

Budgetary power of the Council of the European Union

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The budgetary power of the Council of the European Union

The Council is one of the two arms of the budgetary authority of the European Union, the authority which determines each year the revenue and expenditure of the Union.

Originally, each Community had its own budget. The European Coal and Steel Community (ECSC), which was wound up on 23 July 2002, had an administrative budget, drawn up by the Committee of Presidents of the ECSC institutions, and an operating budget drafted and adopted by the High Authority. The European Economic Community (EEC) had a budget, and the European Atomic Energy Community (EAEC or Euratom) had an operating budget as well as a research and investment budget. In its capacity as the budgetary authority of the two Communities, the Council formally adopted their respective budgets.

On 1 July 1967, the entry into force of the Merger Treaty integrated the administrative budgets of the ECSC and EAEC into the general budget of the European Communities. The High Authority remained the budgetary authority with regard to the ECSC operating budget. On the other hand, responsibility for the ECSC administrative budget was automatically vested in the Council, given that this budget henceforth depended on the general budget of the Community.

The Budgetary Treaty of 22 April 1970, which amended certain budgetary provisions, shared out budgetary powers between the Council and the European Parliament. It conferred on Parliament, which, until then, had only a consultative role in budgetary matters, the right formally to adopt the budget of the Communities and to have the final say on non-compulsory expenditure. The Budgetary Treaty of 22 July 1975, which amended several financial provisions, marked an additional step, conferring on Parliament the right to reject the budget and the exclusive power to give discharge to the Commission in respect of the implementation of the budget. Since the establishment of the 1975 budget, the Council and the European Parliament have held complementary decision-making powers in the area of budgetary procedure.

Article 203 of the Treaty establishing the EEC, as amended by the Treaty of 22 July 1975, establishes the stages in the budgetary procedure and the route taken by the 'shuttle', the aim of which is to enable the Council and Parliament to reach agreement on the annual budget (Article 272 of the Treaty establishing the European Community). Since the 1980s, the Commission, Council and Parliament have approved various agreements, which have been updated several times, to facilitate cooperation between the institutions.