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The EU budget: a look at the financing of environmental policies

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EU financing is regulated under arts. 310-324 TFEU.

Inoltre, vi sono taluni atti di diritto derivato che approntano delle disposizioni più granulari rispetto ai principi e alle regole procedurali stabilite dai Trattati:

- regolamento (UE/Euratom) 2018/1046 → stabilisce regole finanziarie applicabili al bilancio generale dell'Unione;
- Accordi interistituzionali (l'ultimo è del 16 dicembre 2020);
- Regolamento (UE/Euratom) 2020/2093 del 17 dicembre 2020.

The Union budget consists of revenue and expenditure:

“All Union revenue and expenditure shall be included in estimates for each financial year and shall be shown in the budget” → Art. 310(1) TFEU

Revenue is essentially decided by the governments of the Member States.

Art. 311(2) TFEU → “the budget shall, without prejudice to other revenue, be financed wholly from **own resources**.”

The own resources system replaced the previous system of **compulsory contributions** from Member States in 1970 (Council Decision 70/243/ECSC, EEC, Euratom).

However, with regard to decisions on expenditure, the Treaty of Lisbon has given the European Parliament powers equal to those of the Council.

- The European Union has “own resources” to finance its expenditure.
- Legally, these resources belong to the Union, and Member States collect them on its behalf and transfer them to the Community budget.
- The determination of these resources is governed by a specific procedure under Article 311(3) TFEU, which provides that: “The Council, acting **unanimously** in accordance with a **special legislative procedure** and after **consulting** the European Parliament, shall adopt a decision laying down the provisions relating to the Union's own resources system. In this context, **new categories** of own resources may be established or an existing category may be **abolished**. Such a decision shall enter into force only after **approval** by the Member States in accordance with their respective constitutional requirements”.
- On the other hand, the determination of implementing measures requires the approval of the Parliament and not mere consultation → art. 311(4) TFEU.

These are:

1. Traditional own resources (TOR), consisting mainly of customs duties levied on imports of products from third countries. (levies, premiums, additional or compensatory amounts, additional amounts or elements, common customs tariff duties)
2. The resource based on value added tax (VAT), which is a uniform percentage (0.30% rate) applied to the harmonized VAT tax base in each Member State (but not exceeding 50% of GNI in total);
3. A uniform rate of levy on the weight of non-recycled plastic packaging waste generated in each Member State; The resource based on gross national income (GNI), which is a uniform percentage (0.73%) applied to the GNI of each Member State.
4. The Commission has been given the power to borrow up to a maximum of €750 billion on the capital market to deal with the pandemic crisis.

Budgetary principles:

1. Unity → Article 310(1) TFEU
2. Universality → Article 310(1) TFEU
3. Annuality → Articles 310 and 313 TFEU (“the financial year shall run from January 1 to December 31”)
4. Specialization □ Art. 316 TFEU
5. Balance → Art. 310(1) TFEU (revenue and expenditure must be in balance: in order to maintain budgetary discipline, the Union must, before adopting acts which may have significant implications for the budget, ensure that the expenditure resulting from those acts can be financed within the limits of the Union's own resources and in compliance with the multiannual financial framework referred to in Article 312 TFEU)
6. Sound budgetary management → Article 317 TFEU

- The Union's resources are programmed in a budget covering seven years, currently the multiannual financial framework 2021-2027, which sets out the financial perspective on which the annual operating budgets depend.
- The process of establishing the Union budget is governed by the procedure laid down in Article 312 TFEU and begins several years before the reference period.
- “The MFF aims to ensure the orderly conduct of Union expenditure within the limits of its own resources. It is established for a period of at least five years.
- The annual budget is established in accordance with the multiannual financial framework”.

- It shall be adopted by a regulation of the Council acting **unanimously**, after obtaining the consent of the Parliament, which shall be given by a majority of its members. The Commission and the Parliament shall take all necessary steps to facilitate its adoption. (Art. 312 TFEU)
- The agreement shall include a MFF setting the annual ceilings (i.e., spending limits) for each chapter.

- The annual budget is adopted in accordance with the special legislative procedure referred to in Article 314 TFEU.
- Each institution draws up, by July 1 of each year, an estimate of expenditure for the following financial year. The Commission consolidates the estimates into a draft budget covering estimated revenue and expenditure.
- It shall be submitted to the co-decision-makers by September 1st. By October 1st, the Council shall communicate its reasoned position to the Parliament, which shall have 42 days to approve it, if it does or cannot reach a decision: the budget is adopted
- The **alternative** is to adopt **amendments**. The Council shall have 10 days to approve all amendments in which case the budget is adopted.

- If no agreement is reached, a conciliation committee is convened:
- A common agreement must be reached within 21 days. If no agreement is reached, the draft budget is rejected and the Commission must propose a new draft.
- Once agreement has been reached, the co-decision-makers have 14 days to approve the joint text.
- In this case, all scenarios are governed by Article 314(7) TFEU

- Here you can find a timeline with the steps of the procedure:
- <https://www.consilium.europa.eu/it/infographics/eu-budget-timeline/>
- And here a summary:
- https://commission.europa.eu/topics/europes-budget/how-eus-long-term-budget-decided_it?prefLang=it

At the moment we are in the final phase of the negotiations for 2026 budget
<https://www.consilium.europa.eu/it/press/press-releases/2025/11/15/eu-budget-for-2026-council-and-parliament-reach-agreement/>

A large amount of EU budget is going to be allocated to the environment:

<https://www.consilium.europa.eu/it/infographics/2026-eu-budget-main-areas/>