

THEORETICAL APPROACHES ON EUROPEAN UNION BUDGET REFORM

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Abstract

Along with the enlargement of the Union were amplified aspects of managing and monitoring the collection and especially the distribution of European Union funds, in accordance with the principles and rules unanimously accepted by all Member States.

The European Union needs a budget adapted to the new realities of globalization and to respond to current challenges and create opportunities for the next period. The formation and distribution of the Community budget was subject to modification whenever the situation of the member countries imposed. The European institutions conclude, since 1988, interinstitutional agreements covering the budget process and budget allocation. Agreements are established for a period of several years and called "financial perspective", the last two being the period 2007-2013 agreements and 2014-2020.

The objective of the work is the analysis of the budget in the Multiannual Financial Framework is designed EU budget.

Cuvinte cheie: budget, the multiannual financial framework

1. Introduction

The European Union budget is the act which each year authorizes the funding of community activities and interventions assembly By this can be seen every year Community priorities and political guidelines. The evolution of the budget over the years reflects the successive transformations of the construction of Europe. In 1970 the Community budget was 3.6 billion ECU (from 1 January 1999, 1 ECU = 1 euro) and consisted almost entirely of funds related to the Common Agricultural Policy. Currently, the European Union budget exceeds 90 billion and within it can be found all European Union policies: the common agricultural policy spending, regional development policy, research expenses, education, training, international co-operation etc.

Treaty establishing the EEC, as amended by the Treaty of Amsterdam, is the governing procedures for drawing up and adopting the budget. In these circumstances, the Commission should draw up a draft project budget estimates of needs from economic and political priorities of the Union for the coming year. This document is submitted to the European Union Council, which it adopted after any amendments, making a draft budget. This project is forwarded to the Parliament. Powers latter depend on the nature of the budget expenditure: compulsory expenditure, Parliament can only propose amendments and the final determination of the level of funding allocated to this area for the Council; for other expenses, soft, Parliament may amend the draft budget.

2. Budgetary resources and expenditure of the European Union

The EU budget is financed mainly from own resources. Budget revenues are determined by the Council, after consulting the European Parliament. The decision on the own resources system must be ratified by Member States.

The European Union does not establish any tax is the responsibility decentralized in the Member States. Budget revenues of the European Union are formed mainly from own resources (ceilings as a percentage of Gross National Income of the Member States of the European Union) plus various other revenues, but account for only about 1% of total revenues.

Each Member State shall contribute to the establishment of EU budget resources according to the level of development and size. However, each Member State shall according to the principle of decentralization policy and adopted in the Union, Community budget allocations that benefit the population and its terrirotiul under Community policies that apply in the period.

A Member State which pays more than it receives from the European Union budget in the form of Community Policies that allowance account is a net contributor. The most important contributors are Germany, France, Italy and Britain.

In accordance with the political agreement which stipulates that the new Member States should not become contributors to the European Union budget in the first years after accession.

The main sources of income for the European Union budget are:

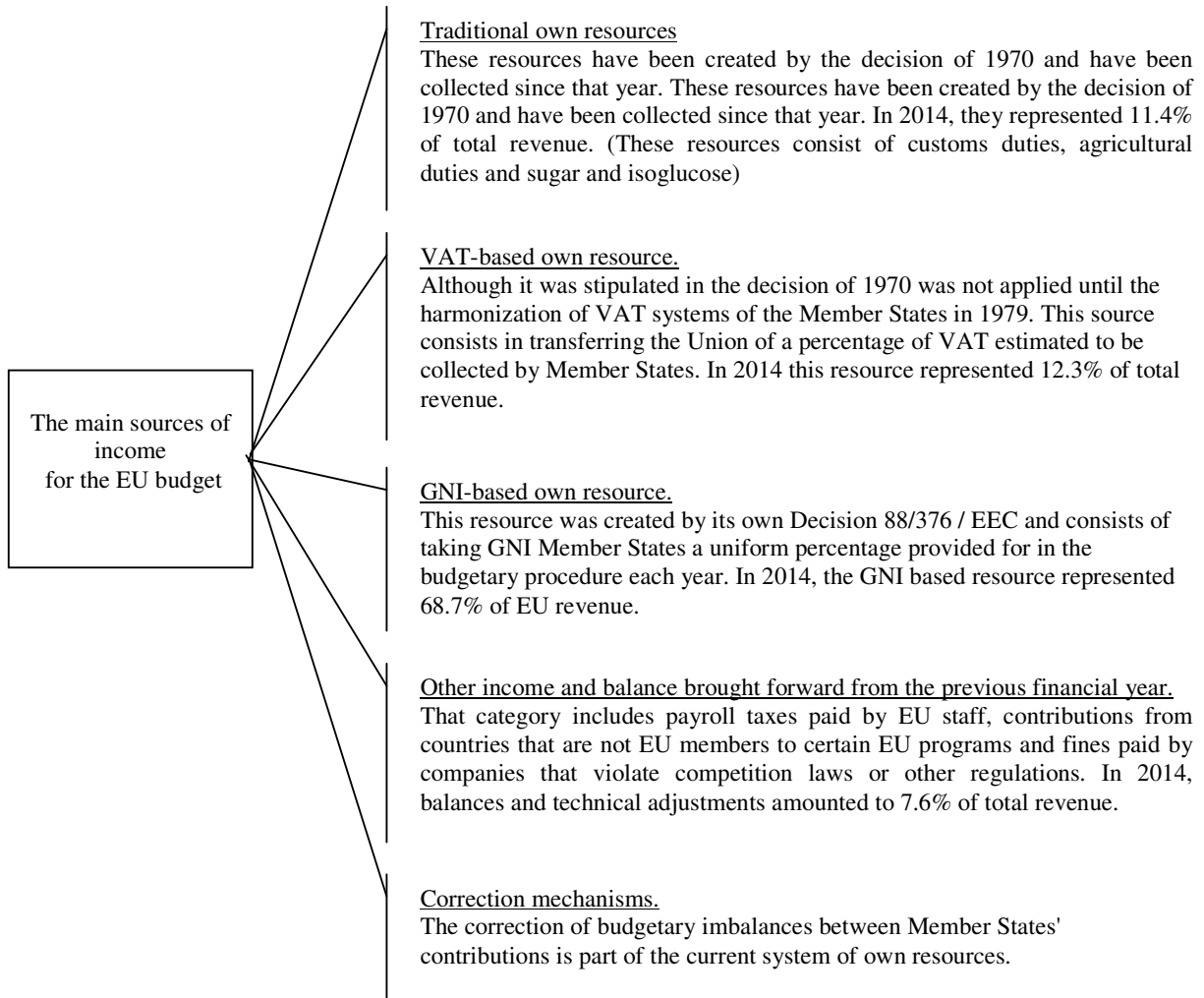


Fig. 1 Main sources of income of the budget of the EU budget (www.europa.eu)

European Union budgetary expenditure is structured and analyzed according to several criteria, among which the most important are the functional criteria, economic criteria and mandatory criterion.

Functional criterion comprises two distinct categories of expenditure, namely running costs of the European Union, which are distributed by categories according to the European Union institutions: Parliament, Council of the union, European Commission, Court of Justice, Court of Auditors, the Economic and social Committee, the Ombudsman, the European Data Protection Supervisor and operating expenses are expenses related to European Union policies and are grouped under the heading European Commission.

The economic criterion highlights for each item and total material expenses, personnel costs and capital expenditure.

Mandatory criteria, costs can be: compulsory expenditure, which represents the costs arising from the application of binding, the Treaties and European Union regulations. These costs relate primarily to activities related to programs in agriculture; cheltuielil non-binding, which relate to other programs or to economic and social cohesion policy, internal policies (research, culture, training, environment, etc.), external actions, administration expenses.

The distinction between compulsory and mandatory spending is important because it shows responsibility in finance European Union institutions:

1. The Council of the European Union is competent and responsible regarding compulsory expenditure;
2. European Parlamantul is the factor responsible for the non-compulsory expenditure

The budget includes differentiated appropriations consisting of:

1. Commitment appropriations - corresponding amounts for which the EU undertakes to provide, in a financial debt to finance a field, and for subsequent financial years, the financial framework agreed at EU level.
2. Payment appropriations - expenditure mentioned for the budget year and those employed in previous years that have not yet used.

The budgetary mechanisms that apply in the Community budget originally defined by the Treaty of Paris (1951) and the Rome (1957) was subsequently amended on several occasions.

Since 1988, Community expenditure has been placed in a multiannual framework, which divides the budget into boxes spending caps that reflects the main budgetary priorities for the agreed period. If the first programming period was five years, the current and following periods to seven years. The Lisbon Treaty provides for at least five years, in line with the mandate of the Commission and the EU legislation. Annual budgets must respect the limits set in the Multiannual Framework.

Every year, the European Parliament and the Council, which represents "budgetary authority " of the Union must agree on next year's budget. In reality, the annual budget adopted always fall under the overall ceiling of the Multiannual Financial Framework (MFF).

3. The multiannual financial framework for 2014-2020 at European Union level

Multiannual financial framework of the European Union budget is not on time, but a mechanism to ensure predictability of European Union expenditure and, whilst respecting strict budgetary discipline. The multiannual financial framework sets maximum amounts for each major spending area for the Union budget. In this context, every year, Parlamantului and Council (EU budgetary authority) must agree on the budget for next year. In practice, the approved annual budget always falls under the overall ceiling of the MFF, which means that the annual budget of the European Union respects the financial mutianual.framework

The multiannual financial framework policy priorities are set for a period of at least five years, thus representing both a political framework and one budget.

Table no.1 presents the multiannual financial frameworks for the two periods 2007-2013 and 2014-2020.

Table no 1

The multiannual financial framework for 2007-2013 and 2014-2020

(based on 2011 prices)

Prices in 2011		2007-2013	2013	2013x7*	2014
Credits of commitment	in billion euros	993,6	146,4	1.024,8	1.025
	% of VNB	1,12%	1,12%		1,05%
Payment appropriations	in billion euros	137,8	137,8	964,4	972,2
	% of VNB	1,05%	1,05%		1,00%

www.ec.europa.eu; * Represents the number of years of the 2007-2013 multiannual financial framework

Regarding the overall figures presented in the Commission proposal for the Multiannual Financial Framework 2014-2020

The multiannual financial framework for 2014-2020

Table no. 2

(EUR million - pricesfrom2011)

Credits of commitment	2014	2015	2016	2017	2018	2019	2020	Total 2014-2020
Smart and inclusive growth in which economic, social and territorial	64.696	66.580	68.956	69.956	71.596	73.768	76.179	490.908
	50.468	51.543	53.609	53.609	54.798	55.955	57.105	376.020
Sustainable growth: natural resources	57.386	56.527	55.702	54.861	53.837	52.829	51.784	382.927
of which market related expenditure and direct	42.244	41.623	41.029	40.420	39.618	38.831	38.060	281.825

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payments									
Security and citizenship		2.532	2.571	2.609	2.648	2.687	2.726	2.763	18.535
Europe in the World		9.400	9.645	9.845	9.960	10.150	10.380	10.620	70.000
Administration of which administrative expenditure of the institutions		8.542	8.679	8.796	8.943	9.073	9.225	9.371	62.629
		6.967	7.039	7.108	7.191	7.288	7.385	7.485	50.464
Total commitment credits	Billion euro	142.556	144.002	145.085	146.368	147.344	148.928	150.718	1.025.000
	% of VNB	1,08%	1,07%	1,06%	1,06%	1,05%	1,04%	1,03%	1,05%
Total payment credits	Billion euro	133.851	141.278	135.516	138.396	142.247	142.916	137.994	972.198
	% of VNB	1,01%	1,05%	0,99%	1,00%	1,01%	1,00%	0,94%	1,00%

www.ec.europa.eu

The data presented in Table. 2 Notes that the overall ceiling for commitments proposed by the Commission TLS 1,025miliarde 2014-2020 is the euro. Analyzing the period 2007-2013 in the table below. 1, it is noted that this amount is equal to the last year of the 2007-2013 multiannual financial framework multiplied by 7 (number of years). This ceiling represents 1.05% of EU GNI, compared to 1.12% as is the multiannual financial framework 2014-2020. For the current financial ceiling for payments equal to 1.00% of GNI compared to 1.06% as it was for 2014-2020.

The figures presented in the previous tables do not include a number of flexibility instruments which are traditionally outside the multiannual financial framework because they are not programmable: the reserve for emergency aid, the European Globalisation Adjustment Fund, Solidarity Fund, the Instrument flexibility. If, in an emergency, the budgetary authority decided to mobilize additional funds, they are entered in the annual EU budget. Moreover, the European Development Fund is financed outside the budget due to a different financing key.

Budget implementation and control

Budget implementation consists of two main operations, namely: commitments and payments. Regarding commitment of expenditure, a decision is made to use a certain amount of a specific budget line to finance a particular activity. Once you have established the appropriate legal commitments (contracts) and services, works or goods to which the contract was provided, authorized expenses and amounts owed are paid.

Regarding the implementation of the budget, the means by which the Commission can implement the budget, according to the Financial Regulation, these are:

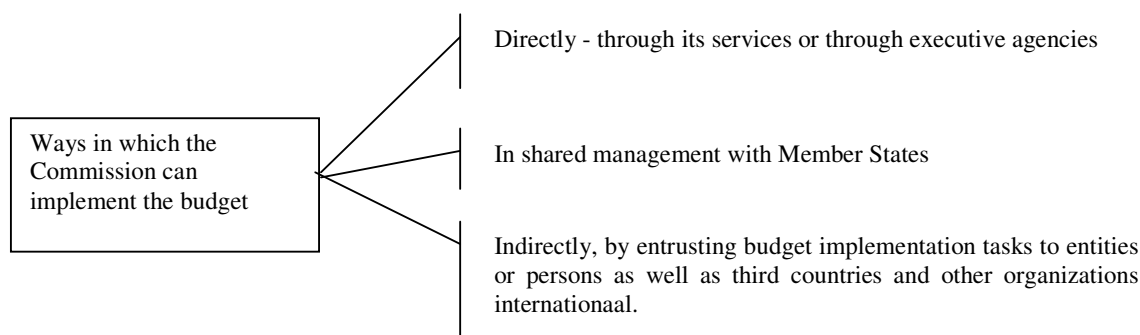


Fig. 2 Methods of implementing the general budget of the European Union

In practice, about 76% of the budget is spent under the system of shared management, Member States distributing funds and managing costs, 22% under the system of direct management by the Commission, and the remaining 2% in the framework of indirect management [1].

Correct execution of the budget by Member States is penalized through the procedure of clearance and controls on eligibility and bring the corrections budget allocations for national governments by recovering amounts unduly paid following inspections carried out by the Commission and the Court of Auditors. Decisions on these corrections are taken by the Commission in accordance with the procedures for the exercise of implementing powers of budgetary control.

The Financial Regulation specified principles and rules governing the implementation of the budget. He has an orizotal character, being applicable to all areas of expenditure and all revenue.

The Commission's main tool for monitoring budget implementation and execution is its computerized accounting system ABAC (accrual based accounting). The Commission has taken a series of measures to meet the highest international accounting standards, in particular international standards contibilitate public sector (IPSAS) established by the International Federation of Accountants (IFAC).

An important aspect of budgetary implementation is compliance with European Union law applicable to public procurement (goods, works, services).

Budgetary and expenditure of the EU budget payment by the European Commission, the principle of sound financial management and the principle of decentralization, which makes each Member State to carry out an internal financial expenses allocations from the EU budget.

The EU budget is submitted to two external controls, namely: Control by the Court of Auditors on the regularity of revenue and expenditure of the EU budget and political control by the European Parliament gives discharge to the European Commission, the implementation of the financial year ended .

To this end, the Commission should submit annual implementation of the budget for year ended, the Court draws up its own report on this implementation and the finance ministers of the Member States, meeting within the Council of the European Union make recommendations. Based on these materials, the European Parliament Committee budgetary discharge of that year.

Within the Commission, European Union programs and activities are managed by the staff of the Commission departments (DGS), in cooperation with their counterparts from the European Union member states, as required. In each Commission department, a staff member is appointed "officer" and must take full responsibility and ultimate operations in its field of competence, although all staff members of the European Union bears disciplinary liability and pecuniary for their actions.

Internal controls are enhanced with a set of clear standards, controls by management before and after the operations of independent internal audits based on risk assessments and periodic activity reports submitted Commissioners.

4. Conclusions

In the context of an enlarged European Union, the Community budget should have a modern and flexible structure. In practice must address the interface between efficient allocation of resources in the medium term budget and flexibility budgetary allocations.

Budget reform choice between two paths: on the one hand it aims to develop by controlling public spending at Community level, on the other hand maximizing the expansion of EU public expenditure by waiving budgetary constraints and increased centralization.

To cope with financial crises in the European Parliament there is consensus about the need to reform the budget "in order to create jobs, to ensure increased competitive and a strong internal market, we need an EU solid.. budget. Every euro spent from the common budget reduces burdens on national budgets "[3]. Referring to how we can accomplish this in the literature opinion is divided: some put the accent on how to obtain the own resources and others on prioritizing spending. Whatever measures are taken in the context of the EU budget, it is an important instrument of the European Union, it is used in current policy objectives, in about change and to maximize long-term impact of EU action.

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