Regulations governing political parties at European level and rules regarding their funding

2007/0130(COD) - 27/06/2007 - Legislative proposal

PURPOSE: to amend Regulation (EC) No 2004/2003 on the regulations governing political parties at a European level and the rules regarding their funding.

PROPOSED ACT: Regulation of the European Parliament and of the Council.

BACKGROUND: in 2003 the European Parliament and the Council adopted Regulation (EC) No 2004 /2003 on the regulations governing political parties at a European level and the rules regarding their funding. One of this Regulation's main objectives, amongst others, is to strengthen the EU's democratic structure by creating public confidence in the financing of political parties at a European level.

Under the terms of this Regulation, political parties at an EU level are entitled to funding through the EU budget under: Budget line 402, Chapter 40, Title IV, Section 1 (Parliament). The Regulation also specifies that the European Parliament must publish an evaluation report on the Regulation's application. Accordingly, in March 2006, the European Parliament adopted a Resolution in which a number of problems were identified. Specifically, the Resolution focused on three categories requiring further consideration. In the Resolution Parliament requested the following:

1. to allow political parties, at a European level, to build up financial reserves from funding sources not stemming from the EU budget; to ease restrictions on the transfer of funding between the different budget categories; to allow for greater long-term planning; and to allow a certain percentage of appropriations to be carried over from one year to the first quarter of the following year;
2. to support European political foundations and to recognise their efforts in promoting political debate at a European level; and
3. to consider tackling the lack of transparent rules on political parties' participation in European election campaigns. The Resolution also noted the important role that youth organisations play in promoting democratic dialogue at a European level.

CONTENT: the purpose of this Regulation, therefore, is to propose a number of amendments to Regulation (EC) No 2004/2003 taking account of Parliament's concerns as expressed in the 2006 Resolution. Specifically, the proposal seeks to:

- provide financial support to political foundations at a European level;

- promote the participation of citizens in the democratic life of the EU through greater use of political youth organisations;

- take account of the special conditions under which political parties operate by allowing them to carry over funding from one year to the first quarter of the following year;

- to establish limited financial reserves based on own-resources generated from sources other than the EU budget; and

- to adjust the minimum co-funding requirement.

The proposal can be summarised as follows:

Improving financial provisions governing the funding of political parties at a European level:

The Commission is proposing that political parties be allowed to carry over, by way of derogation from the no-profit rules of the Financial Regulation, 25% of the annual total income from one year to the first quarter of the following year. This will allow the parties to respond to changing political circumstances and priorities that can be difficult, if not impossible, to predict when preparing an annual budget and work programme of the political parties.

Secondly, the Commission is proposing that political parties at a European level be allowed to build financial reserves by saving the income generated by the parties themselves in excess of a new reduced minimum co-funding level of 15%. This amendment will also imply a derogation from the no-profit rule laid down in the Financial Regulation. However, it would offer political parties a greater degree of financial security, whilst at the same time providing the parties with a strong incentive to strengthen their own resources and thereby decrease their reliance on public funding stemming from the EU's budget. To enable an appropriate balance, the Commission is proposing that parties be allowed to build up savings corresponding to 100% of their average annual income. Should a political party exceed this level of saving, then future public subsidies will be reduced correspondingly.

European political foundations:

In recognition of the important role that political foundations at a European level can play, the proposal sets out provisions on financial support given to political foundations. One of the key elements of the proposal is that political foundations should submit their application for funding directly through the political party at a European level with which they are affiliated. However, in order to ensure greater transparency the appropriations for political foundations at a European level will be established under a separate budget line.

Financing during election campaigns:

The Commission proposes that appropriations received from the EU budget may be used by the European Parliament during European elections – on condition that this does not constitute a direct or indirect financing of the political parties and their candidates at a national level.