

CIRCLE III

Working document 6

"Discussion circle" on own resources

Subject : Note from Mr Matti Vanhanen, Member of the Convention

Members of the "Discussion circle" on own resources will find hereafter a note from Mr Matti Vanhanen, Member of the Convention.

**Contribution to the Discussion Circle III on own resources
by Mr Matti Vanhanen, Member of the Convention**

1. Concerning the whole EU budgetary and financing procedure the basic aims should be the following:

- Maintaining the institutional balance between the two arms of the budgetary authority, the Council and the European Parliament, in the budgetary procedure; and
- Simplification and improvements in the budgetary and financing procedure.

The Member States, including the National Parliaments, must continue to have the sole right to decide on the system of financial resources of the Union. This implies that it is for the Council to do unanimously the recommendation for a decision concerning the financial resources of the Union and the decision should be adopted by the Member States in accordance with their respective constitutional requirements.

As a whole the Council and the Member States should have a final say on the binding multi-annual expenditure ceilings, on the revenue and on the control over the rules for budget revenues.

2. Replies to the questions asked in the Document CONV 654/03:

a) Should the Council decisions under the Article 269 procedure continue to be unanimous? What role should the European Parliament play?

Yes, the Council decisions under the article 269 procedure should continue to be unanimous. According to the current decision-making procedure the European Parliament should be consulted.

b) Should the Article 269 procedure uphold the requirement for adoption by the Member States in accordance with their respective constitutional requirements or should financing be turned into a Union competence?

The system of the own resources should continue to be decided by the Council unanimously, and this decision should remain subject to the ratification of the National Parliaments. Thus, the requirement in article 269 for adoption by the Member states in accordance with their respective constitutional requirements must be maintained. The EU financing should not be turned into a Union competence.

c) Does the existing system of own resources meet public expectations in terms of fairness and transparency?

From the perspective of both the enlarged Union and the functionality of the own resources system, the simplification need will be the core issue of all financing.

Maintaining the sole right of the Member States to decide on the system of financial resources of the Union should not prevent us from simplifying and streamlining the current system in order to make it more understandable and acceptable to the citizens. Merely giving up the present type of the existing rebates and abolishing the VAT resource and a transfer a GNI based resource would significantly clarify the structure and transparency of the EU financing system for EU citizens. A GNI based resource would continue to promote the equity required of the own resources. The maintenance of the traditional own resources is based on the fundamental goals of the Union; custom duties would be collected in any case.

In this way it is possible to simplify and clarify the current financing system in order for the citizens to be able to assess the benefits they derive from the activities financed by the Union.

It is even more important for EU citizens to know what they get in return for their tax euros. Therefore the own resources system should be supplemented by an obligation to present, in the EU budget, an information package, and an indicator battery on the effects and costs of Union policies from the perspective of the EU citizen. A similar information obligation should be required of the national budgets. This way the information on the EU would increase among all the citizens.

d) Would the existing decision-making procedure allow substantial amendments to be made to these resources?

Naturally it is possible to make amendments, provided the requisite agreement.
