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REPORT

on the proposal for a Council decision on the allocation of financial intermediation services indirectly measured (FISIM) for the establishment of the gross national income (GNI) used for the purposes of the European Union's budget and its own resources
(COM(2009)0238 – C7-0049/2009 – 2009/0068(CNS))

Committee on Budgets

Rapporteur: Jean-Luc Dehaene

PR_CNS_art55am

<i>Symbols for procedures</i>

- * 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***. In the case of amending acts, passages in an existing provision that the Commission has left unchanged, but that Parliament wishes to amend, are highlighted in **bold**. Any deletions that Parliament wishes to make in passages of this kind are indicated thus: [...]. 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). Suggested corrections of this kind are subject to the agreement of the departments concerned.

CONTENTS

	Page
DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION	5
EXPLANATORY STATEMENT	7
RESULT OF FINAL VOTE IN COMMITTEE	9

DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

on the proposal for a Council decision on the allocation of financial intermediation services indirectly measured (FISIM) for the establishment of the gross national income (GNI) used for the purposes of the European Union's budget and its own resources (COM(2009)0238 – C7-0049/2009 – 2009/0068(CNS))

(Special legislative procedure – Consultation)

The European Parliament,

- having regard to the Commission proposal to the Council (COM(2009)0238),
 - having regard to Article 2(7) second subparagraph of Council Decision 2000/597/EC, Euratom of 29 September 2000 on the system of the European Communities' own resources¹ and Article 2(7) second subparagraph of Council Decision 2007/436/EC, Euratom of 27 June 2007 on the system of the European Communities' own resources²,
 - having regard to Rule 55 of its Rules of Procedure,
 - having regard to the report of the Committee on Budgets (A7-0022/2010),
1. Approves the Commission proposal as amended;
 2. Calls on the Commission to alter its proposal accordingly, pursuant to Article 293(2) of the Treaty on the Functioning of the European Union;
 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, to the Commission and to the national parliaments.

Amendment 1

Proposal for a decision Article 2

Text proposed by the Commission

Amendment

The allocation of financial intermediation services indirectly measured pursuant to ***deleted***

¹ OJ L 253, 7.10.2000, p. 42.

² OJ L 163, 23.6.2007, p. 17.

article 1 shall apply for the purposes of decision 200/597/EC, Euratom from 1 January 2005 to 31 December 2006

Amendment 2

Proposal for a decision Article 3

Text proposed by the Commission

The allocation of financial intermediation services indirectly measured pursuant to Article 1 shall apply for the purposes of Decision 2007/436/EC, Euratom from *1 January 2007*.

Amendment

The allocation of financial intermediation services indirectly measured pursuant to Article 1 shall apply for the purposes of Decision 2007/436/EC, Euratom from *1 January 2010*.

EXPLANATORY STATEMENT

The proposal of the Commission envisages proceeding to the allocation of FISIM for the establishment of GNI of Member States for the purposes of the Union's budget and its own resources.

FISIM - "financial intermediation services indirectly measured"- represent a part of the production of financial institutions which is not delivered under the form of direct sales of services with a fixed price, but by means of charging a higher rate of interest for loans than the one used for deposits.

The method for the allocation of FISIM within the system of national and regional accounts (ESA 95) has been defined in European legislation since 1998 and should have been implemented from 2005 onwards¹.

However, it was since the beginning foreseen that the allocation of FISIM for the establishment of GNI for purposes of the Union's budget and its system of own resources would depend on a decision by unanimity of the Council, under proposal of the Commission after the opinion of the EP².

In fact, it was considered necessary to go through a period of trial in order to evaluate the accuracy of the methods and rules defined and test whether the allocation would indeed yield more reliable results for the correct measurement of the economic activity concerned. At the outcome of this trial period a decision would then be taken, according to the procedure described above, concerning the allocation of FISIM for the establishment of GNI.

The Commission considers that the results of that trial period are satisfactory and has thus proposed to proceed to the allocation of FISIM for the establishment of GNI. The Commission considers that this allocation should be made retroactively from 1 January 2005, date of the entry into force of the Commission Regulation (EC) No 1889/2002 mentioned above.

This means, in fact, that two different periods, covered by two different decisions on own resources, would be considered:

- from 1 January 2005 to 31 December 2006, the allocation would be applied for the purposes of Decision 2000/597/EC, Euratom;

¹ It was first defined in Council Regulation (EC) No 2223/96 of 25 June 1996, amended and completed by Council Regulation (EC) No 448/1998 of 16 February, and it was implemented by Commission Regulation (EC) No 1889/2002 of 23 October 2002, which foresaw its implementation from 1 January 2005. In practice, only in autumn 2008 did all Member States allocate FISIM in ESA 95 data transmission.

² This results from a specific provision in article 8(1) of regulation (EC) No 448/98 mentioned, as well as from article 2(7) of both the decisions "own resources" of 2000 and 2007 (the allocation of FISIM would increase GNI by more than 1% in average, which can be considered as "significant changes in GNI" as provided for in that provision).

- from 1 January 2007 onwards, it would apply for the purposes of Decision Decision 2007/436/EC, Euratom.

The system proposed by the Commission is logical and coherent with the different stages of the European legislation in this area, and could be accepted by Parliament. Indeed, the retroactive allocation of FISIM for the establishment of GNI would yield to more effective data and would have a positive impact in the calculation of Member States estimated own resources contributions. As such, it would also modify the ceilings for commitments and payments foreseen in the multiannual financial framework.

However, the proposed retroactive application from 1 January 2005, although in theory commendable, has given birth to divergences amongst Member States, which do not agree on the exact extent of the retroactivity of the decision, and could be open to legal challenges. Indeed, it seems that the only possibility for reaching an agreement between all Member States is that no retroactive application of the allocation of FISIM be considered. The allocation would then take place only from the year of the entrance into force of the decision on, which means from 1 January 2010 on.

In this context, the rapporteur considers that the best thing to do is to propose that the allocation of FISIM to the GNI starts only on the 1 January 2010, thus avoiding conflicts between Member States and possible legal challenges. In fact, the rapporteur considers that the priority for the EP is that the allocation of FISIM be properly done from 2010 on, in order to obtain a more accurate calculation of the GNI.

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	23.2.2010
Result of final vote	+: 28 -: 0 0: 0
Members present for the final vote	Alexander Alvaro, Francesca Balzani, Lajos Bokros, Andrea Cozzolino, Jean-Luc Dehaene, Göran Färm, José Manuel Fernandes, Eider Gardiazábal Rubial, Salvador Garriga Polledo, Jens Geier, Ivars Godmanis, Ingeborg Gräßle, Carl Haglund, Jiří Havel, Monika Hohlmeier, Sidonia Elżbieta Jędrzejewska, Anne E. Jensen, Alain Lamassoure, Vladimír Maňka, Barbara Matera, Miguel Portas, László Surján, Helga Trüpel, Derek Vaughan, Angelika Werthmann, Jacek Włosowicz
Substitute(s) present for the final vote	Frédéric Daerden, Giovanni La Via