

COVER NOTE

from :	Secretariat
to :	Convention
Subject:	"Discussion circle" on the budgetary procedure

Members of the Convention will find below the framework of proceedings for the "discussion circle" on the budgetary procedure, as defined by the Praesidium. It will be chaired by Mr Henning Christophersen.

Membership of this circle should be very restricted, given the special expertise required.

The first meeting is already scheduled for 14.30 on Tuesday 18 March.

Framework of proceedings of the "discussion circle" on the budgetary procedure

1. Simplification of the budgetary procedure was addressed in the report from Working Group IX on Simplification.

The Group's recommendations for detailed arrangements for the annual budgetary procedure were not confirmed at the Convention's plenary session on 5 and 6 December 2002.

Nevertheless, a degree of consensus did emerge on the principle of joint adoption of the budget by the two arms of the budget authority, the European Parliament and the Council, on the basis of a simplified codecision procedure.

The Convention welcomed the proposal that the financial perspective, which is currently covered by an inter-institutional agreement, should be incorporated into the Constitution itself. In the course of discussion, it emerged that the two questions are closely linked. A number of Convention members feel that simplification of the annual budgetary procedure cannot be dissociated from incorporation of the financial perspective in the Constitution, thereby making it legally binding.

2. Draft Article 40 proposed by the Praesidium is based on this approach. It is an outline procedure reflecting the only points on which the Convention reached consensus. However, since the debate in plenary did not provide any detailed guidance for the provisions of Part Two of the Constitution, work needs to continue in the "discussion circle", which should look at the following questions:
 - (a) How to incorporate the financial perspective into the Constitution. This means deciding how broad the scope of the provisions on the financial perspective should be and consequently how detailed they should be. The circle will also need to look at the procedure for adopting multiannual perspective.
 - (b) What the detailed arrangements for the simplified budgetary procedure should be. In particular, this means considering the distinction between compulsory and non-compulsory expenditure and its consequences.

3. It is planned that the "discussion circle" should meet 3 or 4 times during March and the first half of April, so that the Chairman of the circle can submit its conclusions at the Convention meeting on 24 and 25 April 2003.

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