

CIRCLE III

Working Document 2

"Discussion circle" on own resources

Subject : Response from Lord Tomlinson to the questions put to the Discussion Circle on Own Resources (CONV 654/03)

Members of the "Discussion circle" on own resources will find hereafter a paper by Lord Tomlinson, alternate Member of the Convention.

Response from Lord Tomlinson to the questions put to the Discussion Circle on Own Resources (CNV 654/03)

The Member States, including national Parliaments, must continue to have the sole right to decide on the financial resources of the Union. This is vital on democratic legitimacy grounds, as well as to maintaining the institutional balance of the budget process. It is also an absolute prerequisite for any streamlining of the budget process involving a weakening of the Council's control over compulsory expenditure.

This means that any diminution of the role of the Council and Member States under the article 269 procedure would have direct repercussions on my views on the compulsory/non-compulsory expenditure distinction.

Responding to the Praesidium's specific questions:

- a) Yes. Council decisions under the Article 269 procedure should continue to be unanimous. The European Parliament should be consulted.
- b) It is absolutely imperative to maintain the requirement in Article 269 for adoption by the Member States in accordance with their respective constitutional requirements.
- c) The need for fairness and transparency arises on both revenue and expenditure sides of the budget, with the greatest room for improvement on the expenditure side. The citizen's primary concern is to see good value for money from the EU budget. That relies on reform of wasteful policies and a value added, outcomes-based, approach to annual budget negotiations, implementation and monitoring. On the revenue side, suppression of the first two ("traditional") resources would improve transparency and remove a persistent source of fraud against budget revenues. By contrast, an EU tax would inevitably be seen as an additional burden, would be deeply unpopular in its own right, and would reduce popular support for the EU.
- d) No change to the existing system of revenues is needed for the budget to be effectively financed, even in an enlarged Union. In any event, it is possible to make change to the revenue system provided these have the requisite agreement. A number of such changes have been made over the years.