Basic information

2007/0130(COD) COD - Ordinary legislative procedure (ex-codecision procedure) Regulation	Procedure completed
Regulations governing political parties at European level and rules regarding their funding Amending Regulation (EC) No 2004/2003 2003/0039(COD) **Subject** 8.40.01.02 President, members, mandates, political groups 8.70.02 Financial regulations	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
AFCO Constitutional Affairs	LEINEN Jo (PSE)	02/05/2007

Committee for opinion	Rapporteur for opinion	Appointed
BUDG Budgets	GUY-QUINT Catherine (PSE)	17/07/2007
CONT Budgetary Control	MATHIEU HOUILLON Véronique (PPE-DE)	17/07/2007
JURI Legal Affairs	The committee decided not to give an opinion.	

Council of the European Union

Council configuration	Meetings	Date
Agriculture and Fisheries	2841	2007-12-17

European Commission

Commission DG	Commissioner
Secretariat-General	BARROSO José Manuel

Key events

Date	Event	Reference	Summary
		COM(2007)0364	Summary

27/06/2007	Legislative proposal published		
03/09/2007	Committee referral announced in Parliament, 1st reading		
22/10/2007	Vote in committee, 1st reading		Summary
25/10/2007	Committee report tabled for plenary, 1st reading	A6-0412/2007	
13/11/2007	Debate in Parliament		Summary
15/11/2007	Results of vote in Parliament		
29/11/2007	Decision by Parliament, 1st reading	T6-0562/2007	Summary
29/11/2007	Results of vote in Parliament		
17/12/2007	Act adopted by Council after Parliament's 1st reading		
18/12/2007	Final act signed		
18/12/2007	End of procedure in Parliament		
27/12/2007	Final act published in Official Journal		

Technical information

Procedure reference	2007/0130(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Regulation
Amendments and repeals	Amending Regulation (EC) No 2004/2003 2003/0039(COD)
Legal basis	EC Treaty (after Amsterdam) EC 191
Stage reached in procedure	Procedure completed
Committee dossier	AFCO/6/51275

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE392.246	24/07/2007	
Amendments tabled in committee		PE394.081	18/09/2007	
Amendments tabled in committee		PE394.140	20/09/2007	
Committee opinion	CONT	PE394.072	04/10/2007	
Committee opinion	BUDG	PE394.106	09/10/2007	
Committee report tabled for plenary, 1st reading/single reading		A6-0412/2007	25/10/2007	
Text adopted by Parliament, 1st reading/single reading		T6-0562/2007	29/11/2007	Summary

Council of the EU

Document type	Reference	Date	Summary
Draft final act	03688/2007/LEX	18/12/2007	

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(2007)0364	27/06/2007	Summary
Commission response to text adopted in plenary	SP(2007)6527	18/12/2007	

Additional information

Source	Document	Date
National parliaments	IPEX	
European Commission	EUR-Lex	

Final act

Regulation 2007/1524
OJ L 343 27.12.2007, p. 0005 Summary

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

2007/0130(COD) - 18/12/2007 - Final act

PURPOSE: to improve the rules on the funding of political parties in the European Parliament.

LEGISLATIVE ACT: Regulation (EC) No 1524/2007 of the European Parliament and of the Council amending Regulation (EC) No 2004/2003 on the regulations governing political parties at European level and the rules regarding their funding.

CONTENT: this Regulation primarily aims to strengthen the potential of long-term financial planning of political groups and to facilitate the diversification of financial resources. It aims to grant greater flexibility to political parties ahead of the parliamentary elections taking place in June 2009. The main amendments to Regulation (EC) No 2004/2003 are as follows:

- The definition of the “political foundation at European level” is clarified: “an entity or network of entities which has legal personality in a Member State, is affiliated with a political party at European level, and which, through its activities, within the aims and fundamental values pursued by the European Union, underpins and complements the objectives of the political party at European level”, notably by performing the following tasks:
    1. observing, analysing and contributing to the debate on European public policy issues and on the process of European integration;
    2. developing activities linked to European public policy issues, such as organising and supporting seminars, training, studies and conferences on such issues between relevant stakeholders, including youth organisations and other representatives of civil society;
    3. developing cooperation with entities of the same kind in order to promote democracy;
    4. serving as a framework for national political foundations, academics, and other relevant actors to work together at European level.

- A political foundation at European level: (i) must have legal personality in the Member State in which its seat is located. This legal personality shall be separate from that of the political party at European level with which the foundation is affiliated; (ii) must observe the principles on which the European Union is founded, namely the principles of liberty, democracy, respect for human rights and fundamental freedoms, and the rule of law; (iii) shall not promote profit goals; (iv) shall have a governing body of a geographically balanced composition.

- Funding allocated to a political foundation at European level shall only be used for the purpose of financing its activities. In no case may it be used to finance elections or referenda campaigns.

- A political party or foundation at European level must declare its sources of funding by providing a list specifying the donors and the donations received from each donor, with the exception of donations not exceeding EUR 500 per year and per donor. The following shall not be accepted: anonymous donations; donations from the budgets of political groups in the European Parliament; donations from any public authority from a third country, as well as donations from any undertaking over which the public authorities may, directly or indirectly, exercise a dominant influence by virtue of their ownership of it, their financial participation therein, or the rules which govern it.

- Contributions to a political party at European level from national political parties, which are members of a political party at European level, or from a natural person, who is a member of a political party at European level, shall be admissible. These contributions shall not exceed 40% of the annual budget of that political party. Contributions to a political foundation at European level deriving from national political foundations of such a foundation, as well as from political parties at European level, shall be admissible. These contributions shall not exceed 40% of the annual budget of that political foundation and may not derive from funds received by a political party at European level, pursuant to this Regulation, coming from the general budget of the European Union.

- The funding of political parties at European level from the general budget of the European Union or from any other source may not be used for the direct or indirect funding of other political parties, and, in particular, national parties or candidates. These national political parties and candidates shall continue to be governed by national rules.

- The expenditure of political parties at European level may also include financing campaigns conducted by the political parties at European level in the context of the elections to the European Parliament, in which they participate. These appropriations shall not be used for the direct or indirect funding of national political parties or candidates. Such expenditure shall not be used to finance referenda campaigns. However, the funding of and limitation of election expenses for all parties and candidates at European Parliament elections is governed in each Member State by national provision.

- Funding charged to the general budget of the European Union shall not exceed 85% of those costs of a political party or political foundation at European level which are eligible for funding.

- For the sake of transparency, the European Parliament shall publish the following documents in a section of its website created for this purpose: (i) an annual report with a table of the amounts paid to each political party and each political foundation at European level, for each financial year for which grants have been paid; (ii) the European Parliament's report on the application of this Regulation and the activities funded, as referred to in Article 12; (iii) the provisions for the implementation of this Regulation.

- This Regulation shall apply to grants awarded to political parties at European level as from the financial year 2008. For the financial year 2008, any applications for funding of political foundations at European level shall relate exclusively to eligible costs incurred after 1 September 2008. Political parties at European level that have duly submitted their applications for grants for 2008 may, at the latest three months after the entry into force of the Regulation, submit a supplementary application for funding based on the modifications introduced by this Regulation and, where appropriate, an application for a grant for the political foundation affiliated to that political party.

- The European Parliament shall publish a report, by 15 February 2011, on the application of this Regulation and the activities funded. The report shall indicate, where appropriate, the possible amendments to be made to the funding system.

ENTRY INTO FORCE: 27/12/2007.

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

2007/0130(COD) - 29/11/2007 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted the report drafted by Jo **LEINEN** (PES, DE) on the proposal for a regulation amending Regulation (EC) No 2004 /2003 on the regulations governing political parties at European level and the rules regarding their funding. The resolution was adopted by 538 votes in favour, 74 against and 10 abstentions. MEPs specified that political parties at European level act in the context of European Parliament elections in particular in order to highlight the European character of those elections. In accordance with Article 8 of the Act concerning the election of the members of the European Parliament by direct universal suffrage, the funding of and limitation of election expenses at European Parliament elections is governed in each Member State by national provision. National law also applies for election expenses at national elections and referenda,

Parliament made the following amendments:

Foundations: the activities of political foundations at European level underpin and complement the objectives of the political party at European level by performing, in particular, the following tasks: observing, analysing and contributing to the debate on European public policy issues and on the process of European integration; developing activities linked to European public policy issues, such as organising and supporting seminars, training, conferences and studies on such issues between relevant stakeholders, including youth organisations and other representatives of civil society; developing cooperation with entities of the same kind in order to promote democracy; serving as a framework for national political foundations, academics, and other relevant actors to work together at European level.

In addition to the criteria set out by the Commission, Parliament added that political foundations at European level:

- must have legal personality in the Member State in which its seat is located. This legal personality shall be separate from that of the political party at European level with which it is affiliated;

- shall not promote profit goals;

- have a governing body with a geographically balanced composition.

A political foundation at European level may only apply for funding from the general budget of the EU only through the political party at European level with which it is affiliated. On no account may it be used to finance elections or referenda campaigns.

Obligations linked to funding: a political party at European level as well as a political foundation at European level shall declare its sources of funding by providing a list specifying the donors and the donations received from each donor, with the exception of donations not exceeding EUR 500 per year and per donor. It shall not accept donations from any public authority from a third country, including from any undertaking over which the public authorities may exercise directly or indirectly a dominant influence by virtue of their ownership of it, their financial participation therein, or the rules which govern it. The funding of political parties or political foundations at European level from the general budget of the EU or from any other source may not be used for the direct or indirect funding of other political parties, and in particular national parties or candidates.

Contributions: contributions to a political party at European level from national political parties which are members of a political party at European level or from a natural person who is a member of a political party at European level shall be admissible. Contributions to a political party at European level from national political parties or from a natural person shall not exceed 40 % of that party's annual budget. Contributions to a political foundation at European level from national political foundations, which are members of a political foundation at European level, as well as from political parties at European level, shall be admissible. They shall not exceed 40% of that foundation's annual budget and may not derive from funds received by a political party at European level pursuant to this Regulation from the general budget of the EU. The burden of proof shall rest with the political party at European level concerned.

Nature of expenditure: the expenditure of political parties at European level may also include financing campaigns conducted by the political parties at European level in the context of the elections to the European Parliament, in which they participate. These appropriations shall not finance directly or indirectly national political parties or candidates. Such expenditure shall not be used to finance referenda campaigns. In accordance, however, with the Act concerning the election of the members of the European Parliament by direct universal suffrage, the funding of and limitation of election expenses for all parties and candidates at European Parliament elections is governed in each Member State by national provision.

Transparency: the European Parliament shall publish jointly in a section of its website created for the purpose the following documents: an annual report with a table of the amounts paid to each political party and each political foundation at European level, for each financial year for which grants have been paid; the report of the European Parliament on the application of this Regulation and the activities funded; the provisions for the implementation of the Regulation.

Transitional provisions: the provisions laid down by the Regulation shall apply to grants awarded to political parties at European level as from the financial year 2008. For the financial year 2008, any applications for funding of political foundations at European level pursuant to Regulation (EC) No 2004/2003 shall relate exclusively to eligible costs incurred after 1 September 2008. Political parties at European level that have duly submitted their applications for grants for 2008 may, within three months of entry into force of the Regulation, submit a supplementary application for funding based on the modifications introduced by the Regulation and, where appropriate, an application for a grant for the foundation affiliated to that political party. The European Parliament shall adopt appropriate implementation measures.

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.