

Financing the Union 2000-2006: own resources, European Council, Berlin, March 1999

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The committee adopted a report by Mrs Jutta HAUG (PES, D) approving the proposal for a Council decision subject to various amendments. The report reiterated Parliament's call for an own-resources system which is equitable, transparent, cost-effective, simple and comprehensible to the public and said it should be altered in such a way that the EU attains financial autonomy. It said that, in view of the continuous development and forthcoming enlargement of the EU, a dynamic reform of the revenue system was needed which must find new forms of own resources without increasing the overall burden of taxes and charges on the European taxpayer. Until such time as the own resources come directly from the citizens, the system should be based on criteria which best reflect each Member State's ability to contribute. The system must therefore gradually reduce its dependence on Member States' contributions and, in the long term, achieve financial autonomy. A balanced budget was not exclusively a matter of the revenue side. The committee called for a phasing out of the "correction of budgetary imbalances granted to the UK" (the British budget rebate). It confirmed that the total amount of own resources to be made available to the Union to cover payment appropriations should not exceed 1.27% of Community GNP. The maximum amount of resources available to finance the EU budget (derived from the 1.27% of GNP laid down in the Interinstitutional Agreement of 6 May 1999) could not be changed by a simple mathematical operation in application of the the new statistical system for national accounts, as this would breach the Interinstitutional Agreement. As to the maximum rate of call on the VAT resources, the report departed from the Commission proposal and called for the rate to be reduced to 0.75% in 2001 and 2002, 0.50% in 2003 and 2004 and 0.25% in 2005 and 2006. It called on the Commission to submit a report on the operation of the own resources system by 1 January 2004. This report should examine the feasibility of creating new autonomous own resources. The Commission should then submit by 1 January 2005 a proposal for a new decision to replace the current decision on 1 January 2007. The new decision would thus enter into force at the same time as the new Financial Perspective and would provide for new autonomous own resources to replace the VAT-based resources.