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REPORT

on the proposal for a Council decision on the system of the European
Communities' own resources
(COM(2006)0099 – C6-0132/2006 – 2006/0039(CNS))

Committee on Budgets

Rapporteur: Alain Lamassoure

Symbols for procedures

- * Consultation procedure
majority of the votes cast
- **I Cooperation procedure (first reading)
majority of the votes cast
- **II Cooperation procedure (second reading)
*majority of the votes cast, to approve the common position
majority of Parliament's component Members, to reject or amend
the common position*
- *** Assent procedure
*majority of Parliament's component Members except in cases
covered by Articles 105, 107, 161 and 300 of the EC Treaty and
Article 7 of the EU Treaty*
- ***I Codecision procedure (first reading)
majority of the votes cast
- ***II Codecision procedure (second reading)
*majority of the votes cast, to approve the common position
majority of Parliament's component Members, to reject or amend
the common position*
- ***III Codecision procedure (third reading)
majority of the votes cast, to approve the joint text

(The type of procedure depends on the legal basis proposed by the Commission.)

Amendments to a legislative text

In amendments by Parliament, amended text is highlighted in ***bold italics***. Highlighting in *normal italics* is an indication for the relevant departments showing parts of the legislative text for which a correction is proposed, to assist preparation of the final text (for instance, obvious errors or omissions in a given language version). These suggested corrections are subject to the agreement of the departments concerned.

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DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

on the proposal for a Council decision on the system of the European Communities' own resources

(COM(2006)0099 – C6-0132/2006 – 2006/0039(CNS))

(Consultation procedure)

The European Parliament,

- having regard to the Commission proposal to the Council (COM(2006)0099)¹,
 - having regard to Article 269 of the EC Treaty and to Article 173 of the Euratom Treaty , pursuant to which the Council consulted Parliament (C6-0132/2006),
 - having regard to the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management², in particular point 8 thereof, and Declaration No 3 on the review of the financial framework, annexed to that agreement,
 - having regard to Rule 51 of its Rules of Procedure,
 - having regard to the report of the Committee on Budgets and the opinion of the Committee on Regional Development (A6-0223/2006),
1. Approves the Commission proposal as amended;
 2. Calls on the Commission to alter its proposal accordingly, pursuant to Article 250(2) of the Treaty establishing the European Community;
 3. Calls on the Council to notify Parliament if it intends to depart from the text approved by Parliament;
 4. Asks the Council to consult Parliament again if it intends to amend the Commission proposal substantially;
 5. Instructs its President to forward its position to the Council and Commission.

Text proposed by the Commission

Amendments by Parliament

Amendment 1
Recital 1

(1) The European Council meeting in

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¹ OJ C ..., ..., p.

² OJ C 139, 14.6.2006, p. 1.

Brussels on 15 and 16 December 2005 concluded, inter alia, that the own resources arrangements should be guided by the overall objective of equity. These arrangements should therefore ensure, in line with the relevant conclusions of the 1984 Fontainebleau European Council, that no Member State sustains a budgetary burden which is excessive in relation to its relative prosperity. It is therefore **appropriate to introduce** provisions covering specific Member States.

Brussels on 15 and 16 December 2005 concluded, inter alia, that the own resources arrangements should be guided by the overall objective of equity. These arrangements should therefore ensure, in line with the relevant conclusions of the 1984 Fontainebleau European Council, that no Member State sustains a budgetary burden which is excessive in relation to its relative prosperity. It is therefore **unavoidable, for the time being and until a new, fairer and more transparent system of own resources has been agreed in the review process of 2008 / 2009, that** provisions covering specific Member States **be introduced**.

Justification

Special provisions for individual Member States may be necessary under the current outdated system in order to prevent excessive budgetary burdens. They can, however, never be "appropriate" and should be made redundant in a new transparent system that is fair by its own virtue.

Amendment 2 Recital 2

(2) The Communities' own resources system must ensure adequate resources for the orderly development of the Communities' policies, subject to the need for strict budgetary discipline.

(2) The Communities' own resources system must ensure adequate resources, **characterised by transparency and simplicity**, for the orderly development of the Communities' policies, subject to the need for strict budgetary discipline.

Justification

European Community financing which is understandable is in the interests of European Union information policy and in the interests of citizens.

Amendment 3 Recital 7

(7) **In the interests of transparency and simplicity** the European Council of 15 and

(7) The European Council of 15 and 16 December 2005 concluded that the uniform

16 December 2005 concluded that the uniform rate of call of VAT should be fixed at 0.30 %.

rate of call of VAT should be fixed at 0.30 %.

Justification

The derogations concerning VAT call-in rates, adopted by the European Council in December 2005, contradict the principle of simplicity and clarity.

Amendment 4
Recital 8 a (new)

(8a) The Communities' own resources system should always be taken into consideration when changing the rules related to the Communities' taxation issues (VAT, corporate tax, duties, levies, excise taxes).

Justification

The review of taxation issues is closely related to Communities' own resources issues therefore both subjects have to be taken into consideration at the same time.

Amendment 5
Recital 11

(11) The European Council of 15 and 16 December 2005 called on the Commission to undertake a full, wide-ranging review covering all aspects of EU spending and of resources and to report in 2008/2009. Within this framework, the Commission should therefore undertake a general review of the operation of the own resources system, accompanied, ***if necessary***, by appropriate proposals.

(11) The European Council of 15 and 16 December 2005 called on the Commission to undertake a full, wide-ranging review covering all aspects of EU spending and of resources and to report in 2008/2009. Within this framework, the Commission should therefore undertake a general review of the operation of the own resources system, accompanied by appropriate proposals, ***under the conditions laid down in Declaration No 3 on the review of the financial framework, annexed to the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline***

and sound financial management¹.

The European Parliament in its decision of 17 May 2006² on that Interinstitutional Agreement stated that the aim of such review should be to reach agreement on a new, comprehensive financial system which is fair, buoyant, progressive and transparent and which equips the European Union with the ability to match its aspirations with own resources rather than contributions by the Member States, and pointed out that, in particular, the system of own resources as well as the expenditure side needed to be reformed urgently in order to avoid the same painful experience of national bargaining for the next financial framework.

¹ OJ C 139, 14.6.2006, p. 1.

² OJ C ...

Justification

It is necessary to draw attention to the resolutions of the Parliament on the new Interinstitutional Agreement, in particular paragraphs 6 and 8 thereof, which state the aim of the review process and the reason as to why there is a sense of urgency. It should also be clear that the Parliament expects the Commission to come forward with concrete proposals for changes in the Own Resources Decision and not only a Whitebook outlining the possible theoretical options for a future system. To that end the words “ if appropriate ” are deleted. Furthermore, the European Parliament shall be associated with this review at all stages in full respect of its established rights.

Amendment 6 Article 9

In the framework of the full, wide-ranging review covering all aspects of EU spending and of resources on which it shall report in 2008/2009, the Commission shall undertake a general review of the own resources system, accompanied, **if necessary**, by appropriate proposals.

In the framework of the full, wide-ranging review covering all aspects of EU spending and of resources on which it shall report in 2008/2009, the Commission shall undertake a general review of the own resources system, accompanied by appropriate proposals. **It shall take into account the results of the work conducted**

jointly by the national parliaments and the European Parliament. In undertaking this review and in drawing up its proposals, the Commission shall take into account the work and recommendations of the European Parliament, in accordance with the terms of Declaration No 3 annexed to the Interinstitutional Agreement of 17 May 2006 .

Justification

The European Parliament and the national parliaments have entered into a dialogue on the future of the EU's own resources. The results of these joint efforts should be duly taken into account in the review process.

EXPLANATORY STATEMENT

The EU's own resources - Past and present

Contents of the current Commission proposal

The current Commission proposal aims at implementing the conclusions of the European Council of 15 - 16 December 2005 in the area of own resources. At the European Council meeting not only a political agreement on the new financial framework 2007 - 2013 was reached but, in addition, some changes to the own resources system including a series of special arrangements for individual Member States (on revenue and expenditure side), were also agreed and became part of the overall package.

According to the European Council, the own resources arrangements should be governed by the principle of equity. No Member State should sustain a budgetary burden which is excessive in relation to its relative prosperity. The Heads of State and Governments considered it therefore "appropriate" to introduce provisions covering specific Member States.

In consequence, in its current proposal, the Commission fixes the rate of call of VAT at 0.30 % of Member States' capped VAT bases. However, to reduce their budgetary burden, some Member States, shall benefit, between 2007-2013, from reduced rates of call of VAT fixed at between 0.225% and 0.10%.

At the same time, the Commission proposes the application of a uniform GNI rate of call. However, for the period of 2007 - 2013, two countries will benefit from gross reductions in their annual GNI contributions of EUR 755 million, all in all. These gross reductions will be financed by all Member States, including the two beneficiaries themselves. The current proposal codifies this exemption.

The proposal, in principle, also leaves the UK correction, the "British rebate", intact except for expenditure in the new Member States (which will be excluded from total allocated expenditure for the purpose of calculating the UK correction). However, CAP market expenditure in the new Member States shall be excluded from this exception, i.e. be part of the total allocated expenditure that is used for calculating the UK rebate.

Assessment by the rapporteur

As is clear from the above, these provisions of the current Commission proposal make the financing of the European Union's budget certainly not more, but less, transparent, so that the adherence to the principle of equity cannot be judged easily. The requirements for a new system as adopted by the European Parliament in its position on the last own resources proposal of 1999 are certainly not met. At that time, in its resolution, Parliament had asked for an own resources system that should be

- simple and readily understood by the public,
- based on criteria that best expressed the ability to contribute while, at the same time, avoiding recourse to compensation mechanisms for purposes of revenue,
- independent of transfers from Member States and

- that should do away with those features of the existing system which generate confusion because of the exemptions applicable to national contributions.

The new own resources decision proposed by the Commission does anything but meet these criteria. On the contrary, it is another step in a series of own resources decisions, that, with every reform, have led the European Community further away from a system that is "equitable, transparent and simple" towards a system, that is, by its very nature, highly unfair, unnecessarily complicated, completely intransparent - and deeply anti-European.

Excuse: History of own resources

From 1958 to 1970 the Community budget was financed exclusively by contributions from the Member States. In 1970, the Luxembourg European Council introduced for the first time a system of own resources for the general budget of the Community taking effect in 1971. One objective was to enhance the Community's financial independence from Member States' transfers. The first own resources were customs duties and agricultural levies which were to become known as traditional own resources (TOR).

In 1979, a VAT-linked resource was introduced as an own resource after a base for its assessment in the Member States had been defined. The high levels of spending on the Common Agricultural Policy (CAP) and two enlargements led the Fontainebleau European Council in 1984 to increase the maximum rate of call for the VAT resource to 1.4 per cent - and to establish a correction mechanism for budgetary imbalances which has since only been applied to the UK¹.

Since CAP spending remained at the same level and the revenues from TORs continued to decline the Fontainebleau decisions soon proved to be insufficient. In consequence, in June 1988, the Brussels European Council introduced a new own resource based on the Member States' GNP. It also set up an overall ceiling to the total amount of own resources which could be called to finance the Community's spending.

The Edinburgh agreement of December 1992 increased this overall ceiling to 1.27 per cent of Europe's GNP, while at the same time introducing steps to further decrease the importance of the VAT resource. This agreement entered into force at the beginning of 1995.

In 1999, the Berlin European Council called on the Commission to prepare a new own resources decision which should provide the Union with adequate resources for the period 2000 - 2006 while at the same time adhering to strict budgetary discipline. The new system should be "equitable, transparent, cost-effective and simple", and based on criteria which express best the member States' ability to contribute to the financing of the Union.

This latest own resources decision of 29 September 2000 entered into force on 1 March 2002 and is still valid: It has codified the UK rebate as well as the adjustments of the financing shares for the rebate of Austria, Germany, the Netherlands and Sweden - instead of planning for a phasing-out of the UK rebate a similar mechanism was extended to other Member States. By raising the share of traditional own resources that can be retained by the Member

¹ Fontainebleau European Council, Conclusions of the Presidency: "Expenditure policy is ultimately the essential means of resolving the question of budgetary imbalances. However, it has been decided that any Member State sustaining a budgetary burden which is excessive in relation to its relative prosperity may benefit from a correction at the appropriate time".

States to compensate for their collection costs from 10% to 25%, the TOR part of the Union's revenue was further reduced.

Conclusions by the rapporteur

The current Commission proposal for a new own resources decision just cements this status quo: it extends a system in which around 86% of the Union's revenue does not originate in genuine own resources of the Union (= TOR) but come from the VAT and the GNI resource¹. These payments are considered "national contributions" made by Member States out of their own pockets. It is this concept of "membership fees" that has led directly to the net-payer debate and has culminated in the "I want my money back!"-mentality currently so dominant among Member States.

The system in place today has gone a long way from the original idea of the Treaty of Rome: the Community's expenditure should be financed by the Community's revenue. Created more than 30 years ago, in the (socio-)economic situation of the 70s, for a Union of six members, the own resources system simply is out-dated and needs to be replaced by a new modern system that serves the needs of today's Union and its citizens.

All the exceptions (and exceptions to the exceptions) that have been added over the years by different European Councils have simply been "emergency repairs" to keep the system at least operational. Over the course of time, it has been made increasingly complicated and, more importantly, has developed into something simply incomprehensible to the European citizens. And finally: It is difficult to judge as to whether the Member States' "contributions", after all special arrangements have been honoured, accurately reflect their "ability to contribute" at any given time (see ANNEX).

This is why the rapporteur has not even started trying to amend the provisions of the current Commission proposal. He is deeply convinced that EU revenue needs to be thoroughly reformed in a way which prevents Member States from only wanting to spend Community funds in those areas where they themselves profit most instead of concentrating the money available on those policies beneficial to Europe as a whole and most important for its future.

The "full and wide-ranging review of all areas of EU expenditure and revenue, including the British rebate", which the Commission has been invited to undertake by the Brussels European Council of last December, with a view to reporting in 2008 / 2009, may offer a last chance in the foreseeable future, to create such a new, truly European, system which could then become operational at the beginning of the next financial framework starting in 2014.

Rapporteur's amendments

The rapporteur has therefore limited his amendments to additions to the text stressing the importance of this review process to come: Amendment 2 simply indicates the conditions for the review and Parliament's involvement, as laid down in the new Interinstitutional Agreement of 17 May 2006 on budgetary discipline and sound financial management.

¹ Shares taken from budget 2006: 14% for VAT resource, 72% for GNI resource.

Amendment 1 also expresses the rapporteur's view that special provisions for certain Member States may be unavoidable in our current system. They are, however, anything but desirable and should only be considered a necessary evil until a new, genuinely fair, system has been devised in the review process.

Finally, Amendment 3 already wants to point out that the conclusions of the dialogue on the own resources topic that has been led between the national parliaments and the European Parliament for some time now should be duly taken into account for the review. The consultation process with the national parliaments that has started last year has now spread to different levels and is beginning to develop its own dynamics that will hopefully result in the development of common guidelines before the formal beginning of the review process.

The EU's own resources - Possible future

With a view to a possible review of the European Union's system of own resources, and even before the European Council last December officially invited the European Commission to undertake such a review in 2008 / 2009, the future of own resources was already an item on the agenda of the annual meeting of the EP Committee on Budgets with the chairs of the national parliaments' budget committees which took place in June 2005. This was to discuss the reform proposals made by Commissioner Schreyer the year before.

The Schreyer proposals

In July 2004, in accordance with Article 9 of the current own resources decision¹, the Commission had presented its Report on the operation of the own resources system² as well as proposals for a new decision on the system of own resources and for an implementing regulation for the correction of budgetary imbalances³.

In its report, the Commission had proposed that the Council reflect on the introduction by 2014 of a new funding system for the EU, centred around a main fiscal resource based on either energy, VAT or corporate income tax. This tax based resource would replace existing resources and would therefore be neutral in terms of the level of EU funding.

Three main candidates as a tax based own resource were proposed, namely a share of:

- the tax rate on energy consumption, limited to motor fuel for road transport⁴
- the national VAT rate, making the financing of the EU more understandable to citizens⁵
- a corporate income tax⁶.

¹ Council decision 2000/597 contains a clause that has obliged the Commission to undertake an assessment of the system before 1 January 2006 especially with a view to the effects of enlargement on the financing of the EU budget, but also to the possibility of modifying the structure of own resources by creating new autonomous resources and to the correction of the budgetary imbalances.

² (COM(2004)0505).

³ Both proposals contained in COM(2004)501 final/2

⁴ Consideration was also given to aviation fuel and related emissions as a possible future development to end the current tax exemption for jet fuel.

⁵ There would be no additional tax burden as the EU rate would be offset by an equivalent decrease of the national VAT rate. The EU and national VAT should appear as separate taxes on the invoices or receipts.

A fully tax-based system was not considered realistic at this stage of EU integration and therefore not proposed by the Commission. The fiscal resource would be introduced progressively as a replacement to the current VAT resource, alongside a more limited GNI resource.

As for the question of the British rebate, the Commission proposed to adjust the existing correction mechanism so as to apply it to all main contributors, while giving assurances to those not benefiting from such a correction that the cost for them would not soar, by limiting the volume of corrections to a maximum amount.¹

Consultations with national parliaments

When studying these proposals made by the Commission in 2004, your rapporteur came to the conclusion that any work of the European Parliament on the own resources topic with an aim to finding an equitable, simple and transparent solution would need to be done in close cooperation with the parliaments of the Member States because it was them, that in the end, would need to agree on any proposal made.

This was why the own resources topic was put on the agenda of last year's meeting of the EP Committee on Budgets with the national parliaments' budget committees. The positive reaction of the representatives of the national parliaments to having the own resources item on the agenda and the interesting and open discussions led on this occasion encouraged the rapporteur to proceed in this direction.

In November 2005, a questionnaire drafted by the rapporteur was sent to all budget committees of the national parliaments. The objective of this questionnaire was to explore whether some central basic principles for a reform of the own resources system could be established which could be supported by the European Parliament and a representative majority of the parliaments of the Member States ("old" and "new" ones, "net-payers" and "net-contributors", Southern and Northern ones, etc.).

The reactions to this questionnaire were manifold: Some parliaments, for one reason or another, chose not to reply at all, some parliaments replied in writing and some parliaments invited the rapporteur for a personal exchange of views. So far, the rapporteur has been given the opportunity to speak to the budget committees, or their representatives, of Luxembourg, Portugal, Finland, France, Germany and Spain.

In analysing the written replies to the questionnaire as well as the results of the bilateral meetings, some general points of possible agreement have slowly begun to emerge, like a consensus that the time for a genuine European tax has not yet come or the conviction that

⁶ This alternative would take longest to implement, both from a political and from an administrative perspective, since a political agreement would be needed on the principle of achieving harmonization of the tax base, before setting a minimum rate.

¹ This general correction mechanism would be triggered if net contributions exceeded 0.35% of each country's GNI. Contributions above this would be refunded at a rate of 66%. The total refund volume would be limited to a maximum of EUR 7.5 billion a year, financed by all Member States based on their relative share of GNI. The introduction of the mechanism should be accompanied by transitional measures for the UK in order to alleviate the financial impact of the changeover, over a 4-year period.

any change in the financing of the European Union must not lead to an increase in the tax burden of the European citizens.

However, this is just the beginning of an intense discussion process with the national parliaments which has recently spread to a multilateral level, as the future of the Union's own resources was also discussed in one of the working groups of the Interparliamentary meeting, jointly organised by the European Parliament and the Austrian parliament on 8 - 9 May 2006 in Brussels. The next annual meeting of the EP Committee on Budgets with the chairs of the budget committees of the national parliaments which is scheduled for 21 June 2006 will provide an opportunity for another round of talks and possible conclusions.

If parliamentary contacts continue in the spirit of mutual trust and openness they have started in, your rapporteur is convinced that some common understanding on basic principles how the own resources system of the future should look like could be achieved between the European Parliament and the parliaments of the Member States.

Own initiative report on the future of the EU's own resources

The rapporteur intends to present the results of the work conducted jointly by the national parliaments and the European Parliament in an own initiative report on the future of the EU's own resources, to be debated and voted in plenary by the end of this year. This report could then provide some common guidelines for the Commission's review work, thus giving a clear signal to the Heads of State and government of what their parliaments' concepts for the future may be.

ANNEX

Member State	GDP 2006 ¹				"National contribution" to EU Budget ²			
	per country in EUR million	Ranking	per capita in EUR	Ranking	per country in EUR million	Ranking	per capita in EUR	Ranking
Belgium	308.536,4	7	29.536,6	9	2.890,8	7	276,7	5
Czech Republic	103.562,4	16	10.132,7	19	944,2	16	92,4	19
Denmark	210.125,2	11	38.830,1	3	1.921,0	11	355,0	3
Germany	2.289.592,5	1	27.752,4	11	19.488,7	1	236,2	10
Estonia	10.661,5	24	7.915,0	21	93,5	24	69,4	21
Greece	197.094,5	12	17.795,2	15	1.797,4	12	162,3	15
Spain	950.653,7	5	22.089,0	13	8.544,5	5	198,5	12
France	1.777.485,0	3	29.350,2	10	16.580,2	2	274,0	6
Ireland	169.686,5	13	41.294,3	2	1.344,5	15	327,2	2
Italy	1.452.806,8	4	24.850,3	12	13.442,4	3	230,0	11
Cyprus	14.084,2	22	18.799,0	14	128,9	22	172,1	14
Latvia	12.776,2	23	5.539,5	25	121,0	23	52,5	25
Lithuania	21.176,2	21	6.182,3	24	199,4	21	58,2	24
Luxembourg	29.277,4	19	64.346,0	1	243,4	20	535,0	1
Hungary	92.201,6	17	9.131,1	20	845,1	17	84,0	20
Malta	4.621,0	25	11.475,0	18	43,5	25	108,0	18
Netherlands	488.855,5	6	29.981,0	8	4.240,2	6	260,0	7
Austria	253.077,5	9	30.839,0	7	2.124,6	10	259,0	8
Poland	239.301,5	10	6.269,0	23	2.276,0	9	60,0	23

¹ Gross Domestic Product at market prices in EUR million (current prices), estimates for 2006; Source: EUROSTAT

² VAT+GNI-based own resources payments (excluding Traditional own resources) in EUR million, Budget 2006 incl. AB 1 + 2; Source: Commission

Portugal	145.372,4	15	13.806,5	17	1.356,2	14	129,0	17
Slovenia	29.123,2	20	14.579,1	16	278,0	19	139,2	16
Slovakia	39.157,4	18	7.272,0	22	364,1	18	67,6	22
Finland	162.103,9	14	30.956,0	6	1.352,2	13	258,2	9
Sweden	303.467,3	8	33.676,0	4	2.613,5	8	290,0	4
United Kingdom	1.864.144,2	2	31.051,2	5	10.763,8	4	179,3	13
EU-25	11.125.727,6				94.143,1			

21.6.2006

OPINION OF THE COMMITTEE ON REGIONAL DEVELOPMENT

for the Committee on Budgets

on the proposal for a Council decision on the system of the European Communities' own resources
(COM(2006)0099 – C6-0132/2006 – 2006/0039(CNS))

Draftsman: Gerardo Galeote Quecedo

SHORT JUSTIFICATION

At its meeting of 15 and 16 December 2005, the European Council requested that the European Commission submit a proposal for a new decision on the own resources of the European Union as well as a modified version of the working document on the British rebate, in order to implement its conclusions concerning the financing of the Union and ensure that the arrangements concerning own resources must be guided by the principle of equity and progressiveness. These arrangements must then guarantee, in accordance with the conclusions of the European Council of Fontainebleau of 1984, that no Member state should support a budgetary charge which is excessive in relation to its relative prosperity.

The major part of the abovementioned Commission proposal details the technical measures required to adapt the present own resources legislation in order to implement the special arrangements made in favour of Germany, Austria, the Netherlands and Sweden, as well as the method of calculating the United Kingdom correction mechanism taking into account the reductions agreed in order to ensure that the UK participates fully in the cost of the ongoing enlargement.

The Union's own resources are deemed to be "a source of finance separate and independent of the Member States". Thus the basis for the Union's own resources has traditionally been customs duties; agricultural levies, sugar levies and VAT supplemented since 1988 by a resource based on GNI. This situation remains unchanged by the present proposal.

However, globalisation and the consequent reduction in customs duties has meant that the GNI based resource is now the key resource financing the bulk of the budget, determining the cap on the VAT base and, most importantly, fixing the ceiling on total resources the Community can receive. As a consequence of this evolution, the own resources mechanism has become largely jaded and out of date. Failure to change it will aggravate the insufficiency of the resources the Union needs to face the challenges of the coming years and achieve its

ambitions. A new self-financing scheme, which is comprehensible, transparent and capable of generating sufficient income for the Union over many years, should be proposed.

In recognition of this the December European Council called on the Commission to undertake a full wide-ranging review covering all aspects of EU spending and resources; it is of particular importance that a declaration annexed to the recently concluded Interinstitutional Agreement specifically provides for the European Parliament to be closely associated in the elaboration of this review.

It is clearly in this context that new dynamic sources of revenue for the Union may be proposed. The type of financial tool or the basket of financial mechanisms most apt to answer future needs remains to be determined. Any such proposal should maintain payments made by Member States based on a percentage of GNI and their relative wealth as a central element. Complementary sources made up of a combination of financial tools such as a percentage of VAT, a share in company profits, a percentage of income tax, could also be envisaged.

AMENDMENTS

The Committee on Regional Development calls on the Committee on Budgets, as the committee responsible, to incorporate the following amendments in its report:

Text proposed by the Commission¹

Amendments by Parliament

Amendment 1 Recital 11

(11) The European Council of 15 and 16 December 2005 called on the Commission to undertake a full, wide-ranging review covering all aspects of EU spending and of resources and to report in 2008/2009. Within this framework, the Commission should therefore undertake a general review of the operation of the own resources system, accompanied, if necessary, by appropriate proposals.

(11) The European Council of 15 and 16 December 2005 called on the Commission to undertake a full, wide-ranging review covering all aspects of EU spending and of resources and to report in 2008/2009. Within this framework, the Commission should therefore undertake a general review of the operation of the own resources system, accompanied, if necessary, by appropriate proposals. ***In undertaking this review and in drawing up its proposals, the Commission should take into account the work and recommendations of the European Parliament, in accordance with the terms of the declaration annexed to the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial***

¹ OJ C ... /Not yet published in OJ.

*management*¹.

¹ OJ C 139, 14.6.2006, p. 1.

Amendment 2
Article 9

In the framework of the full, wide-ranging review covering all aspects of EU spending and of resources on which it shall report in 2008/2009, the Commission shall undertake a general review of the own resources system, accompanied, if necessary, by appropriate proposals.

In the framework of the full, wide-ranging review covering all aspects of EU spending and of resources on which it shall report in 2008/2009, the Commission shall undertake a general review of the own resources system, accompanied, if necessary, by appropriate proposals. ***In undertaking this review and in drawing up its proposals, the Commission shall take into account the work and recommendations of the European Parliament, in accordance with the terms of the declaration annexed to the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management.***

PROCEDURE

Title	Proposal for a Council decision on the system of the European Communities' own resources
References	COM(2006)0099 – C6-0132/2006 – 2006/0039(CNS)
Committee responsible	BUDG
Opinion by Date announced in plenary	REGI 15.5.2006
Enhanced cooperation – date announced in plenary	-
Drafts(wo)man Date appointed	Gerardo Galeote Quecedo 24.11.2004
Previous drafts(wo)man	-
Discussed in committee	25.4.2006 30.5.2006
Date adopted	21.6.2006
Result of final vote	+: 30 -: 5 0: 1
Members present for the final vote	Alfonso Andria, Stavros Arnautakis, Jana Bobošíková, Graham Booth, Bernadette Bourzai, Bairbre de Brún, Giovanni Claudio Fava, Gerardo Galeote Quecedo, Iratxe García Pérez, Eugenijus Gentvilas, Lidia Joanna Geringer de Oedenberg, Ambroise Guellec, Pedro Guerreiro, Gábor Harangozó, Marian Harkin, Konstantinos Hatzidakis, Alain Hutchinson, Carlos José Iturgaiz Angulo, Mieczysław Edmund Janowski, Tunne Kelam, Miroslav Mikolášik, James Nicholson, Lambert van Nistelrooij, Jan Olbrycht, Markus Pieper, Elisabeth Schroedter, Grażyna Staniszevska, Kyriacos Triantaphyllides, Oldřich Vlasák, Vladimír Železný
Substitute(s) present for the final vote	Jan Březina, Brigitte Douay, Mojca Drčar Murko, Jill Evans, Christa Prets, Richard Seeber, László Surján, Nikolaos Vakalis
Substitute(s) under Rule 178(2) present for the final vote	-
Comments (available in one language only)	-

PROCEDURE

Title	Proposal for a Council decision on the system of the European Communities' own resources			
References	COM(2006)0099 – C6-0132/2006 – 2006/0039(CNS)			
Date of consulting Parliament	26.4.2006			
Committee responsible Date announced in plenary	BUDG 15.5.2006			
Committee(s) asked for opinion(s) Date announced in plenary	CONT 15.5.2006	ECON 15.5.2006	INTA 15.5.2006	REGI 15.5.2006
Not delivering opinion(s) Date of decision	INTA 21.3.2006	CONT 17.5.2006	ECON 16.5.2006	
Enhanced cooperation Date announced in plenary				
Rapporteur(s) Date appointed	Alain Lamassoure 20.9.2004			
Previous rapporteur(s)				
Simplified procedure – date of decision Date of decision	0.0.0000			
Legal basis disputed Date of JURI opinion				
Parliament to consult European Economic and Social Committee – date decided in plenary	0.0.0000			
Parliament to consult Committee of the Regions – date decided in plenary	0.0.0000			
Discussed in committee	29.5.2006	21.6.2006		
Date adopted	21.6.2006			
Result of final vote	+: 28 –: 3 0: 0			
Members present for the final vote	Reimer Böge, Herbert Bösch, Simon Busuttil, Brigitte Douay, Bárbara Dührkop Dührkop, Hynek Fajmon, Szabolcs Fazakas, Salvador Garriga Polledo, Ingeborg Gräßle, Louis Grech, Nathalie Griesbeck, Catherine Guy-Quint, Ville Itälä, Anne E. Jensen, Wiesław Stefan Kuc, Alain Lamassoure, Janusz Lewandowski, Vladimír Maňka, Jan Mulder, Gérard Onesta, Giovanni Pittella, Wojciech Roszkowski, Esko Seppänen, Nina Škottová, László Surján, Helga Trüpel, Yannick Vaugrenard			
Substitute(s) present for the final vote	Lidia Joanna Geringer de Oedenberg, Libor Rouček, Paul Rübig, Jacek Emil Saryusz-Wolski			
Substitute(s) under Rule 178(2) present for the final vote				
Date tabled	23.6.2006			
Comments (available in one language only)	...			