Union's budget: system of the European Communities' own resources, adjustment of the United Kingdom correction, financial framework 2007-2013

2006/0039(CNS) - 28/06/2006 - Court of Auditors: opinion, report

The European Court of Auditors has submitted its Opinion on the Commission's proposal for a revised system of the European Communities' own resources.

To recall the overall objective of the Brussels European Council meeting in December 2005 was equity and an equal distribution of the overall burden based on the relative prosperity of a Member State. In the Court's view, however, a number of serious short-comings have not been addressed. For example:

- There is no objective criteria determining what an excessive budgetary burden is and whether it is justified for a Member State to benefit from a correction.

- There is no monitoring mechanism which can determine whether a budgetary burden continues to be excessive and the justification for the continuation of such a correction.

- There is no mechanism which would allow Member States, other than those explicitly mentioned in the proposal, to qualify for a correction.

The Court does acknowledge that an effort has been made to streamline the own resources decision by abolishing the VAT "frozen rate". Nevertheless a number of issues still have not been addressed and concern, in particular, administration, consistency, complexity and a continued lack of transparency.

On a more specific note, the Court:

- Welcomes the Commission's proposal that significant statistical changes to the compilation of GNI should apply for own resources purposes. This avoids a situation whereby GNI figures used for own resources purposes do not match published national figures.

- Seeks clarification on the concept of "allocated expenditure". The concept, according to the Commission's working document, is developed only on the UK correction.

- Considers that the inclusion of provisions on the calculation, financing, payment and entry in the budget of the correction of budgetary imbalances, in favour of the United Kingdom, is not compatible with Article 279 of the EU Treaty. Furthermore it infringes the principle of transparency.

To conclude, the rules and arrangement in the proposed new Council Decision tend to be even more complex and lacking in transparency that the existing system. The proposal moves further away from an own resources system based on clear and generally applied mechanisms and towards national contributions negotiated on a country by country basis. As a result, the Court welcomes the fact that the Commission will undertake a full, wide-ranging review of the own resources system – and that it will be concluded well in advance of the expiry of the new Financial Perspective (2008/2009).

On a final point, the Court calls on the Commission to reconsider the legal form of the document setting out provisions on calculation, financing, payment and entry in the budget of the correction of the budgetary imbalances in favour of the United Kingdom.