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NOTE

From:	Presidency
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Subject:	Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on the statute and funding of European political parties and European political foundations (recast)
	- New Presidency compromise options

Delegations will find in <u>Annex</u> a <u>Presidency note</u> with possible compromise options on the abovementioned proposal.

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Based on the work carried out during the Czech Presidency in 3 trilogues and 7 technical meetings and the note to Coreper (ST 14775/22) of 18 November 2022 while taking into account the views expressed by delegations at the GAG meeting on 7 February 2023, the Presidency is putting forward a number of new avenues for possible compromise with the EP, in order to swiftly conclude interinstitutional negotiations.

1. Membership of non-EU parties in EUPPF's

It is highly desirable to establish clear rules for the involvement of non-EU parties. The Presidency believes that regulating the issue of membership is crucial to counter foreign interference and that a final compromise must include strong and appropriate safeguards. In relation to the November compromise proposals, the Presidency intends to put forward further limitations to the participation of non-EU parties and foundations in EUPPFs, namely:

- **Narrowing the geographic scope**: Introducing a new geographical limitation for non-EU parties, by only allowing member parties in EUPPFs to come from countries belonging to EFTA, former EU members, candidate countries or potential candidate countries.
- **Restricting participation in decision making**: Introducing a prohibition for non-EU parties to vote in "EU-related decisions".
- Non-EU parties would become only 'Associated members'.
- The following CZ Presidency proposals for safeguards should be maintained, i.e.:
 - to exclude political parties targeted by restrictions under Union restrictive measures adopted pursuant to Article 215 TFEU (see row 411);
 - non-EU parties cannot exceed 15 % of the total number of members (see row 168).

The following safeguards would be added:

- no ability to generate blocking minorities in the internal decision-making procedures by non-EU political parties in EUPPFs;
- regular monitoring of the respect of EU values (Art. 2 TEU).

2. Membership fees from parties outside the EU

To reflect the geographical scope limitation, the Presidency intends to further restrict the current compromise on 'association fees' (see row 113), by narrowing its geographical scope to those countries with a closer link to the EU, i.e., countries belonging to EFTA, being former EU members, candidate countries or potential candidate countries.

The draft compromise by the CZ Presidency, stipulating that the total value of contributions and association fees shall not exceed 40 % of the annual budget of a European political party and that the value of association fees shall not exceed 5% of the total amount of contributions and association fees, would be maintained (see row 411).

3. Financing of national referenda

The Presidency proposes to maintain the Council's mandate (see row 432).

4. Co-financing

The SE Presidency proposes to maintain the approach of the CZ Presidency to use co-financing as a general adjustment variable in the context of the overall negotiations, namely increasing the co-financing rate from 90%, as foreseen in the Council's mandate, to 95% for each and every year, including the election year. Such an increase would be granted on the condition that the Parliament accepts significant limitations in the financing by non-EU parties to reduce the risk of foreign interference (see row 358).