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The Financing of the European Union Budget

Herman MATTHIJS

Correspondence: Universiteit Gent & Vrije Universiteit Brussel, Belgium

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Abstract

The European Union (E.U.) has a specific system of financing its institutions. The system has been the subject of political discussion since the beginning in 1970 and the recent modification in 2020. This system has come under increasing pressure as a result of the growth of the number of member states and growing economic disparity between the Northern versus Southern and Western versus Eastern member states of the Union. The question of whether to rely on its own sources of finance or on contributions from its members is the subject of a separate political argument.

Keywords: European Union, EU budget, own resources system

1. Introduction

This article examines the way the European Union is financed. The numerical data presented here is drawn from the primary source, namely the figures in the most recent EU budget (EU: European Parliament, 2021) and the new own resources decision (EU: Council, 2020).

Specifically this article pursues the following four items of inquiry:

- how have the “own resources” evolved in recent decades ?,
- how much do members contribute to the EU budget ?,
- is there a difference between the old and new members in financing ?,
- what are the future alternatives for the EU budget financing and this in relation with the proposals of the EU Commission?

2. Literature Review

This article gives in the first reference an overview of the new financing system for the European Union. Most of the publications are related with the EU recovery plan, which was introduced after the COVID pandemic and with the target to relance the European economy. Neither the MFF (Multiannual Financial Framework) is the topic of this study. In budget language these published articles concern the expenditures of the budget of the European Union. (Buzakova, 2020 & Citi, 2017 & Zamparini, 2019) This study concerns only the revenue side of the budget and is based on the new own resources system of the Union. About this item is not so much published. (Matthijs, 2021) Therefore this article is based at the primary source of a public budget or in other words the adopted budget and the adopted new own resources decision by the European Council.

3. The Present System

Since 1970 several systems have been used to finance the EU budget. (Akrall & Kay, 2006; Matthijs, 2017 & Strasser, 1990) At present a new financial system for the general budget of the European Communities is in working with the new council decision of 2020 (EU: Council, 2020) The financial system of the European Union is based on a decision of the EU council (Ministers of Finance of the member states). This means that the member states are deciding in accordance with article 311 of the Lisbon treaty on the functioning of the EU. This article says that the arrangements relating to the union’s own resources must be unanimously decided by the council. Effectively this means that every member state can veto proposals aimed at changing the system. Any failures int transferring funds caused by the member states are recognized as failures to fulfil the obligation under the treaty. (Tyniewicky, 2002, p. 31)

3.1 TOR – Custom Duties

The ‘TOR’ means in this system: the ‘Traditional own resources. The TOR are consisting of levies , premiums, additional or compensatory amounts or factors, common customs tariff duties and other duties established or to be established by the EU institutions in respect of trade with third countries. (art. 2, point 1/a of the 2020 decision) . The assignment of the customs duties as own resources for the EU budget is the consequence of the four free movements between the common market states: goods, services and capital. (the free movement of persons is here not an item) This custom duties may comprise all kind of levies and amounts establishes on goods coming from outside the European Union and imported in one of the EU sea harbors or airports or by trucks. These duties are a tax on imports levied at all the external borders of the Union. The common customs tariffs were set up in 1968. In the Treaty of Rome of 1957 with the creation of the EEC (European Economic Community) the customs duties was designated as the primary source of financing the budget of the European Economic Community. In 1988 the regime was extended to include the customs duties levied by the European Coal and Steel Community. percent of this

The agricultural levies were already instituted in 1962 and were transferred to the Community budget by the own resources decision of 21 April 1970. Originally these were taxes which varied according to the price in global markets and the price in the European market. Since the multilateral trade agreements of the Uruguay Round (April 1994) were taken up into EU law , no distinction is still made between agricultural levies and customs duties. Agricultural levies are now simply customs duties imposed on agricultural products imported from third countries in the EU. (Matthijs, 2018)

So the custom duties are existing to protect the European goods against the cheaper import from non- European goods, which have mostly a lower production cost.

The levies on the production of sugar were originally also a TOR source. But following the end of the sugar quota system on 30 September 2017, the sugar production levies don’t exist anymore. The EU budget of the year 2018 was the first without the duties for the common organization of the markets in sugar.

In the new system 2020 the member states retain 25% of the revenue of the custom duties as collection costs. (art. 9, point 2 of the 2020 decision) That was 20% in the old-2014 system and varied from 10% until 25%. in the period 1970-2013.

3.2 VAT

The “Value Added Tax” (VAT) was established by the decision of 21 April 1970 because the TOR provided insufficient finance for the community budget. Before that date the most of the member states did have already a kind of a well fare tax. The harmonization of this complex resource demanded much time, so that it was only first collected in 1980. The VAT resources are the result of the application of a specific percentage to a uniformly established basis. In the application of a uniform call rate of 0,300% for all the member states in the total amount of VAT receipts collected in respect of all taxable supplies divided by the weighted average VAT rate calculated for the relevant calendar year as stipulated in council regulation nr. 1553/89. (EU : Council, 1989)

In the 2020 system the VAT rate remains committed at 0,300% and the reductions for Germany, the Netherlands and Sweden disappeared. The own resource system of 2020 calculates for every member state the 1% VAT and the 1% GNI (Gross National Income). Thereafter there is a cap of 50% of the GNI. If the 1% VAT is higher than the 50% cap GNI, the system works further with the capped GNI figure. The reason for these two calculations is the fact that the own resource decision wants to defend the countries with a higher indirect taxes on consumption, which is the VAT.(art. 2, point 1/b of the 2020 decision). There was a lot of critic on the old system because it was not transparent enough. In the new system there are no exceptions anymore. After the fact the European parliament , the member states and the court of auditors criticized repeatedly the complex system, the EU council of 2020 has therefore concluded that it’s appropriate to simplify the calculation of the VAT own resource. (points 3 and 5 of the preamble by the 2020 decision). The next two examples explain the VAT calculations. (figures , sixth amended budget 2021)

Example: I Belgium

1% VAT is 1.968 million euro

1% GNI is 4.809 million euro

50% cap is 2.204 million euro

In this case of Belgium the 1% VAT is lower than the cap of the GNI. So the 0,30% rate is calculated on the 1.968 million, which is the 1% VAT. That gives a Belgian VAT contribution of 590 million.

Example: II Luxembourg

1% VAT is 318 million euro

1% GNI is 429 million euro

50% cap is 214 million euro

In the case of Luxembourg the 1% VAT is higher than the GNI cap. So the 0,30% VAT rate is for Luxembourg calculated on the 214 million, which is the 50% capped GNI. That gives for Luxembourg a VAT contribution of 64 million euro for 2021.

Other countries , whose VAT base is caped (for the EU budget 2021) are Croatia, Cyprus, Malta and Portugal.

3.3 GNI

In 1988 the "Gross National Income" (GNI) was introduced as the new own resource, and was originally based on "Gross National Product" (GNP). This resource was meant to replace the VAT resource as a way of balancing the budget. In 2000 the EU extended the application of the European system of economic accounting introduced in 1995 (ESA 95) to the EU budget. In ESA 95 gross national product (GNP) was replaced by the concept of gross national income (GNI). The new decision thus used GNI for the determination of the own resources instead of GNP. In order not to touch the amount of financial resources made available to the Communities the ceiling for the own resources as a percentage of the GNI of the EU was adjusted. Each member state is obliged to transfer a standard percentage of its GNI to the EU budget., although there are corrections to reducer excessive contributions for the paying-richer members. (Buzkova, 2020)

The new own resources decision says that the application of an uniform call rate, to be determined pursuant to the budgetary procedure in the light of the total of all other revenues, to the sum of GNI of all member states. (art. 2, point 1/d of the 2020 decision) Like the old own resources systems of 2007 and 2014, the new of 2020 contains a benefit for five countries. This means that these group of members shall benefit a gross reduction in their annual GNI based contribution. The figures are the following and applicable for the period 2021-27 on an annual average (art. 2, point 4 of the 2020 decision):

- Austria: 565 million euro,
- Denmark: 377 million,
- Germany: 3.671 million,
- The Netherlands: 1.921 million,
- Sweden: 1.069 million.

All together it concerns a reduction for these five 'richer 'members of 7.603 million in each fiscal year for the period 2021-2027. These is also a compensation for the fact that these five countries are net-payers to the EU budget. Those amounts shall be measured in 2020 prices and adjusted to current prices by applying the most recent GDP deflator for the EU. In the preamble of the 2020 decision concerning the own resources (point 9) it's written down that the own resources system should be guided by the overall objectives of simplicity, transparency and equity, including fair burden-sharing.

Every year the European Union calculates the 1% GNI for every member. Thereafter they do a calculation of the uniform rate of "additional base" GNI as own resource. This is the rate which is needed for a balanced budget. The EU treaty doesn't allow a deficit budget for the Union. For 2021 (6^{th} amended budget) this uniform rate is fixed at 0,8235248% of the full 1% GNI figure.

Example: II

Belgium 1% GNI is 4.809 million euro

The fixed rate (0,8235248%) gives a contribution of 3.960 million euro for Belgium.

All the 22 other member states have to contribute in the reductions for the five mentioned countries. In the example of Belgium it concerns a sum of 263 million euro extra, what brings the Belgian GNI contribution to the sum of 5.072 million euro. (p. 15-16, sixth amended 2021 budget).

3.4 Plastic Packaging

A complete new own resources in the 2020 decision is the application of an uniform call rate to the weight of plastic packaging waste generated in the member states of the EU that is not recycled. The uniform rate is fixed at 0,80 eurocent per kilogram. (art. 2, point 1/c of the 2020 decision). This is the first environmental tax concerning the European budget. This tax is in accordance with the European strategy to reduce the pollution of plastic. (point 7 of the preamble of the 2020 decision) In order to avoid an excessively regressive impact on national contributions, an adjustment mechanism with an annual lump sum reduction should be applied to contributions of the members with a GNI per capita, in 2017 !, below the EU average. The reduction sum should correspond to 3,8 kilogram multiplied by the population in 2017 of the countries concerned. The global sum is 771 million euro a year for the period 2021-27. These reductions are related with the following 17 countries.

Table I. Plastic reductions (in euro)

Bulgaria: 22 million	Hungary :30 million	Portugal: 31,2 million
Croatia: 13 million	Italy: 184 million	Romania: 60 million
Cyprus: 3 million	Latvia: 6 million	Slovakia: 17 million

Czech rep.: 32,1 million	Lithuania: 9 million	Slovenia: 6,2 million
Estonia: 4 million	Malta: 1,4 million	Spain: 142 million
Greece: 33 million	Poland: 117 million	

This means that ten members don't get this kind of reduction. It concerns the three Scandinavian members, the three Benelux countries, Austria, Germany, France and Ireland or in other words the 'richer' EU group!

3.5 United Kingdom

The first rebate in favor of the United Kingdom was made under the agreement of June 1984 and this on demand of the former conservative PM miss Thatcher. This was approved at the 'Fontainebleau 'summit and resulted in a new 'own resource decision 'of 1985. All the other nine member states (the three Benelux countries, West Germany, France, Italy, Ireland, Denmark and Greece) agreed to give the UK a reduction on their EU contributions. The reason was that this member could prove his 'net' payer statute for the union budget. This measure came in the 'own resources' decision, which can only be changed by unanimity, which gives the UK and all the members a 'de facto' veto! The correction mechanism in favor of the United Kingdom was upheld in all the Council decisions concerning the own resources. (Matthijs, 2017)

In the 2019 European budget the United Kingdom contribution to the EU treasury was 17,1 billion euro and this ex member got from the EU a sum of 7,6 billion euro. In that year the United Kingdom as a net payer 9,5 billion euro inclusive the rebate of 5,2 billion. Without this rebate the UK contributions were over the 22 billion! (Matthijs, 2021, p. 150 & EU accounts 2019).

The discussion about this UK rebate was also the beginning of the demands of other members for exceptions concerning their own resources obligations. (Citi, 2017).

On the budget line '6602' of the EU budget 2021 (sixth amended) the United Kingdom pays 7.197 million euro to the European budget as result of the agreement of the withdrawal (art. 148 of this agreement) (EU: Council, 2019). In fact is this the UK price for a free entry to the EU common market. The "Trade and cooperation agreement between the European Union and the United Kingdom" of 20 December 2020 creates a more or less open market between this two parties.(EU: Council, 2021) without much duties, restrictions and taxes. Of course goods from the UK to the EU are now a part of the customs duties. In the other way the EU goods to the British Islands are also subject to UK tax rules. In this agreement of 783 articles and a lot of annexes the two mentioned parties agreed over: a free trade agreement, clos partnership on citizens' security and an overarching governance framework.

3.6 Other Revenues

Other revenues for the EU budget are the surplus balances and adjustments, taxes and levies from staff, defaults interest and financial revenues, administrative sanctions form the EU Commission, refunds etc.

4. The Figures

In the next part of this study, the article examines the figures of the budget (amending budget nr. 6 of the year 2021) and this with different angles.

4.1 Kind of Own Resources

First of all the budget figures for the EU 2021 (amending budget nr. Six) (in euro):

- Customs duties: 17.348 million or 10,32%,
- VAT: 17.940 million or 10,67% ,
- GNI: 115.857 million or 68,95%,
- Plastic: 5.846 million or 3,47%..

Total own resources: 156.993 million or 93,41%

- Other revenues: 11.017 million or 6,59%

Total budget 2021 was fixed at the sum of 168.010 million euro or an increase of 2,38% comparing with the year 2020 (164.108 million).

From the figures given it will be seen that the importance of the own resources system(TOR and VAT) has declined significantly relative to total revenues.

This declining share of the traditional own resources (agricultural levies, customs duties) is related to the growing freedom of world trade and the associated policy of lower import duties. The lower share of VAT revenue has to do with the maximum percentage of 1.4 % imposed in 1985 and which now has been reduced to the current 0.300% .

Over the last twenty years the importance of the GNI resources has grown uninterrupted till nearly ten years ago, when there was a higher collection rate for the custom duties in favor of. the member states of the Union. From the budget 2021 the plastic packaging tax and the United Kingdom contributions (now in the other revenues) are new budgetary revenues.

Table II. Percentage of the budget

	1988	1995	2000	2005	2012	2021
(Sugar levies) & Customs duties	28.5	19.3	15.3	11.3	14.95	10.32
VAT resources	57.2	52.2	38.1	14.0	11.23	10.67
GNP/GNI resources	10.6	18.9	42.3	73.8	72.60	68,95
Other revenues related with the EU institutions	3.7	9.7	4.3	0.9	1.22	6,59
Plastic						3,72

4.2 The Custom Duties

The custom duties is related with the external trade of the Union. For the last decade it's always the same top five of countries which are collecting the most duties. This is also related with the importance of their cargo airports and sea harbors.

Till the year 2020 the UK was the second largest payer for custom duties. Following the top five in the budget 2021:

- FRG: 3.792 million or 21,8%
- Netherlands: 3.111 or 17,9%
- Belgium: 1.888 or 10,9%
- France: 1.619 or 9,3%
- Italy: 1.551 or 8,9%

TOTAL all members: 17.348 million euro

The custom duties, which are mainly related with import of goods from outside the EU, are concentrated in het ports and the airports of the countries near the North Sea. Together the two low countries, then their receptions of these duties are the most important. Indeed, Belgium and the Netherlands are contributing nearly 29% of all the custom duties. This large contribution, coming from these two Benelux countries, can be explained by the size of their sea ports (f.e. Antwerp, Rotterdam, Zeebrugge) and their airports (Shiphol- Amsterdam and Zaventem- Brussels). Also the Benelux highway system has many border relations with the neighbor countries. With the German share (importance cargo airports of Dusseldorf and Frankfurt and the sea harbors of Bremen and Hamburg) these three countries are reaching over the half of the custom revenues for the EU budget. The five countries together are reaching the 2/3 share!

4.3 VAT

The VAT revenues were traditionally led by the United Kingdom. The reason therefore was the higher level of indirect taxes in this country and also consumption. In the budget 2021 (amending nr. 6) the top five concerning the VAT contributions is composed by:

- Germany: 4.416 million euro or 24,6%
- France: 3.399 or 18,9%,
- Italy: 2.258 or 11,5%,
- Spain: 1.655 or 9,2%,
- Netherlands: 1.049 or 5,8%.

Total all members: 17.940 million euro

This list is the same as the level of population with the exception of Poland, that with 38 million citizens follows at the sixth place with a VAT contribution of 769 million euro. That can be explained by the lower level of welfare in this eastern European country.

The three leading countries have a share of nearly 55%. With Spain and Holland the top five of countries share reaches 70% of the total sum.

4.4 Gross National Income

The GNI contributions are the most important kind of own resources for financing the EU budget. Like already explained five countries do have a reduction for their GNI calculation. If their should be no kind of reduction, the Netherlands was the fifth country in the top list and Sweden the number seven and followed by Poland and Belgium. Next the top five of member states with the highest GNI contribution inclusive the reductions:

- Germany: 27.81 million euro or 24%,
- France: 21.696 or 18,7%,
- Italy: 15.441 or 13,3%,
- Spain: 10.853 or 9,3%,
- Poland: 4.594 or 3,9%.

Total of all members is 115.857 million euro.

Seeing the reductions for Holland, this country follows at place six (4.581 million) then Belgium and Sweden. The first three countries have a share of 56% with the two other countries the impact of this list is already 69%.

4.5 Per Capita Contribution

In the next table this study calculates the euro per capita contribution of all own resources by the countries. The third column gives the number of population and the fourth row indicates the share of the member state in the global EU population.

Table III. Per capita contribution in 2021 (in euro)

1.	Luxembourg	756 euro	628 thousand	0,1%
2.	Ireland	643	5,1 million	1,1%
3.	Belgium	586	11,7 million	2,6%
4.	Denmark	572	5,9 million	1,3%
5.	The Netherlands	561	17,3 million	3,8%
6.	Finland	489	5,5 million	1,2%
7.	Sweden	477	10,2 million	2,3%
8.	Federal rep. Germany	466	80,1 million	17,7%
9.	Austria	426	8,8 million	2%
10.	France	412	67,8 million	15%
11.	Malta	322	457 thousand	0,1%
12.	Italy	317	62,4 million	13,8%
13.	Spain	281	50 million	11%
14.	Slovenia	274	2,1 million	0,5%
15.	Estonia	264	1,3 million	0,3%
16.	Portugal	242	10,3 million	2,3%
17.	Czech rep.	230	10,7 million	2,4%
18.	Lithuania	215	2,7 million	0,6%
19.	Cyprus	206	1,2 million	0,3%
20.	Slovak rep.	195	5,4 million	1,2%
21.	Latvia	191	1,8 million	0,4%
22.	Greece	187	10,6 million	2,3%
23.	Hungary	178	9,7 million	2,2%
24.	Poland	171	38,2 million	8,4%
25.	Croatia	143	4,2 million	0,9%
26.	Romania	120	21,3 million	4,7%
27.	Bulgaria	107	6,9 million	1,5%

Source: Eurostat and own calculations

In this calculation list it are the smaller population countries that are leading this table. The Netherlands is the sixth ranked country concerning the populations and is situated at place five. The average for the EU is 346 euro per capita. This means that ten countries do have a higher capita contribution in euro and 17 are situated below this average. The difference between Luxembourg and Bulgaria is one to seven (756 euro vs. 107 euro). The six original member states of 1951-57 (Benelux states, FRG, France and Italy) are all situated in the numbers 1-12. The 14 members of the 20th century (the six plus Austria, Denmark, Finland, Greece, Ireland, Portugal, Spain and Sweden). The top ten list exists completely with the 20th century joined countries. The highest situated country, which joined the EU this century, is Malta at place eleven and then at number 14 Slovenia. The first ten countries are related with a share of 47,1% of the EU population and 56, 8% of the EU Gross Domestic Product.

4.6 Total Own Resources

The next table examines the total amount of the own resources , in the budget year 2021 = 156.993 million euro, and the shares of the 27 member states in this total sum.

Table IV. Total own resources 2021 (in euro and perc. Share)

1.	FR Germany	37.397 million euro or 23,82%
2.	France	27.962 million or 17,81%
3.	Italy	19.765 million or 12,59%
4.	Spain	14.027 million or 8,93%
5.	The Netherlands	9.707 million or 6,18%
6.	Belgium	6.854 million or 4,36%
7.	Poland	6.513 million or 4,15%
8.	Sweden	4.887 million or 3,11%
9.	Austria	3.753 million or 2,39%
10.	Denmark	3.372 million or 2,15%
11.	Ireland	3.229 million or 2,05%
12.	Finland	2.689 million or 1,71%
13.	Romania	2.554 million or 1,62%
14.	Portugal	2.491 million or 1,58%
15.	Czech rep.	2.462 million or 1,57%
16.	Greece	1.988 million or 1,26%
17.	Hungary	1.727 million or 1,1%
18.	Slovak rep.	1.051 million or 0,67%
19-27	Nine members	Under the 1 billion and 0,50%

Source: EU budget 2021 and own calculations

After the withdrawal of the United Kingdom are the shares of all the countries higher. The results of this calculation are the following:

- Only Germany has a share higher than 20%,
- Three countries higher than 10%,
- Five members have a higher share than 5%,
- Seven countries have a share higher than 4%,
- Eight members have a share higher than 3%,
- Eleven states have a share higher than 2%,
- 17 countries have a share more than 1%,
- Ten countries have a share less than 1%!

Poland is the first new member of the 21th century at place seven. Next in this list is Romania at place 13. Other lessons from this calculations are:

- The three main states have a share of 54,22% in the own resources,
- The three Benelux countries: 10,81%,
- The six original members have a share of 65,03%,
- The 14 countries of the EU in the 20th century: 88,2%.

The impact on the financing of the EU budget by the new member states, with a share of 11,8% , hasn't brought any budgetary windfalls. It also says much about the prosperity differences between the 20th century members and the 13 new states in the European Union. The 19 EU members, which are at present in the eurozone (the three Benelux states, the three Baltic states, Germany, France, Italy, Greece, Spain , Portugal, Ireland, Austria, Finland, Slovenia, Slovak rep., Cyprus and Malta), have a global share of nearly 86 % in the financing of the own resources for the European budget.

4.7 Own Resources vs. GDP

In this next part of the study, this article examines the shares of the member states in the own resources (point 3.6., supra) and the share in the GDP of the Union. The intention of this calculation is to compare the concerned shares and to conclude if they are about equal or the GDP impact is greater/smaller than the own resources share. If the result of the GDP is 10% up or down comparing with the own resources share, this study considers it as a tie ! A higher share in the own resources vs. the GDP links the country to the statute of a payer ! The reverse situation is a receiver from the EU.

TABLE V. Share own resources vs. GDP

	Own resources	**GDP**	**result**	**% difference**
Germany	23,82%	23%	Tie	+ 0,82%
France	17,81%	15,5%	payer	+ 2,31%
Italy	12,59%	12,8%	Tie	-0,21%
Spain	8,93%	9,3%	Tie	- 0,37%
The Netherlands	6,18%	5,1%	Payer	+ 1,08%
Belgium	4,36%	2,8%	payer	+ 1,56%
Poland	4,15%	6,8%	Receiver	-,2,65%
Sweden	3,11%	2,7%	payer	+ 0,41%
Austria	2,39%	2,5%	Tie	- 0,11%
Denmark	2,15%	1,6%	payer	+ 0,55%
Ireland	2,05%	2%	tie	+ 0,05%
Finland	1,71%	1,3%	payer	+ 0,41%
Romania	1,62%	2,8%	Receiver	- 1,18%
Portugal	1,58%	1,8%	Receiver	- 0,22%
Czech rep.	1,57%	2,2%	Receiver	- 0,63%
Greece	1,26%	1,5%	Receiver	- 0,24%
Hungary	1,1%	1,6%	Receiver	- 0,50%
Slovak rep.	0,67%	1%	Receiver	- 0,33%

The system of the own resources and the concerned national shares are not related with the level of the nations GDP. That's the most important of this calculation in table IV. There are deviations for several western members: France, Belgium and the Netherlands. In their cases the percentage of the own resources share is greater than the GDP. Remarkable is that Holland is one of the five countries with compensations. (see point 2.3. supra) These compensations have more influence for Germany, Austria, Denmark and Sweden. More important countries, like Italy and Spain, have a quite equal result between the studied shares. All the new EU members have a lower share in the own resources contributions versus the GDP share.

5. Overview

In the fifth table this study gives an overview of the most important parameters (share own resources, national share in EU GDP, percentage EU population , percentage EU surface) relation to the three greater members (Germany, France and Italy), the six original founders (this three and the Benelux countries), the 14 EU members of the 20the century and the group of the 13 new EU states in the 21th century.

TABLE VI. Most important parameters

	Own resources	% share GDP	% population	% surface
The three	54,22%	51,3%	46,5%	30,7%
The six	65,03%	59,5%	53%	32,5%
14 of 20 century	88,20%	82,2%	76,5%	40,5%
13 of 21 century	11,80%	17,8%	23,5%	59,5%

Based at this table this study concludes again the importance concerning the financing of the EU budget by the big three, the six original members and the European Union states of the 20th century. The impact of the accession of the new members hasn't brought ant budgetary windfalls. Even in the total of population, 453 million, the member states of the former century are representing more than ¾ of the EU citizens. But concerning the surface of the Union, the new countries brought in the most territory with nearly sixty percent.

6. New Ideas

In the preamble of the new own resources decision of 2020 (points 6 and 8) is mentioned that : " The European Council of 17-21 July 2020 at Brussels concluded that over the coming years the Union would work towards reforming the system of own resources and introduce new own resources ". The EU Commission will make proposals concerning carbon border adjustment mechanism, a digital levy, a revised ETS (European Trading System) and a new 'Financial Transaction Tax'. Before the new own resources decision there were already high level studies concerning new possibilities. Parts of the cited preamble points were already proposed in this external studies (Ferrer and others, 2016) and internal reports.(Monti and others, 2017).

End December 2021 the European Commission came with a proposal for a council decision amending the present 2020 own resources system. (EU: Commission, 2021a) The same ideas were also the content of a communication paper from the EU Commission to the European parliament and the EU Council. (EU : Commission, 2021b) In this proposals the Commission speaks about a basket of new own resources for financing the EU budget. The headlines of this proposal are the following items:

- 25% of the revenues generated by the EU 'Emission Trading System' will go to the European budget as new own resources;
- 75% of the revenues coming from a carbon border adjustment mechanism will go to the EU budget;
- 15% of the share of the residual profits of the largest and most profitable multinational enterprises will be new resources. This idea has to relate with the recent OESO and G- 20 agreement that there should be minimum corporate tax of 15%.

These proposals are now on the table of the council. There is no knowledge of a political time table concerning these proposals of the Commission. Knowing the situation of the public finances in a lot of member states, there will be first a serious national calculation for the internal impact of these proposals for the budgets of the countries.

7. Conclusion

In this conclusion the article gives an answer concerning the four research questions. First of all the evolution of the different own resources. Over the years the GNI contributions became the main budget source for the general budget of the European Union. After half a century this system started with the emphasis on the importance of 'real 'own resources (Custom duties and VAT) to the present GNI.

Second, the contributions of the member states to the EU budget. For almost 40 years this budget has been compromised by the "fair return" principle, which works in favor of the United Kingdom. In the meantime special arrangements of reductions are exiting for many members: Austria, Denmark, the FRG, the Netherlands and Sweden. All decisions on the own resources continues to be subject to unanimous approval by the member states of the EU. This means that each member state must give its approval to any change. This is the challenge that must be overcome if any change is to be made. This will be the problem in the near future to modify the system, even when the UK will have his 'Brexit' there is no present change that the 27 members should be agree to go from an unanimous rule to an easier majority !

The third research questions is related with the new members. The conclusion is that he funding of the budget continues to rest very largely on the shoulders of the first 14 member states of the 20th century. The accession of the 13 new member states can hardly be regarded as a financial – budget success. Also in the group of the 20the century members there is a gap between the north and the south members. This is proved by the tables II and IV in this study.

The last questions is related with new sources for the budget. Knowing the enormous amount of money that the EU Commission lend for the COVID pandemic programs, the European budget needs new sources for the refund form the year 2026. But the present Commission proposals need an unanimous decision between in the council and a majority in the European Parliament and an approval in all the Parliaments of the members. Knowing that the present European institution are already over the 'mid term ' of their legislature 2019-2024, the real political discussion shall be for the new nominated Commission (end 2024) and the new elected European Parliament (mid 2024). Also in the present period there are too many national elections (France in May 2022, Sweden in September 2022 etc..).

Also the priorities of the EU are now more related with the Ukraine dossier and the question how long the 27 members of the EU will stay on the same line?

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