## Basic information

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|---|---|
| **1994/2191(INI)**<br>INI - Own-initiative procedure | Procedure completed |
| EC own resources<br>**Subject**<br>8.70.01 Financing of the budget, own resources | |

## Key players

### European Parliament

| Committee responsible | Rapporteur | Appointed |
|---|---|---|
| BUDG Budgets | HAUG Jutta (PSE) | 16/01/1995 |

| Committee for opinion | Rapporteur for opinion | Appointed |
|---|---|---|
| RELA External Economic Relations | VALDIVIELSO DE CUÉ Jaime (PPE) | 10/11/1998 |
| CONT Budgetary Control | BARDONG Otto (PPE) | 10/11/1994 |
| INST Institutional Affairs | BOURLANGES Jean-Louis (PPE) | 10/11/1994 |

### Council of the European Union

| Council configuration | Meetings | Date |
|---|---|---|
| Economic and Financial Affairs ECOFIN | 2143 | 1998-12-01 |
| Economic and Financial Affairs ECOFIN | 2122 | 1998-10-12 |

## Key events

| Date | Event | Reference | Summary |
|---|---|---|---|
| 17/02/1995 | Committee referral announced in Parliament | | |
| 12/10/1998 | Debate in Council | | |
| 01/12/1998 | Debate in Council | | |
| 08/03/1999 | Vote in committee | | |
| 08/03/1999 | Committee report tabled for plenary | A4-0105/1999 | |
| 09/03/1999 | Debate in Parliament | | |

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|---|---|---|---|
| 11/03/1999 | End of procedure in Parliament | | |
| 21/06/1999 | Final act published in Official Journal | | |

| Technical information | |
|---|---|
| **Procedure reference** | 1994/2191(INI) |
| **Procedure type** | INI - Own-initiative procedure |
| **Procedure subtype** | Initiative |
| **Legal basis** | Rules of Procedure EP 55 |
| **Stage reached in procedure** | Procedure completed |
| **Committee dossier** | BUDG/4/06207 |

Documentation gateway

**European Parliament**

| Document type | Committee | Reference | Date | Summary |
|---|---|---|---|---|
| Committee report tabled for plenary, single reading | | A4-0105/1999<br>OJ C 175 21.06.1999, p. 0012 | 08/03/1999 | |
| Text adopted by Parliament, single reading | | T4-0172/1999<br>OJ C 175 21.06.1999, p. 0182-0238 | 11/03/1999 | Summary |

**European Commission**

| Document type | Reference | Date | Summary |
|---|---|---|---|
| Supplementary non-legislative basic document | COM(1998)0560 | 07/10/1998 | Summary |

# EC own resources

1994/2191(INI) - 07/10/1998 - Supplementary non-legislative basic document

The object of this Commission report is to review the performance of the EU own resources system, including the search for new own resources and the possibility of applying a fixed rate of call for the VAT resource. It is also intended to examine the correction mechanism in favour of the United Kingdom and the issue of contributions to the EU budget raised by several Member States. The report concludes by confirming the view put forward in Agenda 2000, that neither the need for an increase in the financial resources of the Union, nor the limited shortcomings of the financing system provide grounds to modify the own resources decision at an early stage. The options presented in the report are interchangeable, can be completed and can be spread over time. However, none of these options provides an ideal solution. If a consensus were to emerge on the need to address the issue of budgetary imbalances of Germany, the Netherlands, Austria and Sweden it would be necessary to choose between the options presented in the report or to agree on a combination of them which would respect their logic. The three options are as follows: - the first, concerning the financing side of the budget would be to move towards an own resources system characterised by greater transparency and equity. This would encompass the reduction or even the phasing out of the present correction mechanism; - another possibility would be to introduce corrections on the expenditure side of the budget. Such an option would involve the partial (75%) reimbursement of CAP direct aid paid to farmers (possibility of sharing the amount of assistance in direct aids between the EU and the national treasuries); - finally, there is the option of a generalised correction mechanism for all Member States recording a negative budgetary balance. The timing of any change would depend on whether a modification of the own resources decision would be required; enlargement would appear to present a change of circumstances which could provide the opportunity for such a major structural change.

# EC own resources

1994/2191(INI) - 11/03/1999 - Text adopted by Parliament, single reading

The European Parliament adopted the resolution, drafted by Jutta Haug (PSE,DE), on the need to modify and reform the European Union's own resources system. The report stresses that all the Member States must participate in the financing of the budget in accordance with the same principles and that offsetting, in accordance with the Treaty, of disparities in economic development must be ensured not on the revenue side, but, rather, in accordance with systematic budgetary principles, on the expenditure side. It condemns the so-called "juste retour" theory as it is contrary to the indivisible nature of the financial and non-financial rights, benefits and obligations deriving from Union membership and from the principle of solidarity between Member States and the principles of the four freedoms. The report calls for the European Parlmiament to be given full budgetary powers, which are not confined to the expenditure side, and to only some expenditure, but embrace all areas of expenditure and revenue. The Parliament rejected Jutta Haug's proposal that the CAP should be based on co-financing from national budgets. The resolution points out that the rebate which applies to the UK was introduced when agriculture accounted for over 70% of the Community's expenditure to ease the burden on countries whose agricultural industry was small in macroeconomic terms. It emphasises that a reduction in individual Member States' shares of the financing of such aspects as structural policy, pre-accession measures and internal policies is inconsistent with the system and cannot be justified in any way. The report re-emphasises the Parliament's call for the EDF to be integrated into the EU budget. The Parliament gives its initial support to the proposal that VAT-based and GNP-based own resources should be combined in a transparent, simple source of own resources the calculation of which is comprehensible, which is based on GNP and on the basis of which fundamental reform of the own resources system and the introduction of new forms of own revenue in place of the present third and fourth sources of revenue can be addressed. It calls for any agreement reached by the Member States on certain types of tax to provide for at least some of the yield to accrue to the Union budget as own revenue, since these taxes will then be of a primarily European nature. The Parliament emphasises that such new revenue for the European budget should not be additional, but should replace existing revenue. Finally, the report expresses the Parliament's belief that thought should be given to the introduction of a system under which the Member States would be required to collect traditional own resources more efficiently.