P6_TA(2007)0098

The future of the European Union's own resources

European Parliament resolution of 29 March 2007 on the future of the European Union's own resources (2006/2205(INI))

The European Parliament,

– having regard to its resolutions of 22 November 1990 on the future financing of the European Community[1] and of 21 April 1994 on a new system of own resources for the European Union[2],

– having regard to Council Decision 94/728/EC, Euratom of 31 October 1994 on the system of the European Communities' own resources[3],

– having regard to the document of 7 October 1998 entitled 'Financing the European Union - Commission Report on the Operation of the Own Resources System' (COM(1998)0560),

– having regard to its resolution of 11 March 1999 on the need to modify and reform the European Union's own resources system[4],

– having regard to its position of 17 November 1999 on the proposal for a Council decision on the system of the European Union's own resources[5],

– having regard to Council Decision 2000/597/EC, Euratom of 29 September 2000 on the system of the European Communities' own resources[6],

– having regard to the Commission's Report on the operation of the own resources system (COM(2004)0505) and the Commission's proposal for a new Council Decision on own resources, accompanied by a proposal for a Council Regulation on the implementing measures for the correction of budgetary imbalances in accordance with Articles 4 and 5 of the Council decision of (…) on the system of the European Communities' own resources (COM(2004)0501) presented on 14 July 2004,

– having regard to its resolution of 8 June 2005 on Policy Challenges and Budgetary Means of the enlarged Union 2007-2013[7],

– having regard to the Study for the European Parliament: Own Resources: Evolution of the system in a EU of 25 presented on 30 June 2005[8],

– having regard to the Presidency conclusions of the Brussels European Council of 15-16 December 2005,

– having regard to the Commission's proposal for a Council Decision on the system of the European Communities' own resources and to the Commission Working Document on

---

[1] OJ C 324, 24.12.1990, p. 243.
[2] OJ C 128, 9.5.1994, p. 363.
[3] OJ L 293, 12.11.1994, p. 9.
[4] OJ C 175, 21.6.1999, p. 238.
[5] OJ C 189, 7.7.2000, p. 72.
[6] OJ L 253, 7.10.2000, p. 42.
[7] OJ C 124 E, 25.5.2006, p.373.
[8] Study carried out by Study Group for European Policies (SEP), see also Annex: Comments on the revenue adequacy of possible own EU taxes, 30 August 2005.

calculation, financing, payment and entry in the budget of the correction of budgetary imbalances in favour of the United Kingdom ("the UK correction") in accordance with Articles 4 and 5 of Council Decision (...) on the system of the European Communities' own resources (COM(2006)0099),

– having regard to its position of 4 July 2006 on the proposal for a Council decision on the system of the European Communities' own resources[1],

– having regard to the Study for the European Parliament: EU Own Resources - Preliminary assessment of the scope for Member State taxes supporting an EU-wide tax system, presented in January 2007[2],

– having regard to the meetings of the Committee on Budgets with the chairpersons of the national parliaments' committees on budgets which took place on 16 June 2005 and on 21 June 2006,

– having regard to the replies to the questionnaire on own resources sent by the Committee on Budgets on 30 November 2005 to all committees on budgets of the national parliaments of the Member States,

– having regard to the formal and informal exchanges of views between the standing rapporteur on own resources and the relevant parliamentary committees, or representative thereof, which took place at the invitation of the national parliaments interested in discussing this matter in the course of 2006 and 2007,

– having regard to the results achieved in the working groups on the future financing of the European Union of the Joint Parliamentary Meetings of 8-9 May 2006 and 4-5 December 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 management[3], in particular point 8 thereof, and Declaration No 3 on the review of the financial framework, annexed to that agreement,

– having regard to Rule 45 of its Rules of Procedure,

– having regard to the report of the Committee on Budgets and the opinions of the Committee on Constitutional Affairs, the Committee on Budgetary Control, the Committee on Economic and Monetary Affairs and the Committee on Regional Development (A6-0066/2007),

A. whereas the first European Community, the European Coal and Steel Community established on 23 July 1952, was financed by a genuine system of own resources, based on a levy raised on each ton of steel produced, to be paid directly by the coal and steel producing companies into the ECSC budget,

B. whereas, under the Treaty of Rome of 25 March 1957, the European Economic Community was to be financed by national contributions only for a transitional period to be followed by a changeover to a system of own resources,

C. whereas this changeover finally took place on 21/22 April 1970 when the European Council in Luxembourg agreed on a decision ending national contributions and introducing a new system of financing based on two genuine own resources - agricultural levies and customs duties - complemented by a third resource based on value added tax (VAT),

---

1 *Texts Adopted*, P6_TA(2006)0292.
2 Study carried out by Deloitte and Touche: Phase II Report - Preliminary draft, 12 January 2007.
3 OJ C 139, 14.6.2006, p. 1.

D. whereas all Parliament's efforts[1] to use the actual VAT returns to determine the assessment base to be used for the VAT resource ("returns method") instead of the harmonised base calculated by applying an average weighted rate on the total net revenue ("revenue method") were in vain, with the result that the VAT resource changed from a genuine own resource with a strong direct link to European citizens to a purely statistical device for calculating a contribution of a Member State,

E. whereas the "Fontainebleau Agreement" concluded by the Heads of State and Government on 25/26 June 1984 clearly stated that "expenditure policy is ultimately the essential means of resolving the question of budgetary imbalances"; whereas at the same time however the European Council created the "British rebate", a correction mechanism for the United Kingdom, stipulating that, from 1985 onwards, the UK would receive 66% of the difference between its share of VAT payments and its share of expenditure allocated for the year in question; whereas the cost of this rebate was to be financed by all Member States, with a ceiling being placed on Germany's contribution; whereas this led to the United Kingdom's enjoying a rebate on its annual contributions to the EU budget that has amounted to a yearly average of EUR 5,3 billion in the period 2001-2004,

F. whereas, at the same summit, the Heads of State and Government also agreed to make eligible for the same type of rebate, in principle and at the appropriate time, "any Member State which should sustain a budgetary burden considered excessive in relation to its relative prosperity",

G. whereas the European Council in Brussels on 11-13 February 1988 established a ceiling for the Community budget of 1,2% of GNP for payments and 1,3% for commitments and confirmed that Member States could retain 10% of the revenue from traditional own resources to cover their collection cost,

H. whereas the ceiling of own resources was raised to 1,24% of EU GNI in payment appropriations and 1,31% in commitment appropriations during the period 1993-1999, for an EU of 15 Member States, and has remained unchanged since then despite enlargement,

I. whereas, most importantly, the 1988 Brussels European Council created a fourth "additional" resource based on GNP which should be drawn upon if and when the amount collected from VAT and from traditional own resources was insufficient to cover the Community's financial commitments,

J. whereas, over the course of time, this resource has become the key resource of the European Union's budget, accounting for an estimated 70% of revenue for the financial year 2007, while the VAT resource accounts for about 15% so that the share of traditional own resources (customs duties and agricultural levies together) has decreased to only 15% of revenue,

K. whereas the current Own Resources Decision of 29 September 2000 entered into force on 1 March 2002 and has as its main features: an own resources ceiling of 1,24% of the Union's GNI (equivalent to 1,27% of GDP) for payment appropriations and 1,31% of GNI (equivalent to 1,335% of GDP) for commitment appropriations, an allowance for the Member States for their collection cost of traditional own resources of 25%, a maximum call-in rate of VAT of 0,50%, a value added tax base of the Member States restricted to 50% of their GNP (capping of the VAT base) and a rebate in favour of one Member State with exceptions for some other Member States

---

[1] E.g. Cornelissen Report: European Parliament 1985: "*Can Parliament tolerate the fact that revenue from VAT is being increasingly watered down to a national financial contribution following the necessary abandonment of the principle of the uniform VAT rate and can it accept that the establishment of the uniform VAT base is ultimately reduced to a statistical calculation? ... Or must every effort be made in connection with the calculation of the VAT base to revive the Communities' own resources system and the financial autonomy of the Community which is dependent thereupon?*"

concerning the financing of this rebate,

L. whereas the Commission's latest proposal presented in 2006 aims at implementing the decisions of the Brussels European Council of 15/16 December 2005 in the area of own resources which are mainly characterised by adding even more special arrangements for certain net contributing Member States such as reduced rates of call of VAT or gross reductions in annual GNI contributions to the already existing list of exceptions, thereby adding to the complexity and incomprehensibility of the system and further nourishing the short-sighted concept of budgetary imbalances,

M. whereas the European Council has also renewed the decision taken in 2000 to increase the collection premium to be retained by the Member States from 10% to 25% of traditional own resources, despite the undisputed fact that this percentage bears no relation to the Member States' actual collection costs, favours Member States that collect a large share in custom duties, to the detriment of those who do not, and should thus rather be considered as another form of rebate,

N. whereas the Commission proposal for a new own resources decision, although in the meantime accepted by Parliament[1], is still blocked in Council by Member States which were first in favour of it but which are now opposed to applying it themselves,

O. whereas Parliament considers the comprehensive review of EU revenue and expenditure to take place in 2008/2009, as stipulated in the Interinstitutional Agreement of 17 May 2006, as an opportunity - not to be missed - to return to a genuine but fair system of own resources in the spirit of the founding treaties of the European Communities,

P. whereas consultations with those national parliaments interested in discussing this matter have been held since the beginning of 2006 in order to make every effort to establish a common parliamentary basis for this forthcoming review process,

Q. whereas, so far, these consultations have been simple exchanges of personal views among parliamentarians, due to the fact that most national political parties and parliaments have not yet had the opportunity to adopt an official position on the issue of own resources,

R. whereas, however, these meetings have made it possible to identify, among those participating, several areas of consensus and a widely shared objective of finding a way of working together on the future of EU financing,

S. whereas, in the meantime, a proposal has been made by the President of the Portuguese national assembly to organise a conference of the Chairpersons of the Committees on Budget and Finance of the national parliaments and the European Parliament, dedicated to the Union's own resources and Financial Framework, during the Portuguese presidency later in 2007,

Shortcomings of the current financing system

1. Points out that a system in which approximately 70% of the Union's revenue do not originate in own resources but come directly from the national budgets through the GNI resource, and 15% come from a resource such as the percentage of the VAT rate which cannot be regarded (on account of the way in which it is determined) as being in every respect an EU own resource, departs from the provisions and the spirit of the Treaty of Rome; points out that the very existence of the European Union has brought about an increase in intra-Community trade and an increase in the Member States' "wealth", for which reason the EU is fully entitled to equip itself with a system of genuine own resources instead of one fed by national contributions;

---

[1] Texts adopted of 4.7.2006, P6_TA(2006)0292.

2. Emphasises that it is these "membership fees" that have accentuated the short- sighted net-payer debate that does not do justice to the benefits of the European Union in terms of peace, freedom, prosperity and security, regardless of the fact that the concept of "net budgetary balances" is seriously flawed also in technical terms and does not allow for more than pure approximations; underlines that neither revenue side ("Rotterdam effect") nor expenditure side ("Luxembourg effect") of the net balances fully reflect reality;

3. Is deeply convinced that the current system of own resources based on Member States' contributions is both unfair to the general public and anti-democratic, and does not help to highlight the commitment to European integration; furthermore, such a system, since it makes the contribution to the European Union be perceived as an additional burden on national budgets, does not provide the Union with sufficient funds for all its policies; is highly critical of the possibilities being created for individual countries to finance officially only the policies in which they have an interest; fears that this might be the beginning of the destruction of the values that have characterised the European Union's success over the past 50 years;

4. Stresses that the current system, with its four different resources and its several different rebate mechanisms, be they general ones in favour of one Member State such as the British rebate, or special ones such as rebates in financing other rebates, is excessively complex, lacks transparency and is completely incomprehensible to European citizens; underlines that it does nothing towards fulfilling the requirement of establishing a direct link between the Union and its citizens;

5. Notes that the requirement of unanimity in decisions on "own resources" and "financial frameworks" makes any result of negotiations in these areas dependent on the goodwill and financial possibilities of even the most reluctant Member States, rich or poor; finds it not surprising that the results of this are often disappointing;

6. Attributes to this faulty system the inadequacies of the European Council agreement on the new Financial Framework 2007 – 2013 made at the Brussels European Summit of 14/15 December 2005; believes that the financial package agreed, with its numerous exceptions on the revenue side and its compensation gifts to certain Member States on the expenditure side, is the clearest proof of the complete failure of the current system; considers it unacceptable that all Member States have agreed on important Community activities, such as Galileo or the Transeuropean Networks, and set ambitious goals, e.g. as regards the Goteborg and Lisbon objectives or the Millennium Goals, and now no-one wants to finance them;

7. Deplores the fact that the 2005 Brussels European Council, instead of creating a simpler and more transparent system, made it even more complicated and obscure by leaving the UK correction, the "British rebate", in principle intact and adding further derogations and corrections benefiting other Member States;

8. Points out that, if the Edinburgh Decision of 1992 setting an own resources ceiling of 1,24% of GNI had been fully used, the Community budget would have gained an annual 0,2% of GNI over the last 13 years, equivalent to an increase of approximately EUR 240 billion; considers these funds, which were unanimously adopted by the Member States according to a proposal by the British presidency, necessary in order to enable the European Union to act in line with its growing challenges and powers, in particular as regards its role in the world; the efforts to achieve the Lisbon objectives (innovation, education, research, infrastructure and employment) or as agreed upon in the treaties of Maastricht, Amsterdam and Nice, let alone in the draft Constitution and for a Union of 27 Member States;

9. Underlines that, since 1995, the European Budget has increased by only 8,2% in real terms and its share in the GNI has decreased, while at the same time the national budgets have increased by an average of 23%, i.e. nearly three times as much;

First phase of the reform: an improved system of national contributions

10. Acknowledges the fact that any reform of the own resources system will be a sensitive and difficult exercise, to be conducted with the involvement of the Member States' parliaments; calls therefore for a progressive approach which could be introduced in two stages but which should form part of a single decision on account of the fact that the laborious Community procedure would make it impossible for two decisions to be taken within a relatively short period of time. The provisional and transitional first phase would lead to an improvement of the current system of national contributions, for which the following political principles should be applied:

   – equality between Member States

   – simplicity of presentation for elected representatives and citizens alike

   – solidarity and equal dignity amongst Member States

   – establishment of a political link between a reform of revenue and a review of expenditure as it is already correctly included in the Interinstitutional Agreement;

Equality between Member States

11. Defines "equality between Member States" by the absence of any budgetary privilege for any Member State; admits that it may be difficult for certain Member States to agree to give up a long history of special arrangements on the revenue side and of a certain distribution of expenditure which may justify any reform only being progressively applied ("phasing out" of the old system); refuses, however, to accept the long history of budgetary privileges as an argument in favour of maintaining a system which, once the necessary reforms are on their way, will no longer be justifiable;

Simplicity of presentation

12. Underlines the importance of the improved system being presented in the simplest possible way so that it is comprehensible and transparent for European citizens; deplores presentations of decisions affecting all European citizens' lives which are completely incomprehensible, such as the presidency conclusions relating to EU finances of the 2005 Brussels European Council;

Solidarity and equal dignity between Member States

13. Calls for a system safeguarding the principles of solidarity and equal dignity amongst Member States; considers these principles are undermined by the current system of own resources where some benefit from compensations while others can only achieve compensation by bargaining at European Council meetings; recalls that, of the 46 articles in the presidency conclusions of the 2005 Brussels European Council determining expenditure on new Heading 1b – *Cohesion for Growth and Employment*, a full 20 are "Additional provisions" handing out "Christmas presents" freely to various Member States or regions[1];

Political link between reform of revenue and expenditure

14. Is convinced that the political link between a reform of revenue and a review of expenditure is inevitable and perfectly reasonable, especially as long as the logic of financing Community policies through revenue stemming from national budgets is still the Union's guiding principle;

Provisional and transitional character of the system

---

[1] See the Annex to this resolution.

15. Points out that any improved current system as a first stage of the suggested two-step approach has to be considered provisional and transitional because the profound weaknesses of the Member States' contributions system make it politically unsustainable;

16. Shares, however, the view of the European Court of Auditors[1] that thorough reform of the Communities' system of own resources is very difficult to achieve if the discussion of such a reform is directly combined with negotiations on financial ceilings and amounts to be spent for Community policies under a multiannual financial framework, as has repeatedly been the case in the European Council's discussions in the past;

Recommendations for an improved system of national contributions

Schreyer proposals

17. Recalls that proposals for improving the current system of financing have already been made, for instance, those submitted by Commissioner Michaele Schreyer in July 2004[2] according to which:

   – every Member State, regardless of its wealth, is entitled to a rebate which is triggered when its contribution to the EU budget reaches a threshold of 0,35% of GNI,

   – the refund would be in form of a 66% abatement of the Member State's net contribution, and

   – the overall maximum refund available for all rebates is capped at EUR 7,5 billion per year;

18. Admits that some aspects of the Schreyer proposals went in the right direction insofar as they would have made the system slightly more transparent by at least abolishing the "rebate on the rebate" principle or as they would have limited compensations and corrections - with the major positive point being that it was only conceived as a transitional system until 2014;

19. Is convinced, however, that generalising the rebate even when accompanying it by a ceiling for the net budgetary balances would be a double mistake since it would only strengthen the anti-communitarian character of the system and cement the short-sighted approach of a quantifiable "juste retour"; insists that the only possible solution is the abolition of the net balances system once and for all in parallel with a reform of the pattern of expenditure; emphasises that what sets European spending apart is precisely its added value based on the principle of financial solidarity;

Question of structural and cohesion expenditure

20. Rejects categorically the idea included in other reform proposals of excluding structural and cohesion expenditure from all computations for the purpose of establishing Member States' contributions or rebates on these contributions since such a step would bring in differentiation between "noble" and "suspicious" expenditure, thus opening the door for a European Union *à la carte* where policies would ultimately be financed solely by the Member States which have an interest in them;

Conclusion

21. Notes the proposal put forward by Finland in April 2004 on replacing the current financing system of the European Union, while leaving in place traditional own resources, by a GNI based system, taking GNI shares as the basis for the Member States' contributions towards the Union's

---

[1] See paragraph 18 of opinion No 2/2006 (OJ C 203, 25.8.2006, p. 50).
[2] "Schreyer report": COM(2004)0505 and COM(2004)0501 of 14 July 2004.

own resources, abolishing the VAT resource in its current form, as it is only a mathematical basis for calculating the national contributions, and progressively suppressing the British rebate to zero in 2013;

22. Underlines the fact that this system would have the advantage of being simple and transparent and of constituting a possible step towards the establishment of a genuine own resources system for the Union and that all Member States contributing to the UK rebate at the moment would benefit, as would the UK itself, through the abolition of the VAT resource in its current form; stresses that this does not prejudice the long-term inclusion of an altered VAT in the financing of the European Union;

23. Recognises that the GNI resource is less visible for citizens but equitable in relating contributions to the general level of prosperity of Member States and an expression of solidarity between them;

24. Is aware of the fact that an agreement on a new financing system along the lines of the Finnish proposal is only politically acceptable within the framework of a global negotiation process which also includes expenditure; calls on the Commission to consider the GNI based system described above when making any new proposals on EU revenue following the review process as laid down in the Interinstitutional Agreement of 17 May 2006;

25. Stresses that the link between revenue and expenditure should form an aspect of the considerations concerning the changeover to a new system; rejects any attempt to renationalise the Common Agricultural Policy;

26. Recommends that the first phase of the reform could start immediately after the ratification of the agreement to be reached; while keeping the system of national contributions as such, it would become simpler, more transparent and absolutely in proportion with the relative wealth of each Member State; emphasises, however, the temporary nature of such a phase, in that its sole aim would be to prepare the ground for the introduction of a genuinely new own resources system;

Second phase of the reform: a new system of own resources

27. Confirms the views which it has expressed earlier, to the effect that the aim of the reform of Community revenue must be the creation of a genuine own resource for the European Union to replace the existing mechanisms; recalls that this objective and the proposals to achieve it are not in the least revolutionary but merely seek to revive the letter and spirit of the founding treaties;

28. Considers the following principles, which have emerged in all contacts with national parliaments, as cornerstones for any future own resources system:

   – Full respect for the principle of fiscal sovereignty of the Member States

   – Fiscal neutrality

   – No changes to the order of magnitude of the EU budget

   – Progressive phasing-in of the new system

   – Establishment of a clear political link between a reform of revenue and a reform of expenditure;

Full respect for the fiscal sovereignty of the Member States

29. Considers that, as stated in the Treaties and in the draft Constitution, fiscal sovereignty will

remain with the Member States who might, however, authorise the Union, for a limited period to be revoked at any time, to benefit directly from a certain share of a tax as is the case in most Member States with regional or local authorities;

Fiscal neutrality

30. Is convinced that, all other things being equal, the new system must not increase overall public expenditure nor the tax burden for citizens; concludes that, should a new system directly allocate a tax, visible for all citizens, partly or in full, to the European Union, an equivalent reduction would have to be made elsewhere; suggests that the national courts of auditors and the European Court of Auditors should be invited to check and guarantee compliance with this principle;

31. Considers that the development of a new system of own resources must take into consideration the efforts of Member States to coordinate their policies in the field of taxation;

No changes to the order of magnitude of the EU budget but securing sufficient EU budget revenue to meet EU political priorities

32. Sees no need at the moment to alter the ceiling of 1,24% of GNI which already allows for a sizeable margin of manoeuvre; recalls that no budget has ever come close to this ceiling, agreed by the Member States themselves in 1992 under British presidency, with payment appropriations reaching their maximum level in 1993 at 1,18% of GNP; underlines that, although the financial framework foresees a percentage of 1,045% of GNI for the years 2007 – 2013, the first budget of this period was adopted at a level as low as 0,99% of GNI;

Progressive phasing-in of the new system

33. Calls for a gradual introduction of the new system starting in 2014; is in favour of allowing for a transitional period in order to guarantee a smooth phasing-out of the old financing system with all its historical special arrangements;

Establishment of a clear political link between a reform of revenue and a reform of expenditure

34. Points out that a reform of the structure of EU revenue and a reform of the structure of EU expenditure have to go hand in hand, as foreseen in Declaration No 3 annexed to the Interinstitutional Agreement of 17 May 2006;

35. Notes that an own resources system which ensures EU budget revenue evolution following the growth of wealth in the Member States will improve the political climate of budgetary decision-making, enabling decision-makers to concentrate on key priorities with EU added value instead of bargaining on expenditure levels;

36. Welcomes the initiative launched at the joint meetings of the European Parliament and the Member States' parliaments for the purpose of bringing together a special working party on own resources; considers dialogue with the Member States' parliaments to be essential if any progress is to be made in the reform of own resources;

Possible options for the future

37. Reiterates that, in contacts with the national parliaments of the Member States, many have considered that the time for a new European tax has not yet come in the short term; underlines, however, that this does not rule out the possibility that, if and when Member States decide to levy new taxes, they could at the same time, or at a later stage, decide to authorise the Union to benefit directly from such new taxes;

38. Stresses, however, that it will be vital in a second phase to examine the creation of a new system of own resources based on a tax already levied in the Member States, the idea being that this tax, partly or in full, would be fed directly into the EU budget as a genuine own resource, thus establishing a direct link between the Union and European taxpayers; points out that this would also serve to approximate national tax laws; underlines that this kind of solution would only mark a return to the principle laid down by the Treaty of Rome, whereby European expenditure has to be financed by European own resources;

39. Recalls that the candidate taxes in whole or in part which were taken into consideration for this purpose during the exchanges with the national parliaments or in the Commission's reports on the reform of the own resources system include the following:

– VAT

– excise duties on motor fuel for transport and other energy taxes

– excise duties on tobacco and alcohol

– taxes on corporate profits;

40. Notes that in the discussions in the European Parliament other possible avenues were also explored such as:

– taxes on dealings in securities

– taxes on transport or telecommunications services

– income tax

– withholding tax on interest

– ECB profits (seigniorage)

– ecotax

– taxes on currency transactions

– taxes on savings

– taxes on financial transactions

41. Considers that the suitability of a new system of own resources should be judged according to the following criteria:

– Sufficiency: Would the revenues be sufficient to cover the expenditures of the EU in the long run?

– Stability : Would the system bring about stable revenues for the EU budget?

– Visibility and simplicity: Would it be visible to EU citizens and would it be understood by them?

– Low operating costs: Would it be simple to administer and involve low compliance costs?

– Efficient allocation of resources: Would it lead to an efficient allocation of resources in the EU?

– Vertical equity: Would it involve income redistribution?

– Horizontal equity: Would it have an equal impact on equivalent taxpayers across the EU?

– Fair contributions: Would this resource raise revenues from the Member States in line with their economic strength?

42. Wishes to pursue the examination of these options in close cooperation with the national parliaments before taking a final position; gives high priority to establishing, possibly during the

Portuguese presidency, a common basis for discussion with regard to the coming review of EU revenue; will make every effort to arrive at a position on the future of the Union's own resources which can be supported by a majority of the Member States' parliaments;

43. Considers this resolution a first but solid basis on which to build further efforts to find a fairer and more transparent, new system of financing the European Union; intends to discuss and adopt its final position on a new system of own resources for the European Union in time for it to be taken into account in the deliberations concerning the comprehensive review of EU revenue and expenditure as agreed in the Interinstitutional Agreement of 17 May 2006;

o

o o

44. Instructs its President to forward this resolution and its Annex to the Council and Commission and to the governments and parliaments of the Member States.

ANNEX

Exceptions introduced by the European Council in December 2005 on the expenditure and income side of the budget, namely:

Earmarked for Projects:

- EUR 865 Mio. for the nuclear power plant Ignalina (LIT) and 375 Mio. for the nuclear power plant Bohunice (SLK)
- 200 Mio. for the peace process in Northern Ireland (UK)

Earmarked for Regions

- 879 Mio. for five Polish Objective 2 regions (EUR 107 per citizen)
- 140 Mio. for a Hungarian region (Közép-Magyarország)
- 200 Mio. for Prague
- "phasing-out" support for a Finnish Region and Madeira, which were originally "phasing-in" regions
- 100 Mio. for the Canary Islands
- 150 Mio. for Austrian border regions
- 75 Mio. for Bavaria
- 50 Mio. for Ceuta and Melilla (ES)
- 225 Mio. for eastern German Länder
- 136 Mio. for the most remote regions (EUR 35 per citizen)
- 150 Mio. for the Swedish regions in Objective "Competitiveness and Employment"

Special Funds for Member States

- absorption rate for Poland raised by 4%
- "phasing-in" support for Cyprus, despite never being Objective 1 region
- 2 000 Mio. for Spain, to be distributed freely among Structural Fund Objectives
- 1 400 Mio. for Italy (predefined distribution)
- 100 Mio. for France (Objective: "Regional Competitiveness and Employment")
- 47 Mio. for Estonia (EUR 35 per citizen)
- 81 Mio. for Lithuania (EUR 35 per citizen)
- additional payments from rural development:

○ 1 350 Mio. for Austria	○ 20 Mio. for Luxembourg
○ 460 Mio. for Finland	○ 100 Mio. for France
○ 500 Mio. for Ireland	○ 820 Mio. for Sweden
○ 500 Mio. for Italy	○ 320 Mio. for Portugal

Special Conditions

- 50% increased support for the former exterior borders to ROM and BLG, compared to regular support for border regions
- private co-financing can be counted in for Structural Fund supported projects in new Member States (per capita GDP <85% of EU average) and eastern German Länder
- in the new Member States (<85%), VAT can be considered eligible cost for Structural Fund projects

Special Conditions in Legal Bases

- departing from "n+2" rule for new Member States (<85%) in 2007-2010
- building projects are eligible for support in the new Member States (EU10 + ROM, BLG)
- 20% of funds from the first pillar (Agriculture) can be used by each country for rural development, disregarding general rules such as co-financing
- special funds for rural development in Portugal (320 Mio.), without co-financing

Special Conditions for Financing the Budget

- rate-of-call for VAT own resources contribution is reduced by 25% for Austria
- rate-of-call for VAT own resources contribution is reduced by 50% for Germany
- rate-of-call for VAT own resources contribution is reduced by 66% for Sweden and the Netherlands
- the Netherlands get 4 230 Mio. (GNI 'own-resources')
- Sweden gets 1 050 Mio. (GNI 'own resources')
- the rebate for the UK is kept, reduced by certain phased-in payments for the new Member States.