IN-DEPTH ANALYSIS
for the BUDG committee

European Parliament

How the EU Budget has developed and changed in the last 10 years?

Budgetary Affairs

Policy Department D for Budgetary Affairs

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HOW THE EU BUDGET HAS DEVELOPED AND CHANGED IN THE LAST 10 YEARS?

IN-DEPTH ANALYSIS

Abstract

Since the entry into force of the Financial Perspectives of 2007-2013 one decade ago, the EU's budget has undergone significant change. In 2009, the Treaty on the Functioning of the European Union (TFEU) agreed at Lisbon came into effect. This significantly modified the powers of the European Union's institutions. The eruption of the global financial crisis in 2008, followed by the crisis particular to the euro area, led to pressure for austerity in the EU's Member States and put pressure on the EU's budget itself. This briefing provides a summary of these developments.

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LIST OF ABBREVIATIONS

CE Compulsory Expenditure

EC Treaty of the European Communities

EP European Parliament

EU European Union

GNI Gross National income

GNP Gross National Product

MFF Multiannual Financial Framework

NCE Non-Compulsory Expenditure

QMV Qualified Majority Vote

RAL Reste À Liquider

RP Reversion Point

SQ *Status Quo*

TFEU Treaty on the Functioning of the European Union

VAT Value Added Tax

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EXECUTIVE SUMMARY

Background

Since the entry into force of the Financial Perspectives of 2007-2013 one decade ago, the EU's budget has undergone significant change. In 2009, the Treaty on the Functioning of the European Union (TFEU) agreed at Lisbon came into effect. This significantly modified the powers of the European Union's institutions with respect to each other over Own Resources (the revenue for the budget), the Multiannual Financial Framework (MFF), which replaced the financial perspectives and provides for medium-term expenditure programmes, and the annual budget that is agreed within those confines. The eruption of the global financial crisis in 2008, followed by the crisis particular to the euro area, led to pressure for austerity in the EU's Member States and put pressure on the EU's budget itself.

This briefing provides a summary of these developments. In the first part, an account of the budget's structure and expenditure is provided. The second part then explains the changes that were put into effect by the TFEU. The briefing ends with a summary of the effects on the budget of political pressures for austerity and the creation of instruments of economic stabilisation in the euro area.

1. THE STRUCTURE AND EXPENDITURE OF THE BUDGET

The expenditure of the European Union (EU) rests on three pillars: i) Own Resources; ii) the MFF; and iii) the annual budget.

1.1. OWN RESOURCES AND CORRECTIONS

The revenue or Own Resources of the EU's budget are governed by article 311 TFEU that provides for decisions on revenue be taken by a unanimous Council, following consultation of the European Parliament and ratification in every Member State, usually by its national parliament. The current Own Resources Decision was reached in 2014 and took effect in 2016, backdated to 1 January 2014. It provides for the resources to reach a maximum of 1.2 per cent of the EU's gross national income (GNI), though in practice around 1.0 per cent of GNI. The financing comes first from the EU's external tariff and from a call rate of 0.3% from the total take of value added tax (VAT) in every Member State. A small amount also flows from sugar levies. In practice these sources account for a maximum of 25 per cent of the EU's necessary funds per year (or 0.25 per cent of GNI) though the percentage may vary from year to year. The rest (or a residual) is composed of a transfer based on each Member State's GNI to reach the current level of payments at 0.95 per cent of GNI set in the MFF of 2014-2020.

To take the financial year of 2015 as an example, the value of finance raised through Own Resources was EUR 146 billion while the value of expenditure (payments) was EUR 145 billion providing a small surplus.

However, a series of corrections or rebates is in place that reduces the GNI or VAT contribution of some of the prosperous Member States:

i) The UK rebate is worth 66 per cent of the UK's net contribution (the UK contribution minus the value of EU expenditure in the UK). In practice it is less than this since the values of the external tariff and sugar levies are excluded from the calculation, as are the percentage of EU expenditure made outside the EU in the budget's heading 4 (Global Europe), and all of the EU's non-agricultural expenditure made in the 13 Member States that have joined the EU since 2004. The British correction is financed by all the other Member States in proportion to their contribution to the EU's VAT base;

ii) The "rebate on the rebate": this is a discount of 75 per cent applied to the contributions that Germany, the Netherlands, Austria and Sweden would have made to the British correction;

iii) Lump sum annual rebates made from 2014 to 2020 for the Netherlands (EUR 695 million), Sweden (EUR 185 million), and Denmark (EUR 130 million);

iv) The call rate on the VAT contribution that Germany, the Netherlands, and Sweden make is reduced by half from 0.30 to 0.15 per cent. Meanwhile the 0.30 per cent call rate is reduced for those Member States where consumer spending exceeds the value of 50 per cent of the GNI.

The combination of four types of rebate reinforces the tendency of all Member States to look at the EU budget as a process of net balance calculations: maximising expenditure or rebates in exchange for whatever amount is contributed. Addressing the principle of the net balance is at the core of the recommendations made in the report of the High Level Group on Own Resources (Monti et al 2017). New Own Resources that could reduce the size of GNI percentage transfers and reduce the demands for rebates may be possible if EU expenditure is shown to add value by having multiplier, cross-border or threshold effects or by offering economies of scale compared to national expenditure.

1.2. COMMITMENTS AND PAYMENTS

EU expenditure is divided into commitments and payments. The difference between commitments and payments is known as RAL (*reste à liquider*). Commitments are set as the upper limit to which the EU commits itself in spending programmes, a form of virtual money. A proportion of payments is released at the start of a project, usually very rapidly in the case of expenditure in agriculture or administration, which do not require co-funding. On completion, any remaining balance in the payments is released if the recipient has complied with the conditions. Some payments honour

commitments made several years earlier and there is often an under-spend when a recipient has not fully implemented an agreed programme thus increasing RAL.

1.3. THE MULTIANNUAL FINANCIAL FRAMEWORK

The MFF (article 312 TFEU) provides for the expenditure part of the EU budget, but rather than being a budget, it is a series of ceilings or maximums for expenditure, themselves divided into headings according to policy area: 1a. Competitiveness; 1b. Cohesion; 2. Natural Resources (mostly agriculture); 3. Security and Citizenship; 4. Global Europe; 5. Administration. Each of these headings has multiannual and annual ceilings for commitments set in the MFF. The ceiling for payments applies only to total expenditure rather than to each heading.

The MFF is proposed by the European Commission and decided unanimously by the Council after the European Parliament has granted its consent. This gives the Parliament an effective power of co-proposal with the Commission. The division of the financial perspectives and their successor, the MFF, over the seven-year periods of 2007-2013 and 2014-2020 is illustrated in Table 1 below.

Table 1: The Financial Perspectives of 2007-2013 and MFF of 2014-2020

	Financial Perspectives 2007-2013	Commission proposal: 2014-2020	Agreed figures 2014-2020
1a. Competitiveness	9%	15%	13%
1b. Cohesion	36%	33%	34%
2. Natural Resources	9%	10%	10%
Agriculture	34%	28%	29%
3. Security/Justice	1%	2%	2%
4. Global Europe	6%	7%	6%
5. Administration	6%	6%	6%
Commitments GNI	1.05% GNI	1.05% GNI	1.00% GNI
Payments GNI	1.00% GNI	1.00% GNI	0.95% GNI
Payments amount	EUR 972 bn	EUR 972 bn	EUR 908 bn

NB: Prices of 2011

In 2011, the European Commission, in line with policy formulated by the Council, proposed a new MFF of equal value to the previous financial perspective, with commitments at 1.05 per cent of GNI and payments at 1.00 per cent. Increases were proposed for Competitiveness under Heading 1a, from 9 per cent of spending commitments in 2007-2013 to 15 per cent for the period after 2013. The Commission

proposed reducing Cohesion commitments under Heading 1b from 36 to 33 per cent and agricultural commitments within Heading 2 from 34 to 28 per cent. The Council eventually arrived at a unanimous agreement that reduced total expenditure by 5 per cent for both commitments and payments. Within the terms of that agreement, the amount for Competitiveness was fixed at 13 per cent, still an increase compared to the previous period but less than what the Commission had proposed. Given the context of the reduced ceilings in the new MFF, finance for Cohesion and agricultural direct payments was relatively protected, undergoing a smaller percentage reduction than what the Commission had proposed.

1.4. THE ANNUAL BUDGETS

The EU's annual budgets are set within the ceilings of the MFF. Commitments and payments for every heading and for every budget line therein are decided. After agreement of an annual budget in the months of November or December of the previous financial year, amending or supplementary budgets can be passed to top-up commitments and payments during the course of the year that follows. The agreed budgets and amending budgets combined produce the final budgets for each year. A full set of figures, comprising commitments and payments for both agreed budgets and final budgets between 2007 and 2016 are supplied at this link[1]. The figures are also compared to the levels voted respectively by the Council and the Parliament before agreement to show if one institution was more successful than the other in securing its preferences.

The figures show that for the 2011 financial year, the European Parliament was not able to secure its preferences in commitments and payments, whether in the agreed budget or amending budgets. In subsequent years, it was more successful in payments (but only for amending budgets and not the initially agreed budgets) and in all commitments. This suggests that the Council was agreeing to provide the necessary funds but only via drip-feed in the less visible amending budgets. In 2013, the Council satisfied the Parliament's demands in payments in order to secure the Parliament's agreement to the new MFF, which reduced longer-term expenditure by 5 per cent. In the annual budget of 2014, expenditure was reduced in the light of the new MFF.

[1] http://www.tandfonline.com/doi/suppl/10.1080/13501763.2016.1154589/suppl_file/rjpp_a_1154589_sm5331.pdf

2. THE BUDGET CHANGES OF THE LISBON TREATY

Table 2 below illustrates the changes in power that have taken place due to the Lisbon Treaty in Own Resources, the MFF, and the annual budget.

Table 2: The *Status Quo* Ante versus the Lisbon Treaty

Status Quo Ante	Lisbon Treaty
OWN RESOURCES (Art 269 EC) Commission proposes EP Consulted Council decides unanimously National parliamentary ratification	OWN RESOURCES (Art 311 TFEU) EP Consulted Council decides unanimously National parliamentary ratification Implementation: Council QMV and EP consent
FINANCIAL PERSPECTIVES (Agreement of 1988) Commission proposes Council decides unanimously EP approves or rejects National parliamentary ratification	MULTINANUAL FINANCIAL FRAMEWORK (Art 312 TFEU) Commission proposes EP gives consent before Council decides Council decides unanimously EP approves or rejects No national ratification
REVERSION POINT Roll-over of last year Commission, Council QMV or EP may block roll-over ensuring double reversion point of return to pre-1988 instability and annual budgets only	REVERSION POINT Roll-over of last year, indefinite
MAXIMUM RATE OF INCREASE (Art 272.9 EC) Council QMV to increase spending above ceiling by up to maximum rate If Council increase is at least 50% of maximum rate, EP absolute majority may increase to full rate Council QMV + EP 3/5 majority may increase above maximum rate	MAXIMUM RATE OF INCREASE (Deletion of Art 272.9 EC) Only Council unanimity can increase above ceiling
ANNUAL BUDGET (Art 272 EC) 1st Reading: Council QMV EP simple majority + Council blocking minority to reduce compulsory spending EP simple majority + Council QMV to increase compulsory spending EP absolute majority + Council QMV, or EP 3/5 majority to amend non-compulsory spending EP 2/3 majority to reject	ANNUAL BUDGET (Art 314 TFEU) 1st Reading: Council QMV EP absolute majority + Council QMV to amend Council blocking minority to reject EP simple majority to reject
REVERSION POINT (Art 273 EC) Council QMV sets provisional 12ths for compulsory spending Council QMV proposes provisional 12ths for non-compulsory spending EP 3/5 majority can increase or reduce provisional 12ths for non-compulsory spending	REVERSION POINT (Art 315 TFEU) Council QMV proposes all provisional 12ths EP absolute majority can freeze provisional 12ths only

Source: Benedetto (2013: 353)

Key: EC = Treaty of the European Communities; EP = European Parliament; QMV = Qualified majority vote; TFEU = Treaty on the Functioning of the European Union

2.1. OWN RESOURCES

Before and after the Lisbon Treaty, Own Resources could be modified or newly introduced subject to a unanimous agreement of the Council and ratification in every Member State. The European Parliament continues to be consulted.

Article 311 TFEU transfers the power of proposal from the Commission to the Council. To implement new Own Resources, a Council qualified majority vote is now necessary with the European Parliament able to exercise a power of consent or rejection. The power of implementation is not particularly significant; it is limited to administrative matters and allows for new Own Resources (if and when agreed) to be put into effect more quickly.

Decisions about rebates or corrections are part of an Own Resources Decision.

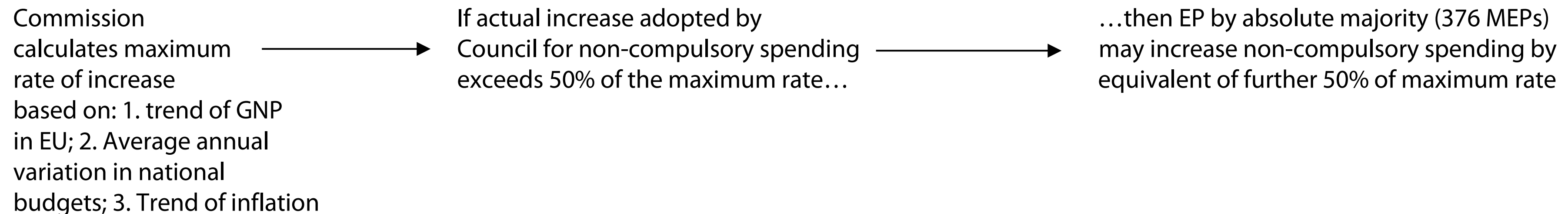
2.2. THE MULTIANNUAL FINANCIAL FRAMEWORK

The MFF replaces the financial perspectives and will last for 'at least five years' (Article 312.1 TFEU). It is also constitutionalised and therefore less flexible than the financial perspectives that were governed by an inter-institutional agreement.

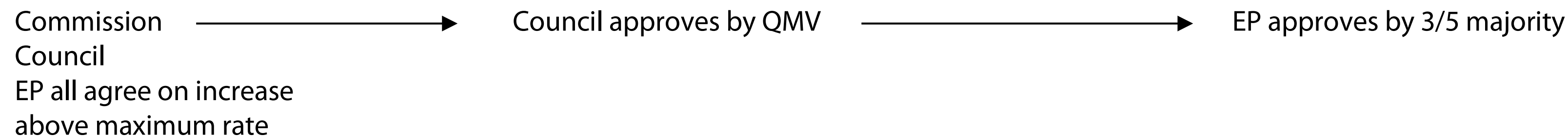
The financial perspectives were agreed by the Commission, by the Council acting unanimously, and with the assent of the European Parliament, and subsequently ratified by each Member State. In the event of non-agreement on a financial perspective at the expiry of the previous agreement, the expenditure amounts would roll over, though any of the three EU institutions could choose to bring that to a halt and to enforce a return to the situation of annual budgeting only, which existed before the first financial perspective was agreed in 1988.

The MFF is proposed by the Commission and the Council shall act unanimously after obtaining the consent of the European Parliament' (Article 312.4 TFEU). This could mean that the Parliament has the power to co-propose the MFF with the Commission. National ratification of the agreement is no longer required. Moreover, the *passarelle* clause allows the European Council to transfer Council decision-making on the MFF from unanimity to qualified majority voting. If there is no agreement on a new MFF on the expiry of a previous one, expenditure from that final year is rolled over as was the case for the financial perspectives. The three EU institutions lose the right to terminate the agreement and return to annual budgeting only, which they possessed before the Lisbon Treaty came into effect. This creates a strong *status quo* bias because non-agreement will mean continuity even if the legislative programmes for expenditure have expired.

Figure 1: Maximum rate of increase, old treaty article 272.9, deleted since Lisbon 2009



or



Source: Benedetto (2013: 355)

2.3. THE ANNUAL BUDGET

The annual budget of the EU has been agreed within the ceilings of the financial perspectives and the MFF before and after the entry into effect of the Lisbon Treaty.

Before the Lisbon Treaty, expenditure was considered either compulsory (agriculture and some aspects of global policy) due to a contractual obligation to pay, or non-compulsory (most of the rest of the budget). Different decision-making procedures applied in the budget according to whether expenditure was compulsory or non-compulsory. Over time, non-compulsory expenditure had risen from a very low percentage of the budget in the 1970s to most of it by the 2000s, increasing the influence of the European Parliament which could dominate decisions on the non-compulsory part of expenditure.

Before the Lisbon Treaty, the European Parliament could make amendments to reduce or shift compulsory expenditure by a simple majority, which could only be blocked by a qualified majority in the Council (Benedetto and Høyland 2007). Since the Lisbon Treaty, the Council adopts or amends the proposed budget by qualified majority (Article 314.3). The European Parliament may only amend by absolute majority (Article 314.4) in a single reading, otherwise the budget is adopted.

Under the old procedure, the Council and the Parliament could impose decisions against the will of the other respectively on compulsory and non-compulsory spending. The Parliament also had the option to reject the entire budget by a two-thirds majority.

The new Article 314 replaces these features with a procedure requiring mutual agreement on everything, of which the default option is mutual rejection in a conciliation committee composed of the representatives of the Member States and the European Parliament if neither side has agreed. Either a blocking minority of governments in the Council that prevents a qualified majority or a simple majority of the Members of the European Parliament in the conciliation committee can block an agreement. Amendments are more difficult to pass, while rejections of the entire budget are highly plausible if there is disagreement. Given these rules, the budgetary *status quo* in terms of amounts to spend is less likely to change.

There is a further twist. The final stages of the new procedure appear to be unrealistic, but this is precisely their significance in reducing the power of a European Parliament that may favour reform and in increasing the bargaining power of a blocking minority of governments in the Council. Following the successful conclusion of the conciliation committee, the Parliament and Council have the option to approve or reject the text in final sittings. If the Council approves the text, it can still be rejected by an absolute majority in the Parliament (Article 314.7c). If the Council rejects the text, while the Parliament approves it, not only would the joint text pass, but the EP would gain the right to re-impose all of its original amendments by a three-fifths majority (Article 314.7d). 'When can the Council be expected to find a qualified majority to reject a text that a qualified majority had just agreed at conciliation? Why would this qualified majority in the Council ever prefer the EP's re-imposed amendments, which it previously rejected, to the outcome of the conciliation committee, which a qualified majority in the Council had already accepted?' (Benedetto and Høyland 2007: 585-6). The Council would never reject a text provisionally agreed by its delegation to the conciliation committee. At conciliation, the Member States will be more inflexible negotiators than the parliamentarians. The parliamentary delegation can make a provisional agreement with the Council knowing that the plenary of the Parliament will still have the power to reject that agreement. However, the apparently extreme power of the Parliament to re-impose all of its original amendments if the Council changes its mind will never come to pass because this rule will constrain the Council at conciliation only to make an agreement that meets the demands of a qualified majority of the governments. Either that or a Council blocking minority will use its power to reject the budget by simply failing to make an agreement during the conciliation process, which is what occurred in November 2010 regarding the annual budget of 2011 (Benedetto 2013: 358-9).

What happens if no annual budget is agreed by the start of the new financial year, as occurred during the 1980s? Until an annual budget is agreed, on a monthly basis the Council and the Parliament can agree to spend no more than one-twelfth of the previous year's amounts (Articles 273 EC and 315 TFEU) known as *provisional twelfths*. Under the old treaty, the Council would set the amounts each month and the Parliament could increase or decrease non-compulsory amounts only within the ceiling set in the multiannual budgetary package. This would allow the Parliament to block the budget but to secure finance for its own priorities under non-compulsory spending on a monthly basis. Under the Lisbon Treaty, this power of the Parliament is reduced to blocking increases or voting for decreases only, but is extended to all areas of expenditure. The Parliament gains more power to decrease but loses any power to increase (Benedetto 2013: 360).

The old article 272.9 EC allowed for the ceilings for non-compulsory expenditure to be overshot if the EP by a three-fifths majority together with a qualified majority in the Council so agreed. The Lisbon Treaty deletes the old article 272.9, meaning that an overshoot of the ceilings is possible only with the unanimous agreement of the Council.

The result is that although spending may not be reduced, it is lower than it would be otherwise. The Parliament, which usually prefers more expenditure, loses the power to impose amendments on what used to be non-compulsory expenditure. The Parliament also loses the incentive to reject the budget since its powers in *provisional twelfths* (Article 315 TFEU) are limited to freezes or reductions. Meanwhile, the Council may have an incentive to block the budget because the new Article 315 allows it to ensure that expenditure is frozen. The paragraph above has also shown that any one Member State can block an increase in expenditure above the ceilings of the MFF.

2.4. REVERSION POINTS

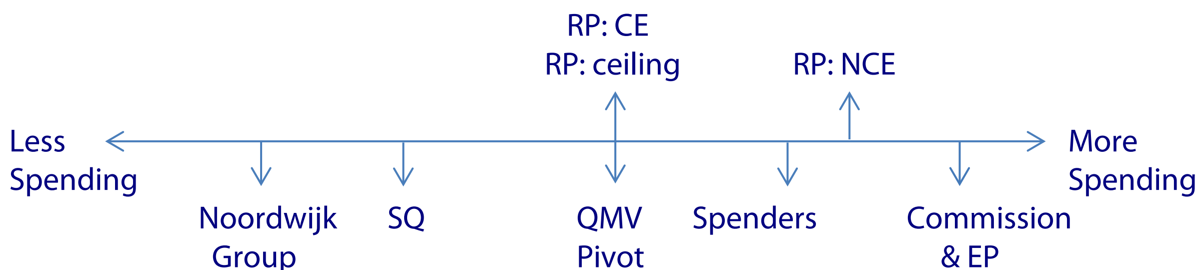
The concept of the reversion point is similar to that of the *status quo*, but in the social sciences it is what occurs when the *status quo* is not the consequence of a non-decision. Annual budgets that do not automatically roll over and which are subject to unilateral changes are good examples of a reversion point in action.

The discussion above which points to annual budget outcomes that are more inflexible and more likely to result in lower expenditure can be illustrated by the two figures below, which compare possible outcomes in the EU's annual budget before and after the Lisbon Treaty. Whichever institution is furthest from either the *status quo* or the reversion point will lose. The reversion point could be the *status quo* if non-agreement of the budget results in a roll-over of the previous budget. If the European Parliament grows more distant from the reversion point, it will lose annual budgetary battles.

These hypothetical outcomes presuppose that the European Commission, the Parliament and the pro-spending Member States want more spending, the Council's pivot for a qualified majority vote, Germany, wants less, and the more radical Member States in the Noordwijk Group (also known as the *Friends of Better Spending*) want still less. Because the Parliament was constrained by the MFF ceilings it could only

set non-compulsory expenditure at a level below its preference but above what the Council would have wanted. This is the reversion point for non-compulsory expenditure under the old procedure (Figure 2). The Council by qualified majority could establish compulsory expenditure and could raise the ceilings in non-compulsory expenditure. Both of these outcomes potentially increase spending compared to the *status quo*.

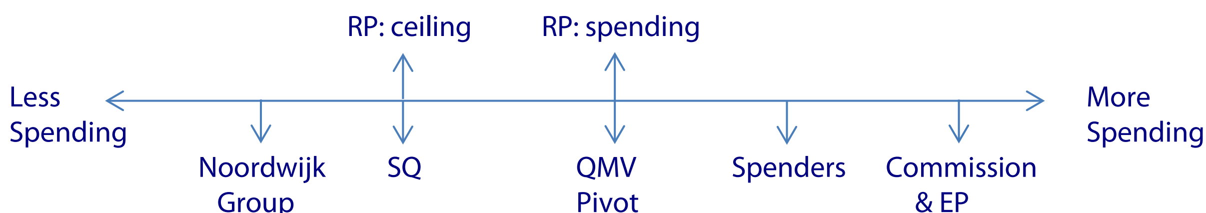
Figure 2: Closeness to the Budget Reversion Point – who wins before the Lisbon Treaty?



Source: Benedetto (2017)
Key: SQ: *Status quo*, RP: Reversion point, CE: Compulsory Expenditure, NCE: Non-compulsory expenditure, QMV: qualified majority voting, EP: European Parliament

Under the Lisbon Treaty (Figure 3), resort to the reversion point becomes more likely, the Council then sets spending by qualified majority, the only option of the Parliament is to freeze spending and not to increase, and Council unanimity is required to raise the spending ceilings. These outcomes shift the reversion point for all spending to the ideal point of the Council's qualified majority pivot, the Member State that decides whether or not the qualified majority passes or is blocked. Meanwhile, the budget-sceptics of the Noordwijk Group gain a veto over raising the spending ceiling meaning that the ceiling's reversion point is the *status quo* (Benedetto 2017).

Figure 3: Closeness to the Budget Reversion Point – who wins after the Lisbon Treaty?



Source: Benedetto (2017)
Key: SQ: *Status quo*, RP: Reversion point, QMV: qualified majority voting, EP: European Parliament

Although resort to the reversion point is more likely under the Lisbon rules, it is not certain to happen because the Parliament and Council may agree with each other. The credible threat of a reversion budget is likely to strengthen some institutions over others during the course of the annual procedure. During the financial years of 2007 to 2010 whose budgets were decided under the previous rules, the average difference between the preferred payments voted by the Council and the Parliament at first reading was just over 6 per cent[2]. Since 2011, this average difference has fallen to 3 per cent and during a period with

[2] http://www.tandfonline.com/doi/suppl/10.1080/13501763.2016.1154589/suppl_file/rjpp_a_1154589_sm5332.pdf

less consensual budgetary politics. It suggests that the voting behaviour of Members of the European Parliament has adapted to the new situation.

3. THE EURO AREA CRISIS

The beginning of the Euro area's crisis coincided with the entry into force of the Lisbon Treaty. Although some interests in the EU supported increases in the budget as an instrument of fiscal stimulus, others were more successful in containing levels of expenditure in line with the practice of austerity that was taking effect in national budgets. Noordwijk Group countries or the Friends of Better Spending referred to austerity in times of crisis in their call to adopt lower expenditure in the EU's budgets of 2011 and 2012 in particular, and in 2012 and 2013 during the negotiations for the MFF of 2014-2020, in which expenditure was reduced by 5 per cent compared to the previous period. Although austerity was part of the discourse, budgets for 2011 and 2012 significantly lower than what the Commission and Parliament wanted would not have been possible without the change to the rules in the Lisbon Treaty discussed in the paragraphs above. It should be noted that concerning annual budgets, a reduction only occurred for that of 2014 in the light of the new, lower MFF. In 2011 and 2012, the budgets were increased very modestly, while the final budget for 2013 was increased more significantly in order to secure the Parliament's approval of the new, lower MFF. The budget of 2014 approved at the same time as the MFF, and lower as a consequence of it, was still higher than what the Council had wished, again as part of the price in securing the Parliament's agreement to the MFF.

Pressure on national expenditure was very great, while national politicians with shorter time horizons may have been less likely to view the EU budget as an investment offering added value by comparison with competing national priorities. As the report of the High Level Group on Own Resources[3] has revealed (Monti et al 2017), Own Resource transfers to the level of the EU are often entered in national accounts as expenditure. Further pressure on the GNI base would also have been felt due to recessions and shrinking GNI at national levels.

Of concern to finance ministers during these years were the obligations of the European Financial Stability Mechanism, worth EUR 60 billion, just under half the value of an annual budget, and entirely guaranteed by the EU budget. This was the first *bail-out* fund agreed in 2010. Funds were raised on the financial markets and supplied as loans to Portugal and Ireland until 2013. In the event of default, the EU's budget would be liable to the creditors. No new loans have been made since 2013 apart from a one-month loan supplied to Greece in 2015, which was fully repaid. The fund continues to exist pending repayment from Portugal and Ireland.

Finance ministers agree to the EU's budget but they are also exposed to other financial liabilities. National treasuries within the euro area have guaranteed up to EUR 440 billion in loans to troubled members of the euro area through the European Financial Stability Facility until 2013. Since 2013, the Facility continues to exist to collect repayments when they are due. Since 2013, the European Stability

[3] http://ec.europa.eu/budget/mff/hlgor/library/reports-communication/hlgor-report_20170104.pdf

Mechanism has replaced the previous facility and also exists to assist troubled euro area states and financial institutions. It likewise raises funds on the financial markets but to a level exceeding EUR 700 billion and is also guaranteed by the euro area's national treasuries. Since GNI transfers to make up Own Resources are most often considered as national level expenditure, the exposure of euro area treasuries to obligations or default in the euro area continues to have a negative indirect effect on the behaviour of members of the Council in deciding on the EU's budget.

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Since the entry into force of the Financial Perspectives of 2007-2013 one decade ago, the EU's budget has undergone significant change. In 2009, the Treaty on the Functioning of the European Union (TFEU) agreed at Lisbon came into effect. This significantly modified the powers of the European Union's institutions. The eruption of the global financial crisis in 2008, followed by the crisis particular to the euro area, led to pressure for austerity in the EU's Member States and put pressure on the EU's budget itself. This briefing provides a summary of these developments.

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