

AMENDMENT FORM

Suggestion for amendment of Article : 39

By Members: Mr Andrew Duff, Mr Lamberto Dini, Mr Paul Helminger, Mr Peeter Kreitzberg, Mr Agirdas Gričius, Mr Puiu Hasotti, Mr Zekeriya Akçam and Mr Eugenijus Maldeikis; and **Alternate Members:** Lord Robert MacLennan of Rogart, Mr Nesrin Uzun, Mr Marios Matsakis, Mrs Androula Vassiliou, Mr Istvan Szent-Ivanyi, Mr Péter Eckstein-Kovacs, Mr Ibrahim Ozal and Mr Gintautas Sivickas.

Status : Members and alternate members.

Article 39: The budgetary and financial principles¹

0. *The Union shall have financial autonomy through receipt of its own resources.*
1. All items of revenue and expenditure of the Union shall be included in estimates to be drawn up for each financial year and shall be shown in the budget.
- As an exception to the principle of the unity of the budget, the costs of non-shared operations in the field of common security and defence policy shall be financed by direct contributions from those Member States which choose so to contribute.*
2. The revenue and expenditure shown in the budget shall be in balance.
3. *Delete*
4. *Delete*
5. *Delete*
6. *Delete*
7. *Delete*
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¹ This article should precede the article on own resources, and will be renumbered Article 38.

Explanation:

Curiously, the most important principle of all is missing from the Praesidium's draft - namely, that the Union has financial autonomy.

We have removed in paragraph 1 the reference to Part II and its implicit and unspecified exceptions to the rule that the EU budget should be comprehensive. The Convention has to reflect in budgetary terms any enhanced competences of the Union. We and others have proposed in Article 12 that development policy becomes a shared competence, so we cannot leave the European Development Fund in its present anomalous position, adrift from the EU general budget. As a matter of form, Part II should in any case be contingent on Part I and not vice versa.

As far as the security operations of the Union are concerned (both internal and external) it is now acquis that all administrative expenditure should fall to the EU budget. It should in our view also be the case that all shared operational costs should be subsumed within the EU budget, leaving as the exception only the costs of those operations where not all member states choose to participate and, moreover, positively elect not to contribute financially to the collective effort. The Convention will have to return to this matter later, but we include a draft of a specific derogation from the general rule for illustrative purposes.

The detail of the contributory arrangements will be set out in Part Two (revised Article 28 TEU).

We cannot see that a similar derogation needs to be continued with respect to joint civilian operations of police and interior security services (Article 41 TEU). The merging of the third pillar is supposed to reflect the willingness of all Member States to practice solidarity in this field. (It is vital to avoid a repeat of the present arrangements for the financing of the EU operation in Bosnia-Herzegovina, which are a terrible muddle.)

The remaining paragraphs of the draft article are too detailed and lengthy to appear in Part One. As they deal with what are essentially procedural matters, they should thus be relegated to Part Two. The reflection circle on the budget is in any case shortly to report on these matters to the Convention.