he points out, the Commission has taken insufficient action to combat fraud. Finally, he deplores the fact that certain Member States continue to include customs duty in their budgetary receipts (despite the fact that they belong exclusively to the Community) and certain national parliaments have voted on VAT and GDP contribution levels despite the fact that they have no authority to do so. The lacunae and weaknesses highlighted have resulted in a worrying increase in fraudulent practices which seriously damage the financial interests of the Community. In order to promote harmonization and improve the performance of the customs services, Mr BARDONG and the Committee on Budgetary Control recommend that European status be granted to national customs administrations operating on behalf of the European Union. The European Union could "buy" its own customs services for the 10% consideration which the Union gives back to the Member States for recovering traditional own resources. This consideration totaled 1,457 million ecus in 1993. In order to remedy this situation, the Committee on Budgetary Control calls on the Commission in its draft resolution to propose a range of measures to: 1) Harmonize controls at the Union's external borders both quantitatively (by harmonizing the rates of controls) and qualitatively (by generalizing targeting or risk analysis techniques). 2) Finalize a real policy for ex-post controls on transnational enterprises. 3) Strengthen partnership between the Member States with a view to introducing mutual assistance procedures in order to make it easier to detect and recover subsidy dues defrauded or collected in error. 4) Guarantee supervision of national controls. 5) Develop the computing tool with a view to: * enabling control services to access information on Community receipts and expenditure contained in the Member States' databases; * computerizing the Community transit procedure and setting realistic guarantee ceilings; * ensuring that data collected from the Member States are integrated into a single database. 6) Strengthen its powers to verify the collection of VAT. 7) Improve and harmonize the GDP bases and ensure that they are controlled. Finally, the Committee on Budgetary Control called on the Commission to present proposals by 1999 to adapt the mechanism granting the United Kingdom a reduction in VAT payments in order to correct apparent budgetary imbalances.?

Adjustment of the system of the control of own resources following establishment of the internal market

Commissioner MONTI agreed with the objective of the resolution, which was to increase the protection of the Union's financial interests. The Commission would present a report no later than 1999 on the operation of the system of own resources, including a review of the British rebate; at that stage it would be able to reflect on whether or not any changes were required.

Adjustment of the system of the control of own resources following establishment of the internal market

The European Parliament approved the final own initiative report by Mr Otto BARDONG (PPE, D) on the control of own resources. In his report, Mr BARDONG points out that Community own resources totaled 66,858 million ecus in 1993. They are divided into four categories: traditional own resources (agricultural and sugar levies and customs duty), VAT resources, a GDP-based financial contribution and miscellaneous receipts. In the basket of receipts, VAT accounted for 53.5% in 1993, GDP-based resources accounted for 26.4% and customs duty accounted for 18.1%. In his report, Mr BARDONG deplores the lack of harmonization in controls after customs clearance, disparities in the powers of the respective administrations, the lack of a proper computerized system with data on external and intra-Community trade, the disappointing results in the recovery of duty defrauded or evaded and the inadequacy of the guarantee mechanisms put in place. He highlights the risk of the collapse of the Community transit procedure for which, he points out, the Commission has taken insufficient action to combat fraud. Finally, he deplores the fact that certain Member States continue to include customs duty in their budgetary receipts (despite the fact that they belong exclusively to the Community) and certain national parliaments have voted on VAT and GDP contribution levels despite the fact that they have no authority to do so. The lacunae and weaknesses highlighted have resulted in a worrying increase in fraudulent practices which seriously damage the financial interests of the Community. In order to remedy this situation, the Committee on Budgetary Control calls on the Commission in its draft resolution to propose a range of measures to: - harmonize controls at the Union's external borders both quantitatively (by harmonizing the rates of controls) and qualitatively (by generalizing targeting or risk analysis techniques); - finalize a real policy for ex-post controls on transnational enterprises; - strengthen partnership between the Member States with a view to introducing mutual assistance procedures in order to make it easier to detect and recover subsidy dues defrauded or collected in error; - guarantee supervision of national controls; - study the disparities between the powers of customs officials with a view to harmonization; - develop the computing tool with a view to: * enabling control services to access information on Community receipts and expenditure contained in the Member States' databases; * computerizing the Community transit procedure and setting realistic guarantee ceilings; * ensuring that data collected from the Member States are integrated into a single database; - strengthen its powers to verify the collection of VAT; - improve and harmonize the GDP

bases and ensure that they are controlled. Finally, the European Parliament called on the Commission to present proposals by 1999 to adapt the mechanism granting the United Kingdom a reduction in VAT payments in order to correct apparent budgetary imbalances. ?