

CERCLE II

Working document 10

"Discussion circle" on budgetary procedure

Subject : Answers from Sören Lekberg to the questions put to the Discussion Circle on the budgetary procedure (Working Document 4)

Members of the "Discussion circle" on the budgetary procedure will find hereafter a paper from Mr Sören Lekberg, Member of the Convention.

March 28, 2003

Answers from Sören Lekberg to the questions put to the Discussion Circle on the budgetary procedure (Working Document 4).

1. Yes, it should be possible to let the Commission present the draft budget directly to the budget authority, i.e. the Commission would not have to present a *preliminary* proposal which is then decided by another institution. However, the Commission should not have the right to draw back its proposal once it has been presented and sent to the budgetary authority.
2. An absolute prerequisite for the abolition of the distinction between compulsory and non-compulsory expenditures is that the Financial Perspective is given legal base in the Treaty, and that it is stated in the Treaty that the Council adopts the Financial Perspective, after having consulted the European Parliament.
3. No, the informal negotiation and conciliation arrangements those are currently stated in the inter-institutional agreement are too detailed to fit in a Constitutional Treaty.
4. First bullet point: Yes, the number of readings could be reduced so that there is only one reading each for the Council and the EP. It may be wise to let the European Parliament start, in order to be able to exercise its control function – scrutiny of sound financial management, evaluations, fulfilment of objectives, performance targets and indicators etc. The Council should decide by QMV and the EP should decide by majority.

Second bullet point: If the Council and the European Parliament are not of the same opinion on the figures in the budget, a conciliation procedure is opened.

If, after conciliation, there is still no agreement between the parties, a tiebreak mechanism enters into force. Expenditure for each item is then determined at the lower of Council's or EP's final conciliation position, or at the level set in the previous budget, if this is higher than the lower of the positions of the Council or the EP. This would ensure that increases in spending on any item compared with the previous year's level would be limited to the lower of the levels proposed by either arm of the budgetary authority, whereas the agreement of both arms of the budgetary authority would be needed for reductions in spending compared with the previous year's level.

Obviously, the final level also has to be within the ceilings of the Financial Perspective.

Sören Lekberg