

# The Role of the European Parliament under the Financial Provisions of the Lisbon Treaty

- Giacomo Benedetto
- Lecturer
- Centre for European Politics
- Royal Holloway, University of London



# Summary



- Budgetary Procedure (Art. 272 EC)
- BP (Art. 314 TFEU)
- Multiannual Financial Framework
- Implementation of the Budget
- Own Resources
- Conclusion

# Annual Budget, Art. 272 EC, Appendix III

- EP cuts CE, with 91/345 votes on Council
- EP increases CE, with 255/345 votes on Council
- EP amends NCE, with absolute majority, regardless of Council
- EP rejects with 2/3 majority
- Council cannot reject except at first reading
- Provisional twelfths amended by Council, EP can amend NCE (Art. 273 EC)

# Annual Budget, Article 314 TFEU, Appendix IV

- EP single reading after Council
- Amends by absolute majority
- Conciliation if Council and EP disagree
- Commission can amend until conciliation
- Mutual veto by failure to agree at conciliation. Increases veto power of Council. 91/345 votes sufficient
- EP can re-impose original amendments if Council rejects joint text: unrealistic
- Commission empowered to propose new budget if rejected
- Provisional twelfths (Art. 315 TFEU): EP loses power to increase NCE, gains power to decrease CE

# Compulsory Expenditure

- Distinction between CE and NCE abolished so far as amending power of EP and Council are concerned, but...
- Article 323 TFEU: 'The European Parliament, the Council and the Commission shall ensure that the financial means are made available to allow the Union to fulfil its legal obligations in respect of third parties'

# Multiannual Financial Framework (Art. 312 TFEU)

- Replaces IAA, constitutionally binding, rigidity
- New ceiling on spending as well as revenue
- Duration 'at least five years'
- EP *de facto* initiative, Council decides after EP grants its consent, Commission no longer has any role
- Commission and EP lose power to vary annual rate of increase (Art. 272(9) EC)

# Implementation 1

- OLP gives EP equal power to pass regulations for establishing and implementing the budget and auditing accounts (Article 322(1) TFEU)
- Important for EP to use before agreement of next MFF

# Implementation 2

- Commission to send evaluation reports to EP and Council (Art. 318 TFEU)
- Budgetary trilogues institutionalised (Art. 324 TFEU) increasing power of EP and Commission
- Commission must now implement budget 'in cooperation with Member States' (Art. 317 TFEU)



# Own Resources (Art. 311 TFEU)

- Council and EP consent for implementing changes to own resources
- Council takes monopoly of initiative from Commission in proposing reform

# Conclusions

- EP loses power and has tighter timetable in new BP
- MFF greater rigidity, reducing flexibility of BP
- EP gains power through OLP in regulations for implementing budget
- EP gains consent for own resources implementation
- Commission gains power in BP, provisional twelfths and dialogues
- Commission loses in own resources and MFF