

## Budgetary and financial prospects for the European Union

Resolution of the Economic and Social Commission  
adopted by the Brussels Central Council (10 December 2004)

The Economic and Social Commission of the European League for Economic Cooperation (ELEC), meeting in Brussels on 15 September 2004:

- ◇ **hopes** that the current discussion of the financial prospects for the EU for 2007-2013 will be used as an opportunity to tackle with ambition the problems of the Community budget and of the development of the EU's own resources
- ◇ **opposes** the undue emphasis it considers is being placed on the calculation of the States' "net balances" (between contributions paid and payments received), which leads to a proposal for the generalised levelling of balances that amounts to ignoring the Community spirit in favour of a logic of "getting one's money back"
- ◇ **observes** that such debates disregard both the comparative advantages of Community spending over national public expenditures and the considerable synergies obtainable through the implementation of certain policies (in research, infrastructures and information technology). It calls in this respect on the Commission to give greater emphasis to such concrete and as yet under exploited synergies, and urges Member states to appraise them carefully in their negotiating positions as well as in their public pronouncements
- ◇ **recommends** therefore making full use of the margin for manœuvre provided by the ceiling of 1.24% of GDP (now being used to the tune of 1% only) set for Community budget expenditure, without however exceeding this level on account of political realism. This ceiling lies nevertheless much below the level of the needs corresponding to the ambitions declared by the various councils of the Union, among others for common external policy and for justice and home affairs. ELEC notes that at this level, the community budget still only represents 2.5% of total public expenditure by the countries of the EU. Within the time frame of these financial prospects, national public expenditures should have returned to levels compatible with art. 104 of the Treaty rules
- ◇ **supports** the efforts undertaken to re-balance community expenditure to the benefit of the "internal policies" enhancing competitiveness and oriented toward the future (research, education, the information society) and for citizenship / security. This implies a gradual but effective reduction in the CAP budget as well as a stabilisation of the proportion allocated to the Structural Funds, aiming at their resorption in the long run
- ◇ **calls on** Member States to accept the gradual replacement of national VAT- and GDP-based contributions by genuine Community own resources, such as to give the EU real budgetary autonomy. For the time being, the direct collection to the benefit of the EU of a proportion of excise duties seems to be the most direct and effective way of achieving this. But ELEC suggests that work be actively resumed on the preparation of a genuine European tax: energy tax, environmental tax on pollutant emissions or the discharge of carbon dioxide. This resource would make it possible to finance expenditures now included in the States' own budgets

- ◇ **proposes** to examine anew the value and impact of Community borrowing by the EU, which could make it possible, in complement to direct budgetary expenditure, to fund programmes for transnational infrastructure and for research / innovation/ education that the EU needs in order to modernise its economy, as outlined by the Lisbon Agenda; besides such Community borrowing, increased support by the EIB to both investments and the integration of capital markets in the new Member states is also recommended
- ◇ **notes** in this regard that the coming discussions of the Union's financial prospects will mark a decisive stage for the European Parliament and other community institutions in the exercise of its responsibilities.

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