

AMENDMENT FORM

Suggestion for amendment of Article 39:

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on behalf of the EPP Convention Group

Status: Members and Alternates

Text of the Praesidium

Article 39: The budgetary and financial principles

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, in accordance with the provisions of Part II of the Constitution.
2. The revenue and expenditure shown in the budget shall be in balance.
3. The expenditure shown in the budget shall be authorised for the annual budgetary period in accordance with the law referred to in Article B (*Part II, ex-279: Financial Regulation*).
4. The implementation of expenditure shown in the budget shall require the prior adoption of a binding legal act which provides a legal basis for Union action and for the implementation of the expenditure in accordance with the law referred to in Article B (*Part II, ex-279: Financial Regulation*). This act must take the form of a European law, a European framework law, a European regulation or a European decision.
5. With a view to maintaining budgetary discipline, the Commission shall not make any proposal for a Union act, or alter its proposals, or adopt any implementing measure which is likely to have appreciable implications for the budget without providing the assurance that that proposal or that measure is capable of be-

Proposed Amendments

Article 39: The budgetary and financial principles

Add new paragraph 1:

- 1. The Union shall provide itself with the means necessary to attain its objectives and carry through its policies.**
- ~~1.~~ 2. 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, ~~in accordance with the provisions of Part II of the Constitution.~~
- ~~2.~~ 3. The revenue and expenditure shown in the budget shall be in balance. ***Deficits in the budget of the Union shall be prohibited.***
- ~~3.~~ 4. The expenditure shown in the budget shall be authorised for the annual budgetary period in accordance with the law referred to in Article B (*Part II, ex-279: Financial Regulation*).
- ~~4.~~ 5. The implementation of expenditure shown in the budget shall ***as a general rule*** require the prior adoption of a binding legal act which provides a legal basis for Union action and for the implementation of the expenditure in accordance with the law referred to in Article B (*Part II, ex-279: Financial Regulation*). This act must take the form of a European law, a European framework law, a European regula-

ing financed within the limit of the Union's own resources.

6. The Union's budget shall be implemented in accordance with the principle of sound financial management. Member States shall cooperate with the Union to ensure that the appropriations entered in the budget are used in accordance with the principles of sound financial management.
7. The Union and the Member States shall counter fraud and any other illegal activities affecting the financial interests of the Union in accordance with the provisions of Article Z (*Part II, ex-280 TEC*).

tion or a European decision.

- ~~5.~~ 6. With a view to maintaining budgetary discipline, the Commission shall not make any proposal for a Union act, or alter its proposals, or adopt any implementing measure which is likely to have appreciable implications for the budget without providing the assurance that that proposal or that measure is capable of being financed within the limit of the Union's own resources.
- ~~6.~~ 7. The Union's budget shall be implemented in accordance with the principle of sound financial management. Member States shall cooperate with the Union to ensure that the appropriations entered in the budget are used in accordance with the principles of sound financial management.
- ~~7.~~ 8. The Union and the Member States shall counter fraud and any other illegal activities affecting the financial interests of the Union in accordance with the provisions of Article Z (*Part II, ex-280 TEC*).

Explanation:

Para 1 new:

Cf. Article 6 (4) EU

Para 1 (now para 2):

The principle of unity of the budget should be emphasized. There should be no special financing arrangements for certain policies, eg. CFSP and cooperation in the fields of justice and home affairs. The European Development Fund should be included into the budget.

Para 2 (now para 3):

The Union should not be allowed to produce deficits in its budget. This is not only symbolic, but also a responsibility towards future generations.

Para 4 (now para 5):

The reference to the “prior adoption of a binding legal act” excludes the standing practice for pilot projects and preparatory actions fixed in an inter-institutional agreement. The possibility for this should be kept open in future. Text is based on Art 37 of the Interinstitutional Agreement of 9 May 1999 on budgetary discipline and improvement of the budgetary procedure.