OPINION

of the Committee on Budgets

for the Committee on Constitutional Affairs

on improving the functioning of the European Union building on the potential of the Lisbon Treaty (2014/2249(INI))

Rapporteur: Jean Arthuis
SUGGESTIONS

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

A. whereas the Treaty on the Functioning of the European Union (TFEU) has strengthened the democratic legitimacy of EU policies and has put Parliament on an equal footing with the Council as regards the annual budget procedure; whereas the EU does not currently have the budgetary means to comprehensively fulfil the tasks assigned to it by the Member States signatory to the Treaties;

B. whereas the Lisbon Treaty has been only partially implemented in the budgetary field, mainly owing to the absence of genuine own resources;

C. whereas the agreed level of commitments in relation to the level of payments has proven unsustainable over the past years, posing a serious risk of a constantly growing structural deficit of the EU budget, which would be in breach of the Lisbon Treaty;

D. whereas the legislator was faced with great challenges in ensuring consistency in the parallel negotiations of the Multiannual Financial Framework (MFF) 2014-2020 and the multiannual programmes;

E. whereas under the Lisbon Treaty, the budget procedure has to be concluded within a very strict timetable, with a yearly deadline of 1 September for the submission of the draft budget and a 21-day term to reach agreement with the Council once Parliament has decided on the budget; whereas the conciliation processes of 2011, 2013 and 2015 ended without results;

1. Calls on the European Council to make use of Article 48(7) of the Treaty on European Union (TEU) and Article 312(2) of the TFEU and to abandon the unanimity requirement in favour of a qualified majority when adopting the forthcoming MFF Regulation, thereby facilitating a balanced agreement;

2. Stresses that the European Council is not empowered to exercise legislative functions, and that this prohibition is clearly expressed in Article 15(1) of the TEU; regrets the fact that, when adopting the 2014-2020 MFF, the European Council took preliminary decisions touching upon the content of certain programmes funded by the EU budget, thereby undermining Parliament’s legislative prerogatives;

3. Regrets the fact that the EU budget is based principally on national contributions rather than on genuine own resources as provided for in European treaties since the Treaty of Rome; deplores the fact that, consequently, the debate on expenditure in the Council revolves around net receipts rather than European added value and around ‘juste retour’ rather than the imperative of solidarity as prescribed by the preambles of the TFEU; calls on the Council to return to the letter and spirit of the Treaties and establish a system of genuine own resources that would be clear, simple and fair, and which would improve the visibility and efficiency of the EU budget while alleviating pressure on national budgets;
stresses the role of the High-Level Group on Own Resources steered by Mario Monti; calls on the Council to take the Group’s recommendations into account;

4. Condemns the accumulated delays in the settlement of commitments due to the insufficiency of payment appropriations from which the EU budget suffers in contravention of Articles 310 and 323 of the TFEU, thus endangering the authority of the Union; regrets that the unsustainable situation is a symptom of mutual lack of understanding and reiterates the need for a shared problem analysis; believes that the post-electoral revision of the 2014-2020 MFF, to be launched at the end of 2016 at the latest, offers a good opportunity to revisit the issue and make the necessary adjustments to alleviate the problem;

5. Calls on the Council to accompany any of its decisions that have a budgetary impact with a detailed budgetary explanation;

6. Stresses that the use of the EU budget as a guarantee against borrowing on the market by some of these instruments, such as the facility providing financial assistance for balances of payments, the European Financial Stability Mechanism (EFSM) and foreign policy instruments such as the guarantee for the EIB’s external mandate, macro-financial assistance, and the soon-to-be-established European Fund for Structural Investments (EFSI), effectively places the Union in a state of indebtedness, which is in itself contrary to the principle of budgetary equilibrium enshrined in the Lisbon Treaty; notes that, under the EFSM, EU budget contributions are not subject to oversight by the European Parliament, and proposes that oversight be exercised jointly by the latter and the national parliaments;

7. Notes that, contrary to current practice, the Lisbon Treaty provides for the possibility of adopting an MFF for a five-year period; calls for the alignment of future MFFs with the next parliamentary term in order to disassociate the legislative process from the adoption of the multiannual programmes, thus facilitating legislative coordination and effectively preventing the European Council from exercising legislative functions; calls on the Council to subscribe to this democratic requirement on the occasion of the post-electoral revision of the MFF;

8. Calls on the Council to deliberate in public when adopting its position on annual and amending budgets and to avoid excessive use of the written procedure, which undermines the openness of decision-making as foreseen in Article 10(3) TEU and should be reserved for situations of genuine urgency;

9. Points out that, under Article 24 of Council Regulation (EU, Euratom) No 1311/2013 of 2 December 2013 laying down the multiannual financial framework for the years 2014-2020, all expenditure and revenue of the Union and Euratom must be included in the general budget of the Union in accordance with Article 7 of the Financial Regulation;

10. Calls on the Commission to prepare an annual report to accompany the general budget of the Union, bringing together available and non-confidential information relating to:

- the assets and liabilities of the Union, including those arising from borrowing and lending operations carried out by the Union in accordance with its powers under the
Treaties;
- the revenue, expenditure, assets and liabilities of the European Development Fund (EDF), the European Financial Stability Facility (EFSF), the European Stability Mechanism (ESM), and other possible future mechanisms, including trust funds;
- the expenditure incurred by Member States in the framework of enhanced cooperation, to the extent that this is not included in the general budget of the Union.
RESULT OF FINAL VOTE IN COMMITTEE

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<th>Date adopted</th>
<th>6.5.2015</th>
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| Result of final vote | +: 30  
| | -: 4  
| | 0: 0  |
| Members present for the final vote | Jean Arthuis, Lefteris Christoforou, Jean-Paul Denanot, Gérard Deprez, José Manuel Fernandes, Eider Gardiazabal Rubial, Jens Geier, Ingeborg Gräßle, Iris Hoffmann, Monika Hohlmeier, Carlos Iturgaiz, Bernd Kölmel, Vladimir Maňka, Ernest Maragall, Siegfried Mureşan, Victor Negrescu, Liadh Ní Riada, Jan Olbrycht, Paul Rübig, Patricija Šulin, Eleftherios Synadinos, Paul Tang, Indrek Tarand, Inese Vaidere, Marco Valli, Monika Vana, Daniele Viotti, Marco Zanni |
| Substitutes present for the final vote | Andrey Novakov, Claudia Tapardel, Miguel Urbán Crespo, Anders Primdahl Vistisen, Tomáš Zdechovský |
| Substitutes under Rule 200(2) present for the final vote | Emilian Pavel |