

Financial rules applicable to the general budget of the Union

2013/0313(COD) - 20/09/2013 - Legislative proposal

PURPOSE: amend [Regulation \(EU, Euratom\) No 966/2012](#) on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002 (Financial Regulation).

PROPOSED ACT: Regulation of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: the European Parliament, the Council and the Commission agreed to revise the Financial Regulation in order to take into account the outcome of the negotiations on the multiannual financial framework for the years 2014-2020.

Therefore, the adoption of the new Financial Regulation was accompanied by the following joint statement of the European Parliament, Council and the Commission:

" The European Parliament, the Council and the Commission agree that the Financial Regulation would be revised in order to include amendments made necessary by the outcome of the negotiations on the multiannual financial framework for the years 2014-2020, including on the following issues:

- the carry-over rules for the Emergency Aid Reserve and for projects financed under the Connecting Europe Facility;
- the carry-over of unused appropriations and of the budgetary balance, as well as the related proposal to enter these in a reserve for payments and commitments;
- the possible inclusion of the European Development Fund in the Union budget;
- the treatment of funds resulting from the agreements on the fight against the illegal traffic in tobacco products."

On 27 June 2013, a [political agreement](#) was reached between Parliament, the Council Presidency and the Commission on the Multiannual Financial Framework 2014-2020 (MFF) package and on the draft Regulation of the European Parliament and the Council establishing the [Connecting Europe Facility](#) (CEF).

This proposal shall take into account the various points raised in the aforementioned joint statement and amend Article 13 of the FR to include the carry-over rules for the emergency aid reserve and projects financed under the Connecting Europe.

New flexibilities for unused commitment and payment appropriations have been introduced in the [draft Council Regulation](#) laying down the multiannual financial framework for the years 2014-2020 (MFF Regulation). They will be implemented by means of the technical adjustments of the MFF as provided for in the draft MFF Regulation and mobilised in the framework of the budgetary procedure pursuant to Article 314 of the Treaty on the Functioning of the European Union. Therefore, no further modifications of the FR are required for those flexibilities.

Concerning the European Development Fund (EDF), the Commission intends to propose the budgetisation of the EDF as of 2021.

No further agreement was reached in the context of the multiannual financial framework for the years 2014-2020 concerning the treatment of funds resulting from the agreements on the fight against the illegal traffic in tobacco products. Therefore, the Commission will continue implementing the agreements and propose, as it has done in its proposal for the [Hercule III programme](#), appropriate financial means necessary to fight cigarette smuggling and counterfeiting by the EU, in addition to efforts undertaken by the Member States.

IMPACT ASSESSMENT: no impact assessment was undertaken given that the present proposal merely implements the outcome of the negotiations on the multiannual financial framework for the years 2014-2020 and has a very limited scope.

LEGAL BASIS: Article 322 of the Treaty on the Functioning of the European Union (TFEU), in conjunction with Article 106a of the Treaty establishing the European Atomic Energy Community.

CONTENT: the proposal aims to amend Regulation (EU, EURATOM) No 966/2012 in order to include **the carryover rules for the Emergency Aid Reserve and for projects financed under the Connecting Europe Facility**.

From a technical point of view, the amendments may be summarised as follows:

- as regards the annual amount of the Emergency Aid Reserve (EAR) (EUR 280 million per year at 2011 prices) entered in the general budget of the Union, an amendment needs to be made to Regulation (EU, EURATOM) No 966/2012 in order to provide for the **carry-over to year n+1 of the appropriations placed in reserve** and not used in year n;
- as regards projects financed under the Connecting Europe Facility and their nature, they will in many cases require complex contracting procedures. Under those circumstances, even limited delays may result in a loss of annual commitment appropriations and undermine the viability of those projects. To prevent this, Regulation (EU, EURATOM) No 966/2012 should **allow for automatic carry-over to the following financial year of commitment appropriations not used at the end of a financial year for projects financed under the Connecting Europe Facility**.