

Recasting the rules applicable to European political parties and foundations

During the September 2022 plenary session, Parliament is expected to debate and vote the report concerning the Commission proposal to recast the Regulation on the statute and funding of European political parties and foundations. The report was adopted by the Committee on Constitutional Affairs (AFCO) on 13 July 2022 – with 18 votes for, 4 against and 2 abstentions – and includes 36 amendments to the original proposal.

Background

European political parties (Europarties) help to form **European political awareness** and to **express the will of EU citizens** ([Article 10\(4\) TEU](#) and [Article 12\(2\) of the Charter of Fundamental Rights of the European Union](#)). Formally recognised for the first time by the Treaty of Maastricht (Article 138a Treaty on the European Community) and originally governed by [Regulation 2004/2003 of 4 November 2003](#), the rules on the statute and financing of Europarties are currently provided for in [Regulation 1141/2014 of 22 October 2014](#). However, those rules have already been amended twice since the adoption of Regulation 1141/2014. In [2018](#), Regulation 1141/2014 was amended to prohibit multi-party membership and to modify financing rules, and in [2019](#) it was amended to strengthen the protection of personal data ahead of the 2019 European elections. Shortly after the adoption of the latest amendments, Parliament called again to amend Regulation 1141/2014, in its [resolution](#) taking stock of the 2019 European elections (in 2020) and in its [resolution](#) on the five-yearly [evaluation](#) of the application of the Regulation (in 2021). Following Parliament's calls, and delivering on the commitments made in its [European democracy action plan \(2020\)](#), the European Commission presented a new [legislative package](#) on 25 November 2021 to reinforce democracy and ensure the integrity of the elections. The package includes four different legislative proposals, among them the [proposal](#) to recast Regulation 1141/2014.

European Commission proposal

The Commission [proposal](#) to recast Regulation 1141/2014 includes [targeted amendments](#) concerning respect for EU values by Europarties and foundations, financing, transparency and enforcement. On EU values, the proposal requires Europarties and foundations to ensure that their member parties, including those whose seats are outside the EU, **observe EU (or equivalent) values** (Article 3). Similarly, the statutes of Europarties would have to include: i) rules relating to **gender balance**; ii) a requirement for all member parties to display the **logo of the Europarty** in an equally visible manner as the logo of the national party; and iii) internal rules governing the **use of political advertising** (Article 4). Registration with the Authority for European political parties and foundations (the Authority), and therefore acquisition of European legal personality, depends on compliance with those new requirements (Article 10); financial sanctions can be imposed on Europarties if they do not respect their obligations concerning gender representation and the use of the Europarty logo by member parties (Article 30). However, a Europarty cannot be de-registered if it no longer complies with those requirements (Articles 11 and 19). On **political advertising**, the proposal seeks further **transparency** regarding the advertising activity of Europarties, in line with the Commission's recent [legislative proposal](#) on the matter. Europarties would not only have to establish a policy for the use of political advertising, and comply with the requirements imposed in the proposal when using targeting and amplification techniques, but would also have to inform the Authority of the dissemination of a political advertisement within five working days (Article 5). The Authority would have to publish an annual report on the political advertising activity of Europarties (Article 13).

The Commission proposal also includes several modifications to the funding of European parties and foundations. The **cofinancing rate** for Europarties would be lowered from 10 % to 5 %, which means that Europarties would need to cover 5 % (and not 10 %, as is the case today) of the annual reimbursable



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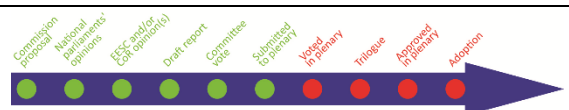
expenditure indicated in their budget from their own resources. In the year of elections to the European Parliament, the cofinancing rate is set at 0 % (Article 20). Regarding Europarties' own resources, today they can only receive contributions (from members) and donations (from legal or natural persons). The proposal creates a **third category of own resources** allowing Europarties to receive financial income from their economic activities (e.g. seminar fees or sales of publications). The value of this third category of own resources cannot exceed 5 % of the party's annual budget under the Commission proposal (Article 23 (13)). In addition, Europarties and foundations would be **allowed to collect contributions from members located in countries outside the EU** but belonging to the Council of Europe, a possibility that was barred by the Court of Justice decision in *ACRE v Parliament* ([T-107/19](#)). However, contributions from members outside the EU would be capped at 10 % of total contributions (which, in turn, would be capped at 40 % of the annual budget of the party or foundation) (Article 23(9-10)). The transparency regime for donations exceeding €3 000 would also be strengthened (Article 23(5)). Proof of compliance with requirements concerning gender balance, the use of the Europarty logo by member parties and transparency as regards political advertising would be required for Europarties to apply for EU funds (Article 21). European parties would be allowed to use the funds from the EU budget in **national referendum campaigns**, although only if they concern issues related to the implementation of the Treaties (Article 24).

European Parliament position

The Commission proposal has to be adopted by the co-legislators through the ordinary legislative procedure ([Article 224 TFEU](#)). In the Parliament, the AFCD committee is responsible for the file, and adopted its report on 13 July 2022. According to the [report](#), Europarties would be able to have **member parties from Member States of the Council of Europe** that are not EU Member States, provided that the country enjoys full representation rights within the Council of Europe and the majority of the Europarty's members are established in EU Member States. Those member parties would be able to contribute to the Europarty's finances through **association fees** (to be distinguished from contributions paid by national parties from EU Member States and individual members), although association fees would be capped at 20 % (not 10 %, as proposed by the Commission) of the total value of contributions, which would be capped at 40 % of the annual budget of the party or foundation. Regarding the rules on funding, Parliament calls the new category of own resources created by the Commission's proposal '**ancillary own resources**' and proposes to extend their possible value to **10 %** of the amount of contributions and association fees received by the Europarty or foundation (instead of 5 % of the annual budget). Parliament's report also seeks to extend the possibility for Europarties to finance referendum campaigns to any **referendum** concerning '**issues directly related to the European Union**'.

The report also seeks to streamline the **procedures for de-registering** a Europarty or foundation: parties or foundations would be invited by the Authority to submit their observations within a month if the Authority considers that one of the grounds for de-registration applies to them and, in a number of cases of non-compliance (e.g. when they do not comply with governance provisions), the Authority should give the party or foundation the possibility to introduce the measures required to remedy the situation (within the same deadline) before taking the decision to de-register them. The more complex procedure applicable to cases of **de-registration** due to a manifest and serious breach of the obligations imposed on Europarties and foundations to observe **EU values** and ensure that their member parties respect those values would also be streamlined. Moreover, **de-registration** would be possible if Europarties do not comply with the new requirements relating to **gender balance** and the **use of political advertising**. In addition, transparency requirements would be enhanced and Europarties' member parties would have to publish on their websites the logo and programme of the Europarty to which they are affiliated, as well as information relating to the gender balance of their candidates and elected representatives in European elections.

First-reading report: [2021/0375\(COD\)](#); Committee responsible: AFCD; Rapporteurs: Rainer Wieland (EPP, Germany) and Charles Goerens (Renew, Luxembourg).



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