Transitional procedural guidelines on budgetary matters in view of the entry into force of the Lisbon Treaty

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The European Parliament adopted by 576 votes to 39 with 20 abstentions a resolution on transitional procedural guidelines on budgetary matters in view of the entry into force of the Lisbon Treaty.

The Lisbon Treaty will **introduce substantial modifications** in various aspects of the so called “financial constitution" of the EU. The most relevant of these can be considered to be:

- the suppression of the distinction between compulsory and non compulsory expenses, implying that European Parliament and Council are equally responsible for the whole expenditure of the EU;
- the recognition of the Multiannual Financial Framework as a legally binding act with which the annual budget must comply, which will be adopted by the Council deciding by unanimity after obtaining the consent of the EP (by the majority of its members);
- the substantial simplification of the budgetary procedure, which will in the future have one reading in each institution, based on proposal from a Commission, after which, if Parliament and Council do not come to a complete agreement, a conciliation committee will be called with view of reaching a joint text in 21 days.

Consequently, these modifications will this require the rapid adoption of several legal acts necessary to put into practice the new “financial constitution” of the Union, notably:

- the adoption of the new regulation containing the Multiannual Financial Framework;
- the adaptation of the Financial Regulation to the new principles on how to adopt and implement the budget;
- the approval of a new Interinstitutional Agreement containing mainly rules on the collaboration of the institutions during the annual budgetary procedure.

Even if the procedures to adopt these new instruments run smoothly, they will require long negotiations and may last for several months after the entry into force of the Lisbon Treaty. With this in mind, Parliament proposes a number of transitional guidelines with a view to the **2011 budgetary procedure**. These transitional measures should be in place at the beginning of 2010. They can be summarised as follows:

In general terms: Members welcome the imminent entry into force of the Lisbon Treaty, which will give full application to the principle of joint approval by the two branches of the budgetary authority - if necessary through the convening of the conciliation committee - of the whole annual budget. However, they consider that this principle should *sic et simpliciter* be applied, with the necessary adaptations (such as a simplified form of conciliation), to all other budgetary procedures not specifically mentioned in the Treaties, such as the adoption of amending budgets and transfers. They also consider it necessary for both branches of the budgetary authority to agree on transitional guidelines for the implementation of the budget, notably the adoption of transfers, on the approval of amending budgets and on principles for practical **interinstitutional collaboration during the annual budgetary procedure.**

Parliament states that conditions for agreement on these guidelines should be that the latter fully respect the institutional balance, that they entirely secure Parliament's new budgetary prerogatives under the

Lisbon Treaty (in terms of content, procedure and calendar) and that they be applied only until the relevant legal acts are adopted and enter into force.

In addition, Parliament considers that transitional measures may neither diverge from the general principles set by the new Treaty nor prejudge the forthcoming legislative procedures, but that they should allow the two arms of the budgetary authority to find the necessary practical arrangements pending the adoption of the legislation.

Amending budgets: Members recall that amending budgets may be adopted only following the same procedure established by the treaties for the annual budgetary procedure, including the conciliation committee if necessary, except in so far as the calendar is concerned. They stress that the **current number of amending budgets is excessive** and should be reduced. They consider it desirable for the institutions to agree on some periods of the year on which amending budgets should be presented, except in very urgent circumstances. Overall, the purpose of the transitional guidelines concerning amending budgets should aim to facilitate reaching an agreement by the two branches of the budgetary authority without ruling out resorting to the conciliation committee. Parliament feels that this goal could be pursued through **improving the exchange of information** between the Commission and the two branches of the budgetary authority and amongst each other. However, those guidelines must fully respect the prerogatives of Parliament concerning the budgetary procedure which applies in general to amending budgets.

Transfers: Parliament considers that Parliament and Council should have the possibility of **expressing, on equal terms, their approval of or opposition to all transfers** currently submitted for approval of the budgetary authority, irrespective of their nature (payments or commitments) and of their amounts. It states that a procedure respecting the balance between the two branches of the budgetary authority, including, if necessary, a simplified form of conciliation, is the only option compatible with the Lisbon Treaty. Members consider that a possible agreement on transfers shall aim at avoiding conflicts between the two branches of the budgetary authority.

Provisional Twelfths: to recall, if the budget is not finally adopted by the beginning of the financial year, i.e. 1 January, the "provisional twelfths" system comes into operation. In this case, payments may be made monthly up to a limit of one twelfth of the appropriations entered in the budget of the previous financial year. Considering that the Lisbon Treaty contains sufficiently clear rules on this issue, Parliament states that there is no need for transitional guidelines on the matter.

Parliament goes on to make a series of technical recommendations aiming to reaffirm that: (i) the calendar of the annual procedure should continue to allow a wide consultation of the different bodies within Parliament; (ii) multilingualism requirements should be respected; (iii) it is not ready to accept a reduction of the period of time available for taking its decisions. It feels that transitional guidelines on collaboration principles should aim to **improve cooperation between the institutions during the different stages of the budgetary procedure** and adapt (and anticipate, if necessary) the different steps of the pragmatic calendar to the new rules on the budgetary procedure, with a view to transforming what have become purely formal meetings into genuine in-depth exchanges of views. A new reduced Interinstitutional Agreement on establishing sound rules on these matters should be agreed between the institutions before the budgetary procedure for 2011 starts.

Lastly, Parliament calls on the Commission to present as soon as possible:

- proposals for a common understanding on these issues by the two branches of the budgetary authority along the lines of this resolution;
- appropriate proposals for the adoption of a regulation containing the MFF and for the adaptation of the Financial Regulation (in a single political package and taking into account the demands expressed by Parliament).