

AMENDMENT FORM

Suggestion for amendment of Article 40: (Title VII Union's Finances, part II of the Treaty)

By: Teija Tiilikainen, Antti Peltomäki, Kimmo Kiljunen, Matti Vanhanen, Riitta Korhonen, Esko Helle

Status : **Tiilikainen, Kiljunen, Vanhanen - Members**
 Peltomäki, Korhonen, Helle - Alternates

Article 40: The Union's budgetary procedure

Article 40 should be replaced by the following text:

The European Parliament and the Council shall, on a proposal from the Commission¹ and in accordance with the arrangements laid down in Article W (*ex-272 TEC, Part II of the Constitution*), jointly adopt the Union's annual budget.

[Second paragraph removed to article 39 para 1 bis].

The Council, on a proposal from the Commission and after consulting the European Parliament shall adopt a law on the multi-annual financial framework in accordance with the arrangements laid down in Article Z (Part II of the Constitution).

Explanation:

Finland is in favour of the simplification of the budgetary procedure. However, the present inter-institutional balance must be maintained even in a simplified system. Consequently, the Member States power over the system of own resources should be maintained and the Council should be guaranteed a role corresponding to the one it presently holds as a branch of the Budgetary Authority.

The differentiation between compulsory and non-compulsory expenditure could be abolished on the condition that this is carried out without changing the present inter-institutional balance. The abolition of the differentiation strengthens the powers of the European Parliament. The Council, supervised by the Member States parliament is the other democratic pillar in the institutional design of the Union. Therefore, the powers of the Council should be strengthened if the abolition of the division to compulsory and non-compulsory expenditure is considered. The balance of power between the Parliament and the Council could be safeguarded by giving the Council a final say on the Financial Perspectives (which we propose to rename "financial framework"), which should be incorporated in the Treaty.

¹ This expression, "on a proposal from the Commission", does not prejudge the voting rules in the Council which will be the subject of the "arrangements laid down in Article W". This is not a matter of extending the consequences of the Commission's initiative to the budgetary procedure.

Procedure for adoption of the Financial Perspectives could be the following:

- Trilogue with the European Parliament and the Council
- Proposal by the Commission
- Single readings by the European Parliament (EP position) and the Council (Common Position)
- Trilogue if the Council intends not to accept the modification proposed by the EP
- Adoption of the Financial Perspective by the Council. Items in which there is a common understanding between the Parliament and the Council shall be adopted as agreed. In the absence of the agreement between Parliament and Council, the Commission shall give its reasoned opinion on the subject. If the Commission supports the modifications proposed by the EP to financial perspectives, the Council can reject that modification only by an unanimous decision. Otherwise the Council can approve the financial perspectives, which shall be in the limits of the own resources decision, by qualified majority.

The Financial Perspective could be substantially modified in the same procedure in which it was adopted. The Commission should make the annual technical adjustment of the financial perspective.

The budget procedure could be simplified further by adopting the budget in a single reading. The principal stages of the procedure leading to the establishment of the Budget would be the following:

- Technical adjustment of the Financial Perspective by the Commission
- Trilogue between European Parliament, Council and Commission
- Budget proposal of the Commission
- Readings by the Council (Council Common Position) and the European Parliament (EP position) with a trilogue between Parliament, Council and the Commission if the Parliament intends to make modifications to the Council Common Position
- Final Adoption of the Budget by the European Parliament on the basis of the results of the trilogue. The items agreed on trilogue between Parliament and Council should be adopted as agreed. The Commission should give a reasoned opinion concerning the modifications the EP intends to make to the Council Common Position and which have not been resolved in negotiations between the Parliament and the Council. If the Commission supports the Council Common Position, the EP can only adopt the modification only by the votes cast representing 2/3 majority of its members. Should there not be sufficient majority, the Council Common Position would prevail. If the Commission supports the amendments the Parliament intends to make, the Parliament can adopt the modification by majority of the votes cast.
- At the end of the procedure, the President of the European Parliament should declare the procedure finished, sign the budget and publish it in the Official Journal.

The Union needs a budget and, one cannot imagine that at the end of eventual conciliation there would be the conclusion that the Union has not passed the budget as the default option of the procedure. Safeguards preventing such an outcome should be included in the procedure.