



2017/2053(INI)

27.11.2017

OPINION

of the Committee on Budgetary Control

for the Committee on Budgets

on reform of the European Union's system of own resources
(2017/2053(INI))

Rapporteur: Nedzhmi Ali

PA_NonLeg

SUGGESTIONS

The Committee on Budgetary Control calls on the Committee on Budgets, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

- A. whereas, in a situation of scarce resources, renewed importance should be attached to the protection of the EU's financial interests when increasing revenues in the EU budget from increased imputed value from own resources; whereas such renewed importance should also be accorded to enhanced cooperation and joint work between the Commission and the Member States;
 - B. whereas the EU budget is primarily an investment budget with some redistributive functions between the Member States, and serves mainly to support common EU policies and objectives, providing seed money for medium- to long-term investments;
 - C. whereas one of the main goals of the EU budget should be to support accelerated growth and jobs in less developed regions to achieve an equivalent level of social and economic development within all Member States, a goal to which an increased use of own resources should significantly contribute;
1. Considers that own resources should focus on projects that can generate the highest European added value (EAV); emphasises that expenditure should be focused on areas for which funding at European level is indispensable, or where funding at national level would be insufficient to achieve the European goal;
 2. Stresses that the current system of own resources is excessively complex and places unequal emphasis on the net balances between Member States; supports the introduction of new own resources, which will reduce EU budget dependence on GNI-based contributions from the Member States and will permit better dedication of EU financing to EU policies and priorities; is of the opinion that the share of new genuine own resources should be increased to at least 50 % of the revenue side of the EU budget;
 3. Considers that the forthcoming negotiations of the next multiannual financial framework (MFF), as well as Brexit, provide an opportunity for the EU to reform its system of own resources; believes that a reform based on clear and commonly agreed principles should be prepared by the Commission and the Member States; calls on the Member States, therefore, to undertake an in-depth reform of the system, and to make future EU financing more stable, sustainable and predictable, as well as more transparent and accountable to EU citizens; calls on the Commission to consider the recommendations made by the High Level Group on Own Resources in its report on the future financing of the EU;
 4. Calls on the Commission and the Member States to use the reform to introduce incentives and encourage the Member States to invest in the European project, and to abolish all rebate mechanisms and corrections, which would provide a more simple, stable, fair and transparent structure; considers, in this regard, that national contributions to the EU budget should be excluded from the deficit calculations under the Stability and Growth Pact;
 5. Calls on the Member States to take into consideration the risks that an increase of own resources may entail to the system of revenue collection, which would, as a result, require

the introduction of the necessary safeguards;

6. Draws attention to the need to strengthen the existing systems of control and introduce new mechanisms to prevent fraud and irregularities which may threaten the EU's financial interests when new own resources are collected; calls on the Commission, in this regard, to be prepared to propose relevant measures for the protection of the EU's financial interests if and when new own resources for the EU budget are introduced by the Member States;
7. Deplores the disparities in the customs checks carried out within the EU and the large amounts involved in fraud affecting the own resource collection system; stresses the importance of customs inspections and the related collection of customs duties; draws attention to the revenue losses due to the VAT gap and cross-border VAT fraud; underlines the fact that the smuggling of heavily taxed goods translates into serious revenue losses to the budget of the EU and the Member States; calls on the Commission to strengthen the common policy on customs checks by providing for genuine harmonisation with a view to improving the collection of traditional own resources;
8. Recalls the importance of facilitating and accelerating the exchange of information with authorities such as OLAF and Europol in order to combat customs fraud and fight cross-border tax crime; draws particular attention to the increasing instances of transnational VAT fraud, also known as 'carousel fraud', and calls on the Commission to further strengthen measures to prevent and avert fraud of this kind; considers it essential for the VAT resource to be optimised at a practical level without imposing an additional burden on EU citizens and Member States;
9. Considers that any new adopted resources should follow three basic criteria: simplicity, equity and democratic control; recalls that the principles mentioned by the High Level Group on Own Resources should be taken into account when considering new sources of funding; points out that a new system should be understandable and transparent for European taxpayers and denounces the zero sum game policy that some EU countries are currently applying; is of the opinion that budgetary negotiations are not driven by the EAV principle, but by the national 'fair return' logic and budgetary balances;
10. Encourages the Commission and the Member States, furthermore, to consider other tax-based resources available to the EU that could generate more EAV in certain risk-related policy fields, while at the same time strengthening the EU budget and reducing its GNI- and VAT-based resources; considers that the current VAT-based system of own resources should be replaced by a proper transfer of a share of VAT levied at national level; believes that new resources could also be found from European policies, such as environment, energy, climate or transport policies;
11. Points out that the use of own resources should be oriented to European public goods that can benefit all Member States equally and for which action at EU level is not only relevant, but indispensable, or in cases where national financing possibilities are insufficient for achieving EU priorities and goals; underlines, in this regard, the importance of the EU budget for supporting further EU integration and cohesion among the Member States; notes two areas of increased EAV that also enjoy a high approval rating among citizens, namely research and development, and both internal and external security;

12. Points out that the EU should consider doing less in domains where the Union is perceived as having limited added value, or as being unable to deliver on promises; stresses, however, that where ambitious European aims are set, sufficient funds should be allocated accordingly, and that where new goals are set, new resources should be presented;
13. Expresses its conviction that own resources expenditure on internal and external security projects will meet with a positive response among citizens, thereby increasing their EAV; is concerned about the low level of expenditure in some key security areas, such as preparatory actions for defence and security cooperation and research;
14. Welcomes the increased use of own resources in projects related to research and development, although doubts remain as to the types of projects financed; highlights that expenditure should be focused on projects that are profitable in the long-term and bring benefits to the EU, rather than on funding programmes that produce only short-term benefits;
15. Expresses its concern about the low share of the Union budget devoted to climate-related spending; maintains that the revenues obtained from own resources should be spent on projects that generate higher EAV, including the fight against climate change;
16. Calls for open debate on maintaining the level of payments for cohesion policy and the common agricultural policy (CAP) in the next programming period, taking into account the additionality and high value added offered by those policies for European stability, competitiveness and economic growth;
17. Calls on targeted capacity-building in those Member States experiencing difficulties with centrally managed programs such as the Connecting Europe Facility (CEF), Horizon 2020 and the European Fund for Strategic Investments (EFSI);
18. Calls on the Commission to submit a communication to Parliament explaining how it intends to reconcile long-term political objectives, such as the Europe 2020 Strategy, with the situation that will ensue after the 2020 MFF, within the course of the next year; strongly believes that an EU agenda for the next decade should play a decisive role in the process of developing successive MFFs;
19. Recalls that long-term projects, such as Horizon 2020 and the Juncker Commission's 10 priorities, should be taken into account when own resources are allocated; calls on the Commission to orient its priorities towards the successful achievement of these long-term projects;
20. Believes that simpler and clearer rules will contribute to a swift allocation of resources and will increase efficiency and transparency, with fewer errors occurring as a result; asks the Commission to draw up an action plan along these lines;
21. Is concerned about the way in which the allocation of expenditure is measured; is of the opinion that the system of budget balance is not appropriate when dealing with projects that incorporate EAV as these projects might only be implemented in a single Member State, thereby giving rise to an imbalance between the accounts of the country concerned and those of others;

22. Points out that the policies which would benefit all EU citizens and provide more EAV are not attractive in terms of net balances; believes, therefore, that a new method of measuring the value of projects should be developed and streamlined reporting should be introduced;
23. Reiterates that it is crucial to allocate own resources to projects that have the potential to generate the highest EAV rather than simply looking at each Member State's accounts; encourages the Commission to introduce ambitious proposals for new own resources; believes that this could reduce the relative share of GNI-based national contributions to the EU budget, and thus help to end the anti-European focus simply on fair return on net balances;
24. Considers that the Commission should examine the possibility of collecting a CO2 levy through carbon pricing, using either taxation or market-based instruments, as a means of strengthening the EU budget; believes that such an instrument could provide high EAV, as the levy could serve as an incentive to change consumer and producer behaviour in favour of a less carbon-intensive future; considers, however, that any tax-based EU solution should be as neutral as possible for the total tax ratio of a given Member State; points out that such a levy would also have to take into account the current emission trading schemes to avoid overlapping and conflicting means and objectives.

INFORMATION ON ADOPTION IN COMMITTEE ASKED FOR OPINION

Date adopted	20.11.2017
Result of final vote	+ : 17 - : 1 0 : 1
Members present for the final vote	Nedzhmi Ali, Inés Ayala Sender, Martina Dlabajová, Luke Ming Flanagan, Ingeborg Gräßle, Arndt Kohn, Monica Macovei, José Ignacio Salafranca Sánchez-Neyra, Petri Sarvamaa, Bart Staes, Hannu Takkula, Tomáš Zdechovský, Joachim Zeller
Substitutes present for the final vote	Brian Hayes, Karin Kadenbach, Younous Omarjee, Julia Pitera
Substitutes under Rule 200(2) present for the final vote	Tiziana Beghin, Tiemo Wölken

FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

17	+
ALDE	Nedzhmi Ali, Martina Dlabajová, Hannu Takkula
ECR	Monica Macovei
GUE/NGL	Younous Omarjee
PPE	Ingeborg Gräßle, Brian Hayes, Julia Pitera, José Ignacio Salafranca Sánchez-Neyra, Petri Sarvamaa, Tomáš Zdechovský, Joachim Zeller
S&D	Arndt Kohn, Karin Kadenbach, Inés Ayala Sender, Tiemo Wölken
Greens	Bart Staes

1	-
EFDD	Tiziana Beghin

1	0
GUE/NGL	Luke Ming Flanagan

Key to symbols:

+ : in favour

- : against

0 : abstention