


# THE HIGH LEVEL GROUP ON OWN RESOURCES

The High Level Group on Own Resources (HLGOR) was established in February 2014 to reflect on finding more transparent, simple, fair and democratically accountable ways to finance the EU. It was chaired by former Prime Minister of Italy and EU Commissioner Mario Monti and composed of the following Members designated by the European Parliament, the Council of the EU and the European Commission: Daniel Dăianu, Clemens Fuest, Kristalina Georgieva, Ivailo Kalfin, Alain Lamassoure, Pierre Moscovici, Ingrida Šimonytė, Frans Timmermans and Guy Verhofstadt.

The Group presented its final report and recommendations to the Presidents of the European Parliament, the Council of the EU and the European Commission in January 2017.

## MAIN RECOMMENDATIONS

**01**  A **reform** of the EU budget is **necessary** - both on revenue and expenditure side - to address EU priorities and to help solve the challenges our citizens face today.

The EU budget needs to focus on areas bringing the highest '**European added value**'. A reform of own resources would impact the composition of revenue, not the volume of the EU budget (**budget neutrality**). It should not increase the **overall fiscal burden** for the EU taxpayer. Other elements that should guide the reform include: performing a **subsidiarity test** (to determine the most appropriate level of spending - subnational, national or European); ensuring **synergies** between the EU and national funding; preserving the **unity** of the budget; making the EU budget more **transparent** and readable for citizens; using own resources to **support EU policies**.



**03** 

**Some elements** of the current system that work well, should be **kept**: the principle of equilibrium (the EU budget is always in balance); the traditional own resources (including customs duties and sugar levies), which are true EU revenue; the gross national income (GNI) own resource, which is calculated annually to cover the spending not already covered by other sources of revenue.

A **new mix of own resources** should be considered such as those improving the functioning of the Single Market and fiscal coordination (f.ex. a corporate income tax-based own resource), or those that relate to the Energy Union, environment, climate or transport policies (f.ex. a CO<sup>2</sup> levy).



05

**Revenue other than own resources** need also to be explored - for example, auctioning proceeds or other revenue stemming from EU policies (border control, digital single market, and more).



The **costs and benefits from EU membership** should be better reflected than today. The Group notably recommends: the introduction of alternative revenue sources which are perceived as resources directly linked to the European added value dimension; and, the development of additional indicators and tools.



07

All **correction mechanisms** should be **abolished**.



The **coherence of the EU budget and national budgets** within the European Semester should be reviewed. Better information channels should be opened in relation to national budget procedures, the European budget procedure and the European Semester. Information concerning EU own resources in national budgets should be harmonised in order to allow for comparable and clear analysis.



09

While the fundamental budgetary principles of unity and universality of revenue should not be jeopardised, a **certain degree of differentiation (géométrie variable)** should be allowed, notably for the further development of the euro area or for policies under enhanced cooperation.



## NEXT STEPS

- >> Preparatory work on the next multiannual framework will start soon.
- >> If the Commission decides to propose a modification of the own resources decision, the unanimous agreement of the Member States in the Council is required, after consultation of the European Parliament. Any amendment can only come into effect after ratification in all Member States.

*The EU budget is one of the main tools for the EU to achieve its objectives, and needs in depth rethinking. We hope that the recommendations we make in our report are taken on board by the EU institutions. We strongly believe that they can lead to a more simple, transparent, fair and democratically accountable system, from which EU citizens will be the first ones to benefit from.*

Mario Monti, Chair of the High Level Group on Own Resources

