

## THE PRESIDENT OF THE EUROPEAN PARLIAMENT, THE PRESIDENCY OF THE COUNCIL OF THE EUROPEAN UNION AND THE PRESIDENT OF THE EUROPEAN COMMISSION

Brussels, 22/04/2016

## Subject: Invitation to the Interinstitutional Conference of 7-8 September 2016 on the Future Financing of the EU

Dear Speaker,

We are pleased to announce that an Interinstitutional Conference on the Future Financing of the European Union will take place on 7/8 September 2016 in the premises of the European Parliament in Brussels. It will bring together parliamentarians from all Member States, representatives of the European Institutions and members of the High Level Group on Own Resources to debate and assess key issues of European public finance and in particular the future of the financing of the EU budget .

The European Union is facing unprecedented and multiple challenges, whether these arise from internal difficulties or external crises. Not all of them can be solved by financial intervention alone. Yet, for the most part, financing is an indispensable tool for implementing our policies and addressing new developments.

As you certainly know, the main provisions governing the European Union's general budget are laid down in Article 311 of the Treaty on the Functioning of the European Union, in the Multiannual Financial Framework Regulation -setting out the broad lines of the expenditure side of the budget- and in the Own Resources Decision, which constitutes the legal basis for the revenue side of the budget. This decision enters into force after approval by the Member States at unanimity and after ratification in accordance with their respective constitutional requirements, which most often implies the involvement of national Parliaments.

As a key institutional actor, national Parliaments should therefore also be involved in the ongoing reflection about possible future reforms.

After the agreement in 2013 on the current multiannual financial framework (2014-2020), the three institutions stated in a joint declaration that the question of own resources required further work and decided to set up the High Level Group on Own Resources. It was established in spring 2014, comprises members designated by the Council, the European Parliament and the European Commission (three each) and a chairman jointly

designated by the three institutions (Mario Monti, former Prime Minister of Italy and former European Commissioner).

The High Level Group on Own Resources' mandate (in Annex) foresees that 'the Group will undertake a general review of the Own Resources system guided by the overall objectives of simplicity, transparency, equity and democratic accountability'. In December 2014, the Group issued its First Assessment Report, which you will find enclosed with the present invitation. It focuses on the analysis of the present system and proposes to widen the debate from purely technical issues to an engaging political interaction.

In order to make meaningful recommendations by the end of 2016, taking into account the views expressed in particular by national parliamentarians, the Group is eager to have an in-depth exchange of views. We therefore invite your Parliament/Chamber to participate to this interinstitutional conference on 7 and 8 September 2016 in Brussels.

You will receive in due course the detailed agenda of the Conference, as well as some preliminary orientations and guiding questions which could serve as a basis for the debate in September and which, in conjunction with the 'First Assessment Report' might also provide guidance should you wish to organise an internal debate beforehand.

We very much hope that your Parliament/Chamber will be represented at this event. It is the wish of the Members of the High Level Group on Own Resources to allow for a wide, active and politically representative participation of the 41 national Parliamentary chambers of Member States of the European Union. The composition and size of the participating delegations should be determined by each Parliament/Chamber.

Yours sincerely,

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Martin Schulz President of the European Parliament

Prime Minister Mark Rutte Presidency of the Council of the European Union

Jean-Claude Juncker President of the European Commission

## Annex - Joint Declaration on Own Resources (December 2013)

- 1. According to Article 311 of the TFEU the Union shall provide itself with the means necessary to attain its objectives and carry through its policies; it also stipulates that, without prejudice to other revenue, the budget shall be financed wholly from own resources. Article 311 al. 3 indicates that the Council, acting in accordance with a special legislative procedure, shall unanimously and after consulting the European Parliament adopt a decision on the system of own resources or abolish an existing category.
- 2. On this basis, the Commission presented in June 2011 a set of proposals to reform the Own Resources system of the Union. At its meeting of 7/8 February, the European Council agreed that Own Resources arrangements should be guided by the overall objectives of simplicity, transparency and equity. In addition, the European Council called on the Council to continue working on the proposal of the Commission for a new own resource based on value added tax (VAT). It also invited the Member States participating in the enhanced cooperation in the area of financial transaction tax (FTT) to examine if it could become the base for a new own resource for the EU budget.
- 3. The question of own resources requires further work. To this end, a high-level Group will be convened, composed of members appointed by the three institutions. It will take into account all existing or forthcoming input which may be brought by the three European institutions and by National Parliaments. It should draw on appropriate expertise, including from national budgetary and fiscal authorities as well as independent experts.
- 4. The Group will undertake a general review of the Own Resources system guided by the overall objectives of simplicity, transparency, equity and democratic accountability. A first assessment will be available at the end of 2014. Progress of the work will be assessed at political level by regular meetings, at least once every six months.
- 5. National Parliaments will be invited to an inter-institutional conference during 2016 to assess the outcome of this work.
- 6. On the basis of the results of this work, the Commission will assess if new Own Resource initiatives are appropriate. This assessment will be done in parallel to the review referred to in Article 2 of the MFF Regulation with a view to possible reforms to be considered for the period covered by the next multiannual financial framework.