

CERCLE II

Working document 08

"Discussion circle" on budgetary procedure

Subject : Position taken by Hans Martin Bury to the questionnaire on the financial perspective (Working document 01)

Members of the "Discussion circle" on the budgetary procedure will find hereafter a paper from Mr Hans Martin Bury, alternate Member of the Convention.

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(Working document 01)**

Question 1 (Name)

The financial perspective (comprising regulations on budgetary discipline and a financial table) forms the framework for the annual budgetary procedure. This fact should be apparent from its name in the Constitution. It is therefore proposed that the package be called the "multiannual financial framework". Alternatively, the current term, "financial perspective", could be retained.

The term "financial planning mechanism" proposed by the Working Group on Simplification however gives a misleading impression of the contents of the package, the word "mechanism" suggesting that the focus is on procedure.

Question 2 (Ceiling on payment appropriations)

The Constitution should contain only the legal principle that the financial perspective sets an absolute ceiling for the Community's annual payment appropriations.

The concrete figure for the individual year would then be stipulated in secondary legislation, i.e. in the annual financial perspective.

Question 3 (Ceilings for individual headings)

We propose that the Constitution include provisions stating that the financial perspective is to be subdivided into individual expenditure headings, for each of which a binding ceiling is to be set. The Treaty should not however list the individual headings (agricultural policy, structural policy). Instead, we propose that the individual headings be included in the financial perspective itself.

Question 4 (Flexibility between ceilings; streamlined procedure for amending the perspective)

Flexible ceilings would only provide an undesirable incentive to make full use of the leeway in all expenditure headings. Amending the financial perspective should thus remain the only way to alter the ceilings.

We do not think it sensible to have a streamlined procedure for amending the financial perspective. Any adjustments should follow the same procedure as the establishment of the financial perspective. Only in this way is it possible to respect the intention of the budgetary legislator that ceilings are not exceeded.

Question 5 (Duration)

A longer period (7 years) would provide greater certainty for long-term planning, but would increase the risk of forecast error and reduce flexibility. As a rule national financial planning covers a period of 4 to 5 years.

This could also be a guideline for the Community. Since the financial perspective can also be viewed as the political priorities of the Community in numerical form, synchronizing financial planning with the terms of office of the European Parliament and Commission seems sensible. It should however be ensured that a financial perspective is in force at all times.

Question 6 (Decision-making procedure)

Germany thinks that the procedure could be largely geared to the present procedure set out in the Interinstitutional Agreement: the Commission recommends a financial perspective, the Council adopts it by qualified majority and the European Parliament then gives its consent by simple majority.