

**CONFERENCE
OF THE REPRESENTATIVES
OF THE GOVERNMENTS
OF THE MEMBER STATES**

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NOTE

from: Presidency
dated: 24 May 2004
to: Delegations

Subject: IGC 2003

– Presidency proposal on budget procedure

The Presidency attaches herewith, for consideration by Ministers on 24 May 2004, a draft text on the budget procedure reflecting the general approach which received wide support at the Ministerial meeting on 17 May 2004.

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BUDGET PROCEDURE

Article III-310

European laws shall establish the Union's annual budget in accordance with the following provisions:

1. Each institution shall, before 1st July, draw up estimates of its expenditure for the following financial year. The Commission shall consolidate these estimates in a draft budget which may contain different estimates.

The draft budget shall contain an estimate of revenue and an estimate of expenditure.

2. The Commission shall submit a proposal containing the draft budget to the European Parliament and to the Council not later than 1st September of the year preceding that in which the budget is to be implemented.

The Commission may amend the draft budget during the procedure until such time as the Conciliation Committee, referred to in paragraph 5 below, is convened.

3. The Council shall adopt its position ¹ on the draft budget and forward it to the European Parliament not later than 1st October of the year preceding that in which the budget is to be implemented. The Council of Ministers shall inform the European Parliament fully of the reasons which led it to adopt its position.

4. If, within forty-two days of such communication, the European Parliament:

(a) approves the position of the Council, the European law establishing the budget shall be adopted;

(b) has not taken a decision, the European law establishing the budget shall be deemed to have been adopted;

(c) adopts amendments by a majority of its component members, the amended draft shall be forwarded to the Council and to the Commission. The President of the European Parliament, in agreement with the President of the Council, shall immediately convene a meeting of the Conciliation Committee. However, if within ten days of the draft being forwarded the Council informs the European Parliament that it has approved all its amendments, the Conciliation Committee shall not meet.

5. The Conciliation Committee, which shall be composed of the members of the Council or their representatives and an equal number of members representing the European Parliament, shall have the task of reaching agreement on a joint text, by a qualified majority of the members of the Council or their representatives and by a majority of the representatives of the European Parliament within twenty-one days of its being convened, on the basis of the positions of the European Parliament and the Council.

¹ p.m.: Under Article I-22(3), decisions of the Council shall be taken by qualified majority.

The Commission shall take part in the Conciliation Committee's proceedings and shall take all the necessary initiatives with a view to reconciling the positions of the European Parliament and the Council.

6. If, within the twenty-one days referred to in paragraph 5, the Conciliation Committee agrees on a joint text, the European Parliament² and the Council³ shall each have a period of fourteen days from the date of that agreement in which to approve the joint text.
7. If within the period of fourteen days referred to in paragraph 6:
 - (a) the European Parliament and the Council both approve the joint text or fail to take a decision, or if one of these institutions approves the joint text while the other one fails to take a decision, the European law establishing the budget shall be deemed to be definitively adopted in accordance with the joint text, or
 - (b) the European Parliament, acting by a majority of its members, and the Council both reject the joint text, or if one of these institutions rejects the joint text while the other one fails to take a decision, a new draft budget shall be submitted by the Commission, or
 - (c) the European Parliament, acting by a majority of its members, rejects the joint text while the Council approves it, a new draft budget shall be submitted by the Commission, or
 - (d) the European Parliament approves the joint text whilst the Council rejects it, the Parliament may, within fourteen days from the date of the rejection by the Council and acting by a majority of its members and three-fifths of the votes cast, decide to confirm all or some of the amendments referred to in paragraph 4 (c). Where a Parliament amendment is not confirmed, the position agreed in the Conciliation committee on the budget heading which is the subject of the amendment shall be retained. The European law establishing the budget shall be deemed to be definitively adopted on this basis.
8. If, within the twenty-one days referred to in paragraph 5, the Conciliation Committee does not agree on a joint text, a new draft budget shall be submitted by the Commission.
9. When the procedure provided for in this Article has been completed, the President of the European Parliament shall declare that the European law establishing the budget has been definitively adopted.
10. Each institution shall exercise the powers conferred upon it under this Article in compliance with the provisions of the Constitution and the acts adopted thereunder, with particular regard to the Union's own resources and the balance between revenue and expenditure.

² p.m.: Under Article III-240, the European Parliament shall act by a majority of the votes cast.

³ p.m.: Under Article I-22(3), decisions of the Council shall be taken by qualified majority.