

The European Parliament

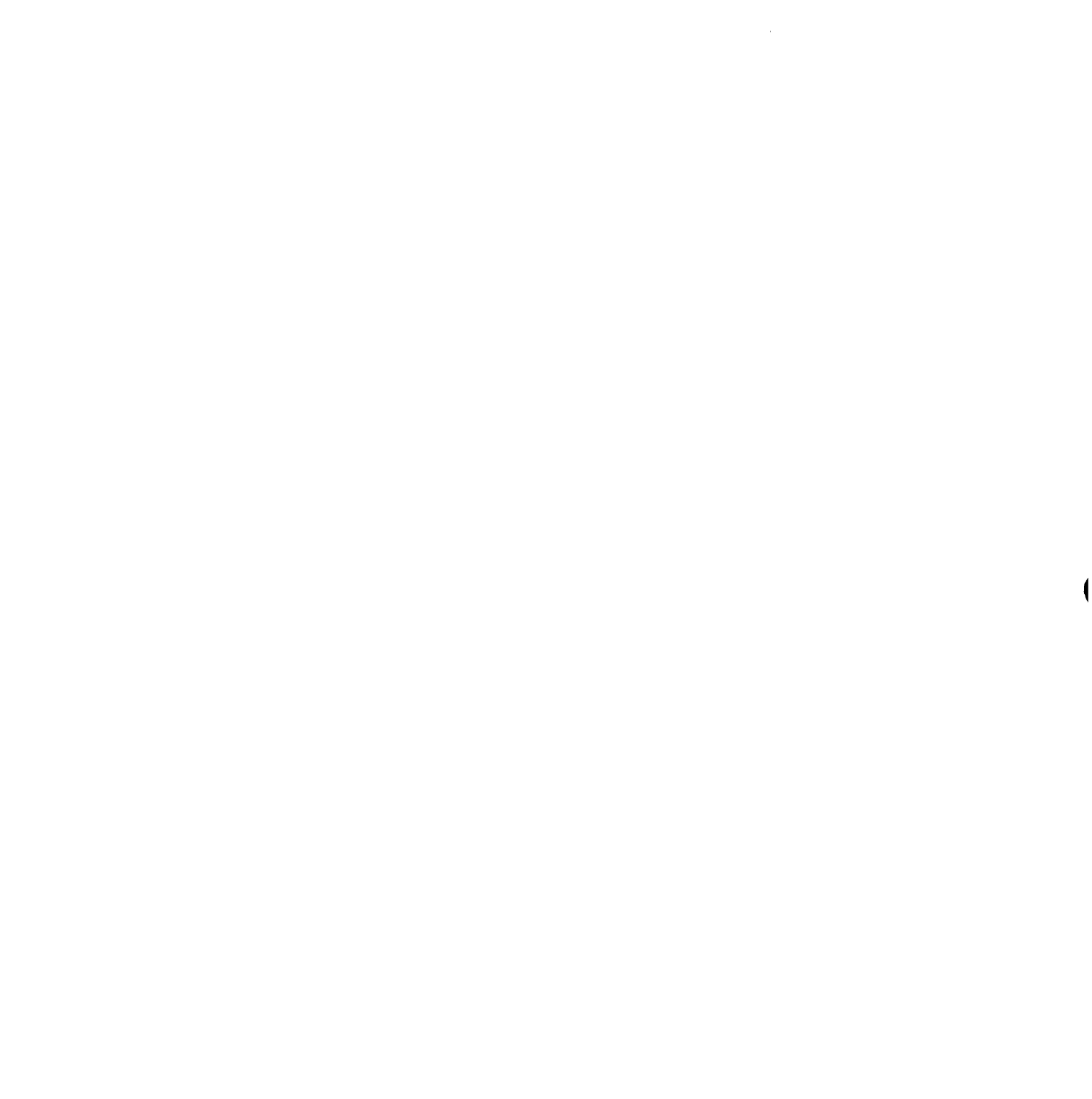
its
powers



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February 1981



Contents

5 Introduction

6 Powers of control

6 Control over the Commission

6 Censure motions

6 Written questions

6 Oral questions

6 Question Time

7 Relations with the Council

7 The Council answers questions

7 Political cooperation

8 The European Council

9 Budgetary powers

9 Power of the purse

9 Timetable for the budget

9 A job for committees

10 Back to the Council

10 Two kinds of money

11 Second reading

11 Follow-up

11 Budgetary cooperation

13 The Parliament and legislation

13 Right to be consulted

13 Conciliation over legislation

13 Committees

14 Action taken on Parliament's advice

14 Foreign relations

16 Conclusion

18 Postscripts

18 I Parliament's financial independence

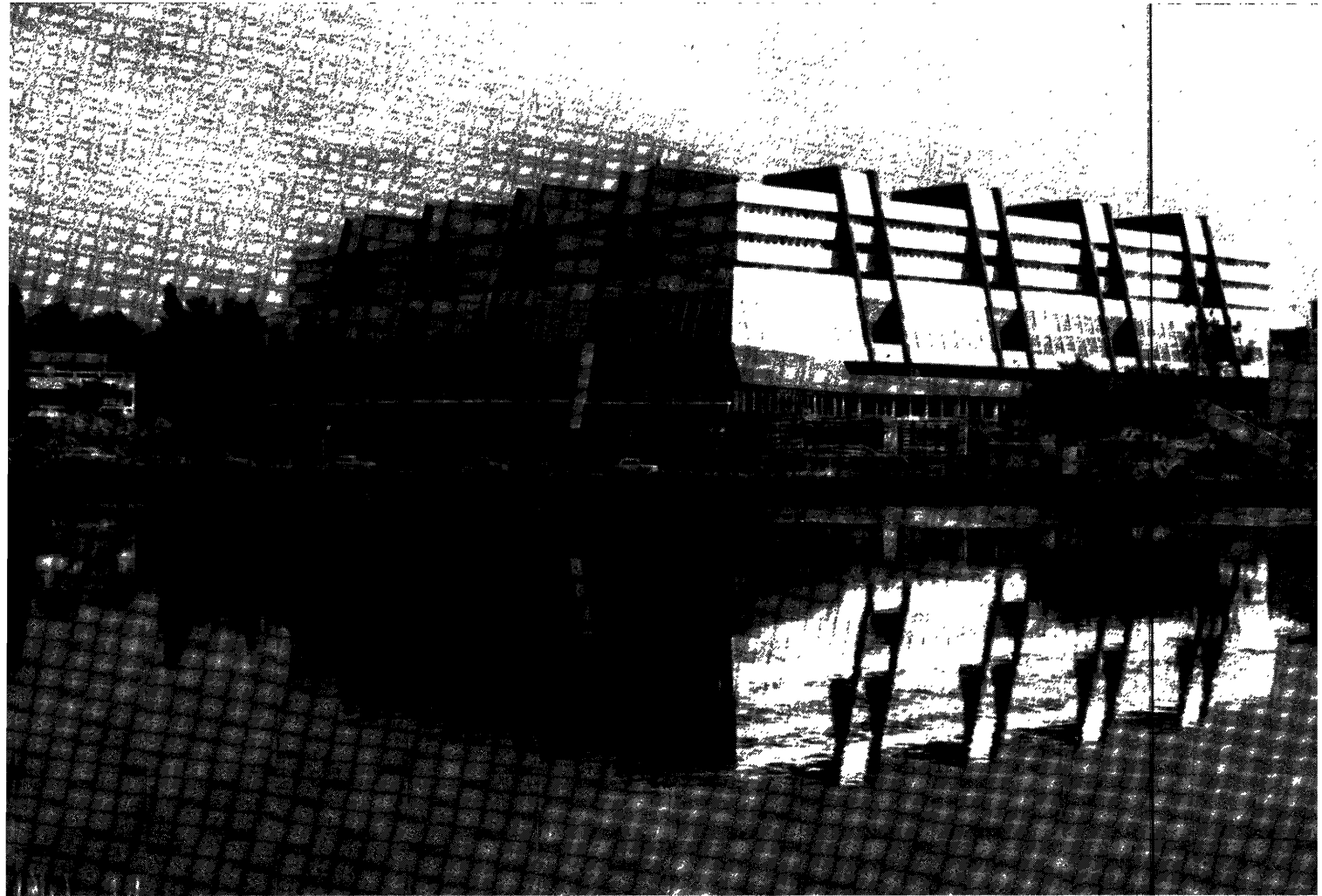
21 II Parliament's budgetary powers

22 III Reaching agreement with the Council

22 IV EEC Treaty Article 144, censure motions

23 V Summary of the powers of the European Parliament

The Palais de l'Europe in Strasbourg



Introduction

The holding of the world's first international elections, in June 1979, suggests the need for a simple booklet on the job and powers of the new 434-Member European Parliament. 410 Members were elected; 24 nominated Greek Members joined the Parliament in January 1981.

The EEC Treaty, signed on 25 March 1957, endowed the European Parliament — sometimes referred to as the European Assembly — with 'advisory and supervisory powers', setting it up to exercise a measure of control over a law-framing Commission and a decision-taking Council.

The European Parliament has taken advantage of its powers to probe the laws being framed in pursuit of European Community objectives, to press for decisions when the pace of integration has slackened and to provide the European general public with some insight as to what is going on, in Brussels, Luxembourg and Strasbourg, as the new Europe takes shape.

Of course the Parliament's role has developed as the European Community itself has developed. From being concerned mainly with coal and steel — as it was when it started under the Treaty of Paris — the Community is now also

involved in policies which include farming, regional development, fisheries, nuclear research, job training, helping developing countries as well as in negotiating and concluding agreements on behalf of the biggest trading bloc in the world. The European Parliament has been involved, through the system of specialist committees it has developed, both in advising on the shaping of these policies and in keeping a watch over the way decisions taken to implement them have worked out in practice.

One major development in the running of the European Community in recent years has been the introduction of a new way of financing common policies with new rules for the way Community money is handled and controlled. And the European Parliament has come into its own in its role of keeper of the Community purse.

It may be that the powers of the European Parliament will develop further. The Heads of State or Government expressed the wish that they should do so. Meeting in Paris on 9 and 10 December 1974 the Heads of Government (calling for the direct election of the European Assembly to go ahead) stated 'the competence of the European Assembly will be extended, in particular by granting it certain powers in the Communities' legislative process'.

For the present, the powers of the European Parliament can best be placed in perspective by reference to three main headings: powers of control, budgetary powers and legislative powers.

Powers of control

The powers of control vested in the European Parliament are set out in the EEC Treaty.¹ This is the basis for Parliament's relationship with a Commission which is responsible for framing Community laws and with a decision-taking Council which is made up of ministers from the national governments.

In practice, the European Parliament's role has developed considerably since the EEC Treaty was signed on 25 March 1957; today its relationships go beyond Council and Commission and embrace a Conference of Foreign Ministers meeting in political cooperation and a European Council where the Heads of State or Government meet three times a year to discuss Community problems.

Control over the Commission

The Commission, which is entitled to attend all Parliament's meetings, is required by Article 140 of the Rome Treaty to 'reply orally or in writing to questions put by the Assembly or its members'. The Commission is thus required to disclose information about

specific aspects of its activities when requested to do so.

The Commission is also required to disclose information about its activities in a more general way: under Article 143 of the EEC Treaty the Commission is required to submit an 'annual general report' to Parliament explaining what it has done in the various areas of Community policy. The presentation of this report to Parliament is generally one of the major events in the calendar for both institutions. The delivery of the report by the Commission President is followed by a debate in which Members of Parliament and in particular representatives of its political groups give their verdicts on the record presented.

Censure motions

At the end of the debate the practice was for a motion to be tabled summing up the views of the House — pressing for action here, criticizing action taken there, calling for more information on another point. It is a practice that has, however, been discontinued. But the principle remains that if the Parliament were to feel no confidence in the Commission it could, under Article 144 of the EEC Treaty, table a motion of censure: if this

were agreed to by 'a two-thirds majority of the votes cast, representing a majority of the members' (i.e. at least 218 votes), the Commission would have to resign 'as a body'. Four censure motions have been tabled of which two were withdrawn and two defeated.²

However, even though these motions were not carried they served the purpose of requiring the Commission to account for its actions. The censure motion is not Parliament's only means of control over the Commission. Should the Commission 'fail to act', the Parliament could, under Article 175 of the EEC Treaty, take the Commission to the Court of Justice.

Censure motions and actions in the Court are a somewhat drastic way of ensuring there is proper control over the activities of the Commission. In day-to-day practice, control is exercised through the medium of questions: these may be addressed to the Commission either at committee meetings or in plenary session; questions, furthermore, may be put down for oral or written reply.

In April 1980 the European Parliament adopted a resolution to the effect that its right of censure implied that it should be consulted on Commission policy and

¹ See in particular Articles 137-144.

² See postscripts, page 19.

that it should reserve the right to express its opinion each year on the Commission's programme, in the form of a vote.

Written questions

Where questions call for detailed answers, for statistics or, say, for comparative analyses, the custom is for the question to be sent in writing. The Commission ought normally to reply within one month.

Oral questions

Over the years the European Parliament has developed the ways in which it exercises its powers of control. Oral questions to the Commission, Council or Foreign Ministers, followed by a debate, are now far more common than they used to be and the number of written questions has increased.

The main innovation, however, has been Question Time, a quick-fire question and answer session held every time Parliament meets.

Question Time

Although members of the Commission, Council or Conference of Foreign Ministers have advance notice of the questions to be put during Question Time, they also have to deal with impromptu supplementary questions put orally by MEPs.

The European Parliament held its first Question Time in February 1973 with only the Commission participating. Soon afterwards, in April of that year, the Council too began to answer questions at Question Time. MEPs may now also question the Foreign Ministers on matters concerning political cooperation.

Relations with the Council

The European Parliament's relationship with the Council is different from its relationship with the Commission. To begin with, there is the question of personalities. The fourteen Commissioners are appointed for a four-year term, and so the Members of the European Parliament have a chance to get to know them. Moreover, although the Commission is described as a 'college', in which all Commissioners

share a collective responsibility, the individual Commissioners do have their specific jobs to do. MEPs therefore know to whom they should address their questions on specific subjects. Parliament's relations with the Commission are thus based on a series of personal links which make its job fairly straightforward.

This is not the case with the Council. The Council is represented, in its relations with Parliament, by its President. As presidents only serve for a limited term (each country taking it in turns to fill the presidency for six months at a time), the European Parliament and its Members have less opportunity to develop the kind of personal relationships that are so useful in its dealings with the Commission. Similarly, the Council President is a spokesman for ten governments. As such, he tends to be somewhat guarded in the statements he makes to the House, though it is within the discretion of the Council President to express a personal view, on matters raised in the House, if he chooses to do so.

The Council answers questions

This said, Council Presidents do respond to questions¹ put at Question Time and they deal with questions put down for debate. They appear before the House at every session and, in certain cases, endeavour to attend meetings of Parliament's committees.

Similarly, at the beginning of their term of office, Council Presidents make a statement to the House on what they see as the prospects and problems of the six months that lie ahead of them.

Such statements are usually followed by a debate in which MEPs — and particularly political group spokesmen — can make their views known.

The European Parliament may, incidentally, under EEC Treaty Article 175, take the Council to Court for 'failure to act' and seriously contemplated doing so over its 'failure to act' regarding transport policy.

If Parliament's relations with the Council are circumscribed, its relationship with the Conference of Foreign Ministers

meeting in political cooperation is even more so, although this relationship, too, has developed.

In 1970 the Member States set up a committee comprising heads of political divisions from the foreign ministries (and later known as the Davignon Committee) to look into coordinating foreign policies, e.g. in the United Nations. Not long after, a 'Conference of Foreign Ministers' was set up with a similar end in view. These were not 'Treaty' bodies but they were and are of interest to the European Parliament because it was and is associated with their work. The President of the Conference (usually also President of the EC Council) began engaging in 'colloquies' with Parliament's Political Affairs Committee. These meetings are now held quarterly.

Political cooperation

At the meeting of Heads of State or Government in Paris in December 1974 it was agreed that because of the growth of political cooperation between Member States, the European Parliament must be more closely associated with the work of the Presidency, for example through replies to questions on political cooperation put to the President by its Members. This has now passed into common practice.

In January 1978 the European Parliament heard a report on political cooperation. The motion tabled — summing up the political committee's views — addressed a series of requests to the governments of the Member States with a view to improving links between the Foreign Ministers and Parliament. These included a request for an annual report to be submitted one month before Parliament's annual debate on political cooperation.

The European Council

The Heads of State or Government meet three times a year to discuss Community matters and a statement is made to Parliament following each European Council meeting.

¹ The Council also replies to written questions.

Budgetary powers

At the beginning, the European Community was financed from contributions from the exchequers of the Member States. It was always intended (under Article 201 of the EEC Treaty) that these contributions should be replaced by the Community's 'own resources' (i.e. agricultural levies, customs duties on imports into the Community and a percentage of value-added tax income). But it was not until 21 April 1970 that a decision to this effect was taken. The decision was coupled with new rules, agreed in the Treaty of 22 April 1970, whereby the European Parliament acquired greater control over the Community's budget.

Parliament was not satisfied with these new powers and said so at the time. The Commission gave an undertaking to make further proposals on this subject within two years. Its failure to do so led to a censure motion being tabled and this was only withdrawn after assurances had been given that proposals to increase Parliament's budgetary powers would be forthcoming. These emerged in due course and led, eventually, to a second treaty signed on 22 July 1975.

Power of the purse

What, then, are Parliament's budgetary powers? The main one is the power it

has, under the 1975 Treaty, to reject the budget. EEC Treaty Article 203 (8) reads: 'However, the Assembly, acting by a majority of its members and two-thirds of the votes cast, may, if there are important reasons, reject the draft budget and ask for a new draft to be submitted to it.'

Parliament has only once taken advantage of this power and that was in December 1979 when it decided, by 288 votes to 64 with one abstention, that the Council's draft budget for 1980 was unacceptable. Parliament therefore rejected it.

The other budgetary powers vested in the European Parliament are the power to call for and, in some cases, to insist on changes in the budget and the responsibility of seeing to it that the budget it passes is actually put into effect.

Timetable for the budget

The making of the Community budget is a rather lengthy process stretching from early Spring until late in December.

The budget goes through the following stages, generally ahead of schedule:

1. By May, the Commission is required to calculate what is known as a 'maximum rate'. This governs the percentage by which 'non-compulsory' expenditure may be increased from one year to the next. 'Compulsory' expenditure, it should be noted, constitutes the greater part of the Community budget (see below: Two kinds of money).
2. By July, Parliament, the Council, the Court of Justice, the Court of Auditors, the Economic and Social Committee and the Commission are required to submit estimates of their expenditure for the year following. Except in the case of the Commission, these are simply administrative expenses and it is worth noting that Parliament is, subject to certain conditions,¹ free to set its own budget. The Commission's estimates cover the whole range of Community policies, from agriculture to the search for oil, from regional aid to job creation schemes, from development aid to a fisheries policy — as well as its own administrative expenses.
3. By September, the Commission consolidates the estimates in a

¹ See postscripts, page 19.

preliminary draft budget. This will be the Commission's assessment of the cost of running the Community's agreed policies and the Community's institutions.

4. By 5 October, the Council is required to adopt a draft budget (if need be by a qualified majority of 45 votes out of 63) and forward it to Parliament.¹
5. Within 45 days, Parliament will give the draft budget a first reading and it will usually call for changes to be made.
6. Within 15 days, the Council will consider the changes Parliament is calling for.
7. Within 15 days, Parliament will give the budget a second reading and make such final changes as it is empowered to make and as it thinks necessary. Parliament then either adopts or rejects the budget as a whole. If the budget is adopted by Parliament it is then executed by the Commission. If the budget is rejected, a new draft has to be submitted.

¹ Where the Council is required to act by a qualified majority the votes of its members are weighted as follows: Belgium 5, Denmark 3, FR of Germany 10, France 10, Ireland 3, Italy 10, Luxembourg 2, Netherlands 5, United Kingdom 10, Greece 5.

Where does Parliament actually intervene in the making of the budget? The answer is from the beginning. It will table its own budget guidelines in March or April and will usually debate the Commission's consolidated estimates in July. It will then set on record its own opinion as to whether the expenditure envisaged is likely to be adequate to meet the policy objectives the Community has in view.

A job for committees

Parliament debates the Commission's preliminary estimates, setting its own appreciation on record before the estimates go to the Council to be turned into a draft budget. Once this draft has been formally presented to the House, the work of analysing it is split between Parliament's specialist committees (Committee on Agriculture for common agricultural policy spending, regional committee for the Regional Fund and so on). These committees will go into the draft budget in detail and report back to the Committee on Budgets so that a report, incorporating all committee views, can be presented to the House for the first reading. The Committee on Budgets, incidentally, appoints one of its members to pilot the budget through the

House. He is known as the rapporteur. The first reading (usually in Parliament's October session) is the first real confrontation between Parliament and the Council, with Parliament tending (in every year so far) to side with the Commission over the money it is calling for to finance Community policies. The form has been for Parliament to conclude its first reading by asking the Council to reconsider its attitude and, in particular, to reinstate items proposed by the Commission but cut out by the Council. Parliament may also call for new expenditure in key areas like the search for oil.

After Parliament's first reading, the draft budget goes back to the Council

Back to the Council

The Council considers Parliament's requests for changes: it has to muster a qualified majority of 45 votes out of 63 to reject amendments although the reverse is true of modifications, where the Council needs a qualified majority of 45 votes to accept them. Parliament, for its part, is required to muster a majority of its Members in support of amendments.

Two kinds of money

It is worth noting here that there are two classes of expenditure in the Community budget: compulsory and non-compulsory. The compulsory expenditure is that 'necessarily resulting from the Treaty of Rome or acts adopted in accordance therewith' and includes such items as the common agricultural policy. The non-compulsory is expenditure other than that 'necessarily resulting from the Treaty'; this includes such items as the Regional Fund, social policy, research and development aid.

Parliament has the power to request changes (in the form of modifications) in compulsory expenditure and to make changes (in the form of amendments) in non-compulsory expenditure. Any increase in expenditure by virtue of such changes will be subject to a ceiling (calculated in relation to the maximum rate referred to earlier).

The calculation is a complex one, its purpose being to contain any increase in non-compulsory expenditure within reasonable bounds.

A new 'maximum rate' can be agreed between the Council and Parliament — and has been agreed every year since the new rules came into operation.

Second reading

For Parliament, the crucial stage in the making of the budget is the second reading. At this stage the Council will have considered Parliament's requests for changes in its draft budget and — if the practice of recent years is anything to go by — it may well have resisted any bid to raise the overall total figure.

Parliament then reconsiders the draft budget as a whole and may reinstate such amendments as it considers indispensable to the success of the Community's policies. Where these involve increases above the 'maximum rate', a new rate may be agreed with the Council — usually in special consultations during Parliament's December session.

An outline of the stages the budget goes through would be incomplete without a reference to the meetings held by the Committee on Budgets prior to the first and second readings. It is at these meetings, where the Council and the Commission are represented, that the Committee's overall view of the budget takes shape. This is worth drawing attention to because Parliament has usually taken account of the views of its Committee on Budgets in coming to its

final judgement on the budget as a whole. Parliament's decision to reject the draft budget for 1980 was a case in point.

Follow-up

As important as sharing in making the budget or amending it is the job of keeping an eye on the Commission to see that the budget Parliament adopts is actually put into effect.

For control over actual expenditure is another of the powers vested in the European Parliament under the Treaty of July 1975. To check that budget money is spent as agreed, Parliament has created a Committee on Budgetary Control. This Committee advises whether a 'discharge' may be given to the various institutions of the Community with respect to their budgets.

In the case of the Commission, a refusal by Parliament to give a discharge might well be regarded as tantamount to a censure motion.

Parliament is assisted in exercising its powers of control over the implementation of the budget by the Court of Auditors.

The members of the Court of Auditors are appointed by the Council after consulting Parliament.

Budgetary cooperation

Another important aspect of Parliament's powers concerns cooperation with the Council in regard to the budget. On 22 April 1970 the Council adopted a resolution to the effect that 'in matters of budgetary procedure everything possible should be done by common agreement between the Council and the European Parliament to ensure close cooperation at all levels between the two institutions; in particular the President or another member of the Council should be present at the deliberations of the European Parliament on the draft budget'.

Further to this resolution the practice has been for a delegation of MEPs to meet regularly with members of the Council in the autumn of every year when the budget is being hammered out. These meetings take on a special importance when the budget is in its closing stages.

This procedure needs to be distinguished, however, from the 'conciliation procedure' covering relations between the institutions in the discussion of 'acts having substantial financial implications.'

The Parliament and legislation

It may seem, from the foregoing, that Parliament's work consists mainly of holding the Community's purse-strings and of questioning the Commission and the Council to ensure Treaty principles are being complied with and Community aims pursued. In fact, it has a further job to do: to advise the Council about Commission proposals for Community-wide laws.

Not all such proposals are referred to the European Parliament, but it is unusual for them not to be.¹ The only exceptions in recent years have been one or two proposals on fisheries policy.

Proposals for Community laws tend to be a long time in the making and by the time they reach Parliament they are usually all but ready for the Community's decision-taking Council of Ministers to pass them.

But before the proposals become law, the European Parliament analyses their form and content, endeavours to assess their likely impact on the European public at large and advises the Council as to their acceptability.

Where the proposals have major financial implications, Parliament may ask that the 'conciliation' arrangements be initiated.

¹ The EEC Treaty specifies 17 instances in which the Parliament must be consulted.

In some cases, where proposals concern purely routine or minor technical matters, the European Parliament may vote them through 'on the nod', i.e. without debating them in the House. In other cases, it may ask for proposals to be withdrawn — as it did with the Commission's proposal to introduce an EC hallmark. But in a great many cases Parliament may be willing to approve them only if they are amended.

Under the EEC Treaty, Article 149, the Commission may amend its proposals at Parliament's request up until the time, obviously, when the Council takes a decision on them. And in a great many cases it does so. But there have been cases when the Commission has reserved the right not to accept amendments called for by Parliament.

Since the Council is not bound by Parliament's advice, it would be more appropriate to speak of the European Parliament having influence rather than power in the Community's law-making process.

Right to be consulted

There is one development of interest here: it concerns what has become known as the isoglucose case. When a

recent Council regulation, introducing rules for isoglucose similar to those for sugar, was challenged in the Court of Justice, the Court ruled that the regulation was null and void because the Council did not wait until Parliament had delivered its opinion on it.

The point made here is that for Parliament's role to be consultative does not mean that failure to wait for Parliament to deliver its opinion should be without legal consequences.

Conciliation over legislation

Another important aspect of Parliament's powers is the procedure for consultations that has evolved to enable Parliament and the Council to deal with any disagreement between them over 'acts having substantial financial implications'. A 'conciliation' procedure was agreed under a joint declaration of 4 March 1975 to cover such contingencies.²

Either side may initiate the procedure: it involves bringing together a delegation of MEPs and members of the Council.

² See Postscript III.

Normally a three-month time-limit is then set for agreement to be reached, though the period may be shorter.

Committees

To ensure its advice has the maximum impact, the European Parliament passes all proposals referred to it to whichever of its 15 specialist committees is best qualified to deal with it.

Once in committee the proposal is analysed and discussed with the Commissioner responsible and a report is drawn up by a committee member (called a 'rapporteur') for discussion in the House. It is debated there, its conclusions are summed up in a motion and this motion is put to the vote.

If the motion is agreed to, it becomes what is known as a 'resolution' of the European Parliament and constitutes its 'opinion' on the Commission proposal in question.

There are three points worth noting here: (a) committees sometimes draw up reports on their own initiative, (b) the majority of proposals spend longer in committee than on the floor of the House and (c) the records show a degree of willingness on the part of the Commission to take Parliament's advice.

Action taken on Parliament's advice

More recently, too, the Commission has been submitting a statement to the House, at the beginning of each session, on the action it has taken on motions agreed to in Parliament during the previous session.

The Commission made its first statement in the House on action it had taken (under Article 149) on Parliament's advice in July 1973 and continued to do so thereafter at irregular intervals. It took a great deal of insistence from Parliament to get the Commission to make its statement, in writing, at the beginning of every session. It has now done so since November 1978.

Foreign relations

Under arrangements known as the 'Luns-Westerterp' procedure the European Parliament is kept informed about agreements being negotiated between the Community as such and third countries. The Commission tells Parliament's committees how negotiations are progressing and the Council follows suit once negotiations are completed. Under the EEC Treaty,

Article 238, the Council is required to consult Parliament before the actual conclusion of agreements.

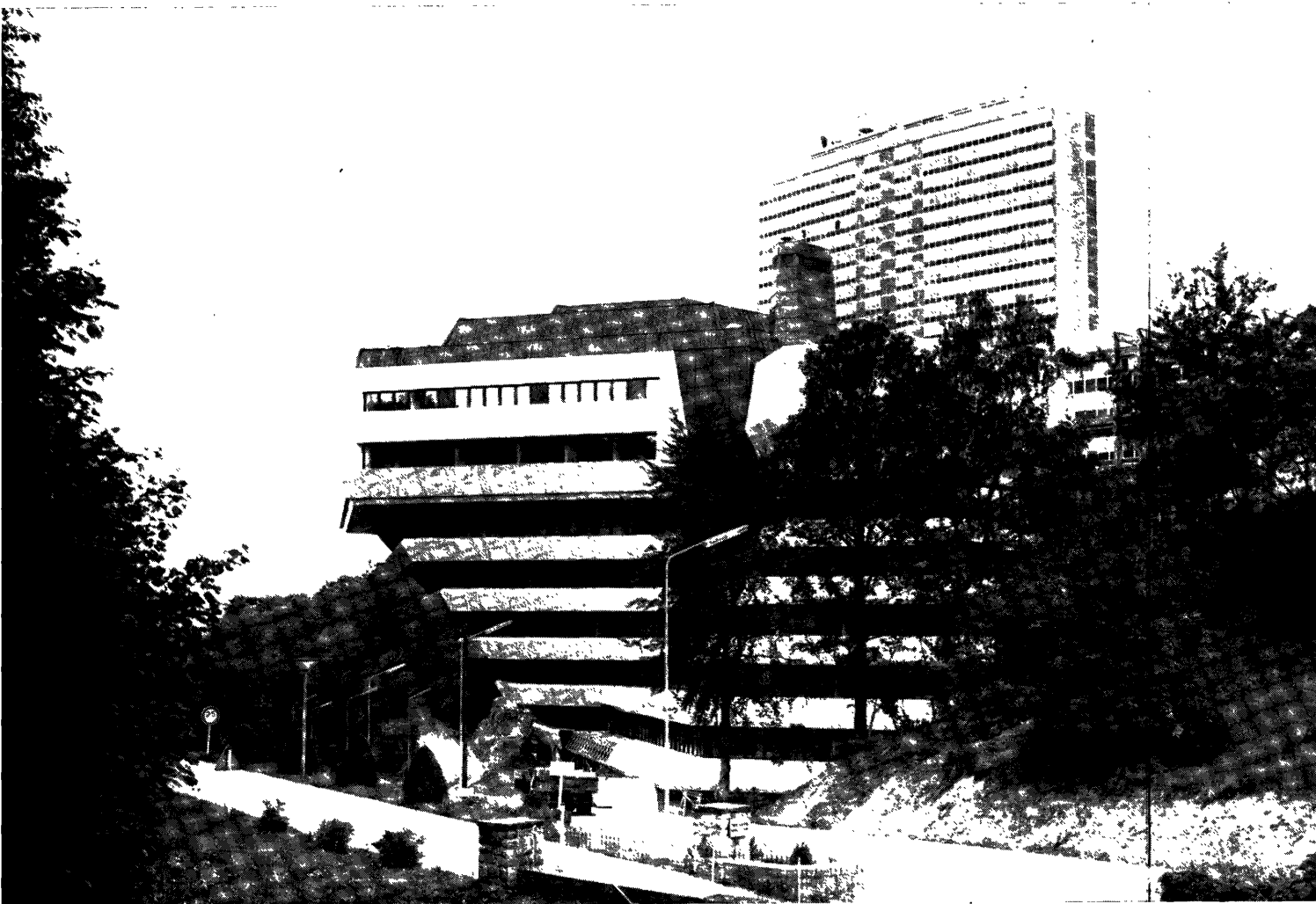
Some Members of Parliament have expressed dissatisfaction with the working of this procedure. Parliament's Political Affairs Committee has urged the introduction of reforms under which the Council would give the Commission a negotiating mandate drawn up in the light of a debate held by Parliament, and under which Parliament would be given some powers to ratify association and trade agreements.

At present, delegations from the European Parliament hold regular meetings with parliamentarians from several countries with whom the Community has agreements, and with parliamentarians from the United States, Canada, Japan, Australia and Latin America. Under the Lomé Convention, moreover, which brings together the ten Member States of the Community and 60 African, Caribbean and Pacific countries in a unique trade and aid agreement, regular meetings have been organized between equal numbers of MEPs and representatives from the 60 ACP countries.

Conclusion

The European Parliament's powers have developed as the European Community itself has grown and developed. The change in the way the Community is financed led to a development in Parliament's powers as regards budgetary control; and this, in turn, seems to have underlined the importance of having a European Parliament directly elected. For, although there is no doubt that the previous, appointed Parliament did exert a measure of influence, particularly in the launching and development of the Regional Fund for example, it is equally certain that the present, directly-elected Parliament is likely to have much more influence in the European Community than its predecessor.

The Secretariat of the European Parliament in Luxembourg



POSTSCRIPT I

Parliament's financial independence

RESOLUTION OF 22 APRIL 1970

The Council undertakes to make no amendments to the estimate of expenditure of the European Parliament. This undertaking shall only be binding in so far as this estimate of expenditure does not conflict with Community provisions, in particular with regard to the Staff Regulations of Officials and Conditions of Employment of Other Servants, and to the seat of the institutions.

POSTSCRIPT II

Parliament's budgetary powers

TREATY OF 22 JULY 1975

Provisions amending the Treaty establishing the European Economic Community

Article 11

After Article 4 of the Treaty establishing the European Economic Community the following paragraph is added:

'3. The audit shall be carried out by a Court of Auditors acting within the limits of the powers conferred upon it by this Treaty.'

Article 12

Article 203 of the Treaty establishing the European Economic Community is replaced by the following:

'Article 203

1. The financial year shall run from 1 January to 31 December.
2. Each institution of the Community shall, *before 1 July*, draw up estimates of its expenditure. The Commission shall consolidate these

estimates in a preliminary draft budget. It shall attach thereto an opinion which may contain different estimates.

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

3. The Commission shall place the *preliminary draft budget* before the Council *not later than 1 September* of the year preceding that in which the budget is to be implemented.

The Council shall consult the Commission and, where appropriate, the other institutions concerned whenever it intends to depart from the preliminary draft budget.

The Council acting by a qualified majority, shall establish the draft budget and forward it to the Assembly.

4. The draft budget shall be placed before the Assembly *not later than 5 October* of the year preceding that in which the budget is to be implemented.

The Assembly shall have the right to amend the draft budget, acting by a majority of its members, and to propose to the Council, acting by an absolute majority of the votes cast, modifications to the draft budget relating to expenditure necessarily resulting from this Treaty or from acts adopted in accordance therewith.

If, *within 45 days* of the draft budget being placed before it, the Assembly has given its approval, the budget shall stand as finally adopted. If within this period the Assembly has not amended the draft budget nor proposed any modifications thereto, the budget shall be deemed to be finally adopted.

If within this period the Assembly has adopted amendments or proposed modifications, the draft budget together with the amendments or proposed modifications shall be forwarded to the Council.

5. After discussing the draft budget with the Commission and, where appropriate, with the other institutions concerned, the Council shall act under the following conditions:

(a) the Council may, acting by a qualified majority, modify any of the amendments adopted by the Assembly;

(b) with regard to the proposed modifications:

- where a modification proposed by the Assembly does not have the effect of increasing the total amount of the expenditure of an institution, owing in particular to the fact that the increase in expenditure which it would involve would be expressly compensated by one or more proposed modifications correspondingly reducing expenditure, the Council may, acting by a qualified majority, reject the proposed modification. In the absence of a decision to reject it, the proposed modification shall stand as accepted,
- where a modification proposed by the Assembly has the effect of increasing the total amount of the expenditure of an institution, the Council may, acting by a qualified majority, accept this proposed modification. In the absence of a decision to accept it, the proposed modification shall stand as rejected,
- where, in pursuance of one of the two preceding subparagraphs, the Council has rejected a proposed modification, it may, acting by a qualified majority, either retain the amount shown in the draft budget or fix another amount.

The draft budget shall be modified on the basis of the proposed modifications accepted by the Council.

If, *within 15 days* of the draft budget being placed before it, the Council has not modified any of the amendments adopted by the Assembly and if the modifications proposed by the latter have been accepted, the budget shall be deemed to be finally adopted. The Council shall inform the Assembly that it has not modified any of the amendments and that the proposed modifications have been accepted.

If within this period the Council has modified one or more of the amendments adopted by the Assembly or if the modifications proposed by the latter have been rejected or modified, the modified draft budget shall again be forwarded to the Assembly. The Council shall inform the Assembly of the results of its deliberations.

6. *Within 15 days* of the draft budget being placed before it, the

Assembly, which shall have been notified of the action taken on its proposed modifications, may, acting by a majority of its members and three-fifths of the votes cast, amend or reject the modifications to its amendments made by the Council and shall adopt the budget accordingly. If within this period the Assembly has not acted, the budget shall be deemed to be finally adopted.

7. When the procedure provided for in this Article has been completed, the President of the Assembly shall declare that the budget has been finally adopted.

8. However, the Assembly, acting by a majority of its members and two-thirds of the votes cast, may if there are important reasons reject the draft budget and ask for a new draft to be submitted to it.

9. A maximum rate of increase in relation to the expenditure of the same type to be incurred during the current year shall be fixed annually for the total expenditure other than that necessarily resulting from this Treaty or from acts adopted in accordance therewith.

The Commission shall, after consulting the Economic Policy Committee, declare what this maximum rate is as it results from:

- the trend, in terms of volume, of the gross national product within the Community,
- the average variation in the budgets of the Member States, and
- the trend of the cost of living during the preceding financial year.

The *maximum rate* shall be communicated before *1 May*, to all the institutions of the Community. The latter shall be required to conform to this during the budgetary procedure, subject to the provisions of the fourth and fifth sub-paragraphs of this paragraph.

If, in respect of expenditure other than that necessarily resulting from this Treaty or from acts adopted in accordance therewith, the actual rate of increase in the draft budget established by the Council is over half the maximum rate, the Assembly may, exercising its right of amendment, further increase the total amount of that expenditure to a limit not exceeding half the maximum rate.

Where the Assembly, the Council or the Commission consider that the activities of the Communities require that the rate determined

according to the procedure laid down in this paragraph should be exceeded, another rate may be fixed by agreement between the Council, acting by a qualified majority, and the Assembly, acting by a majority of its members and three-fifths of the votes cast.

10. Each institution shall exercise the powers conferred upon it by this Article, with due regard for the provisions of the Treaty and for acts adopted in accordance therewith, in particular those relating to the Community's own resources and to the balance between revenue and expenditure.'

Article 13

Article 204 of the Treaty establishing the European Economic Community is replaced by the following:

'Article 204

) If at the beginning of a financial year, the budget has not yet been voted, a sum equivalent to not more than one-twelfth of the budget appropriations for the preceding financial year may be spent each month in respect of any chapter or other subdivision of the budget in accordance with the provisions of the Regulations made pursuant to Article 209; this arrangement shall not, however, have the effect of placing at the disposal of the Commission appropriations in excess of one-twelfth of those provided for in the draft budget in course of preparation.

The Council may, acting by a qualified majority, provided that the other conditions laid down in the first sub-paragraph are observed, authorize expenditure in excess of one-twelfth.

If the decision relates to expenditure which does not necessarily result from this Treaty or from acts adopted in accordance therewith, the Council shall forward it immediately to the Assembly; within 30 days the Assembly, acting by a majority of its members and three-fifths of the votes cast, may adopt a different decision on the expenditure in excess of the one-twelfth referred to in the first sub-paragraph. This part of the decision of the Council shall be suspended until the Assembly has taken its decision. If within the period the Assembly has not taken a decision which differs from the

decision of the Council, the latter shall be deemed to be finally adopted.

The decisions referred to in the second and third sub-paragraphs shall lay down the necessary measures relating to resources to ensure application of this Article.'

Article 14

The following provisions shall be added to the Treaty establishing the European Economic Community:

'Article 205a

The Commission shall submit annually to the Council and to the Assembly the accounts of the preceding financial year relating to the implementation of the budget. The Commission shall also forward to them a financial statement of the assets and liabilities of the Community.'

'Article 206

4. 'The members of the Court of Auditors shall be appointed for a term of six years by the Council, acting unanimously after consulting the Assembly.'

'Article 206a

4. 'The Court of Auditors shall draw up an annual report after the close of each financial year. It shall be forwarded to the institutions of the Community and shall be published, together with the replies of these institutions to the observations of the Court of Auditors, in the *Official Journal of the European Communities*.

The Court of Auditors may also, at any time, submit observations on specific questions and deliver opinions at the request of one of the institutions of the Community.

It shall adopt its annual reports or opinions by a majority of its members.

It shall assist the Assembly and the Council in exercising their powers of control over the implementation of the budget.'

'Article 206b

'The Assembly, acting on a recommendation from the Council which shall act by a qualified majority, shall give a discharge to the Commission in respect of the implementation of the budget. To this end, the Council and the Assembly in turn shall examine the accounts and the financial statement referred to in Article 205a and the annual report by the Court of Auditors together with the replies of the institutions under audit to the observations of the Court of Auditors.'

POSTSCRIPT III

Reaching agreement with the Council

THE CONCILIATION PROCEDURE

Joint declaration by the European Parliament, the Council and the Commission

The European Parliament, the Council and the Commission,

WHEREAS from 1 January 1975, the Budget of the Communities will be financed entirely from the Communities' own resources;

WHEREAS in order to implement this system the Parliament will be given increased budgetary powers;

WHEREAS the increase in the budgetary powers of the European Parliament must be accompanied by an effective participation by the latter in the procedure of preparing important decisions which give rise to expenditure charged to the budget of the Communities,

HAVE AGREED AS FOLLOWS:

1. A conciliation procedure between the European Parliament and the Council with the active assistance of the Commission shall be instituted.
2. This procedure may be followed for Community acts of general application which have appreciable financial implications, and of which the adoption is not required by virtue of acts already in existence.

3. When submitting its proposal the Commission shall indicate whether the act in question is, in its opinion, capable of being the subject of the conciliation procedure. The European Parliament, when giving its Opinion, and the Council may request that this procedure be initiated.

4. The procedure shall be initiated if the criteria laid down in paragraph 2 are met and if the Council intends to depart from the Opinion adopted by the European Parliament.

5. The conciliation shall take place in a 'Conciliation Committee' consisting of the Council and representatives of the European Parliament. The Commission shall participate in the work of the Conciliation Committee.

6. The aim of the procedure shall be to seek an agreement between the European Parliament and the Council.

The procedure should normally take place during a period not exceeding three months, unless the act in question has to be adopted before a specific date or if the matter is urgent, in which case the Council may fix an appropriate time-limit.

7. When the positions of the two institutions are sufficiently close, the European Parliament may give a new Opinion, after which the Council shall take definitive action.

(4 March 1975)

POSTSCRIPT IV

EEC Treaty Article 144, censure motions

'If a motion of censure on the activities of the Commission is tabled before it, the Assembly shall not vote thereon until at least three days after the motion has been tabled and only by open vote.

If the motion of censure is carried by a two-thirds majority of the votes cast, representing a majority of the members of the Assembly, the members of the Commission shall resign as a body. They shall continue to deal with current business until they are replaced in accordance with Article 158.'

Pursuant to this the following motions have been tabled:

1. December 1972, by Mr Georges Spénale because of the Commission's failure to come up with proposals for giving Parliament greater control of the budget. It had undertaken, on 22 April 1970, to do so within two years. Withdrawn when Commission President Sicco Mansholt urged the matter be left to the enlarged Community.
2. June 1976, by Sir Peter Kirk because of discontent over an EC regulation requiring farmers to include skimmed-milk powder in their animal feed. Defeated by 109 votes to 18 with 14 abstentions.
3. December 1976, by Mr Heinrich Aigner because of the Commission's refusal to divulge information about refunds on malt exports. Withdrawn.
4. March 1977, by Mr Michel Cointat because of the Commission's unilateral action in suspending butter sales to Eastern Europe. Defeated by 95 votes to 15 with 1 abstention.

Dialogue on legislation:

Parliament rejected the budget in December 1979.

Continuous discussions between Parliament, Council and Commission about proposed Community laws enable Parliament to participate in lawmaking at the pre-decision stage. Consulting Parliament usually mandatory.

Power to dismiss the Commission:

Parliament may force the Commission to resign as a body by passing a vote of censure. Four motions have been tabled so far; only two have been put to the vote. Both were defeated.

Right to ask questions:

Members of Parliament may put questions, orally or in writing, to both Council and Commission.

Article 175 of the EEC Treaty:

Parliament given the power to take the Council or the Commission to Court should either 'fail to act . . .'

Power to mobilize public opinion:

Parliament's sessions are open to the public and there are facilities for the media: being able to communicate with the public at large gives Parliament the means to influence or mobilize public opinion.

POSTSCRIPT V

Summary of the powers of the European Parliament

EEC Treaty:
(signed 25 March 1957)

Endowed Parliament with 'advisory and supervisory powers' involving control over the Commission (annual report) and the right to ask questions.

Luxembourg Treaty:
(signed 22 April 1970)

Introduced a system, of 'own resources' to finance Community policies. Parliament was endowed with powers over the budget.

Treaty of 22 July 1975:

Amending EEC Treaty, gave Parliament a greater say over the Community's budget, including the power to reject it.

Secretariat of the European Parliament
Directorate-General for Information and
Public Relations
Publications and Briefings Division
PO Box 1601, 1016 Luxembourg



OFFICE FOR OFFICIAL PUBLICATIONS
OF THE EUROPEAN COMMUNITIES

L-2985 Luxembourg

Catalogue number: AX-32-81-140-EN-C

