Basic information

2010/0047(COD) COD - Ordinary legislative procedure (ex-codecision procedure) Regulation	Procedure lapsed or withdrawn
Financial Regulation applicable to the general budget of the European Communities **Subject** 8.70.02 Financial regulations	

Key players

Council of the European Union	**Council configuration**	**Meetings**	**Date**
	Economic and Financial Affairs ECOFIN	3044	2010-11-11
European Commission	**Commission DG**	**Commissioner**	
	Budget	LEWANDOWSKI Janusz	

Key events

Date	Event	Reference	Summary
03/03/2010	Legislative proposal published	COM(2010)0071	Summary
11/03/2010	Committee referral announced in Parliament, 1st reading		
20/05/2010	Referral to associated committees announced in Parliament		
11/11/2010	Debate in Council		Summary
15/11/2010	Additional information		
05/01/2011	Proposal withdrawn by Commission		
07/03/2015	Proposal withdrawn by Commission		

Technical information

Procedure reference	2010/0047(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Regulation
Legal basis	Euratom Treaty A 106a-pa Rules of Procedure EP 59 Treaty on the Functioning of the European Union TFEU 322-p1
Stage reached in procedure	Procedure lapsed or withdrawn

Committee dossier	BUDG/7/02319

Documentation gateway				
European Commission				
Document type		**Reference**	**Date**	**Summary**
Legislative proposal		COM(2010)0071	03/03/2010	Summary
Other institutions and bodies				
Institution/body	**Document type**	**Reference**	**Date**	**Summary**
CofA	Document attached to the procedure	N7-0036/2010 OJ C 145 03.06.2010, p. 0001	29/04/2010	Summary

Additional information		
Source	**Document**	**Date**
National parliaments	IPEX	
European Commission	EUR-Lex	

Financial Regulation applicable to the general budget of the European Communities

2010/0047(COD) - 03/03/2010 - Legislative proposal

PURPOSE: to amend Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation inh order to bring it into line with the Lisbon Treaty.

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

BACKGROUND: the Lisbon Treaty introduces substantial changes concerning budgetary and financial issues which should be reflected in the Financial Regulation, which governs all the rules and procedures applicable to the use of EU funds and which must be respected by all institutions. In accordance with Article 184 of the Financial Regulation, the Commission will present its proposal for the triennial review of the Financial Regulation at the end of the first semester 2010. However, it considers that an ad-hoc, fast-track revision of the Financial Regulation must take place before the triennial review. Such limited revision is indeed necessary in order to ensure a stable legal framework for budget implementation in line with the new Treaty. Other aspects relating to the creation of the European External Action Service (EEAS) will be covered by a separate proposal to be tabled soon by the Commission.

IMPACT ASSESSMENT: no impact assessment was undertaken.

LEGAL BASIS: Article 322 of the Treaty on the Functioning of the European Union

CONTENT: for the first time in decades, the Treaty on the Functioning of the European Union makes important changes concerning budgetary and financial issues, which need to be detailed in the Financial Regulation. Accordingly, the Commission proposes certain amendments to the Financial Regulation in order to take into account the following changes:

the introduction of the multiannual financial framework in the Treaty, and its link to annual budgetary procedure: in this regard, as a consequence of the introduction of the multiannual financial framework in the TFEU, some provisions of the Interinstitutional Agreement on budgetary discipline and sound financial management should be introduced in the Financial Regulation;

the new annual budgetary procedure and the abolition of the distinction between compulsory and non-compulsory expenditure, which have an impact on the provisions relating to transfers and the provisional twelfths;

This proposal also allows for the streamlining of the Financial Regulation in line with the Lisbon Treaty, through both technical adaptations and the deletion of obsolete provisions.

New provisions introduced in Article 317 TFEU concerning the control and audit obligations of the Member States in the implementation of the budget, together with Point 44 of the Interinstitutional Agreement on budgetary discipline and sound financial management, require an in-depth analysis and will therefore be proposed together with the triennial revision of the Financial Regulation. The triennial revision should also be the opportunity to codify or recast the text in order to take into account, in particular, the renumbering of Treaty provisions.

BUDGETARY IMPLICATION: the proposal has no implications for the Community budget.

Financial Regulation applicable to the general budget of the European Communities

2010/0047(COD) - 11/11/2010

The Conciliation Committee was also not able to agree on the "Lisbon package" which aims to implement the budgetary and financial consequences of the new Treaty and consists of the following three pieces of texts:

- a draft regulation laying down the multiannual financial framework for the years 2007-2013;
- a new draft interinstitutional agreement between the European Parliament, the Council and the Commission on cooperation in budgetary matters;
- a draft regulation amending the financial regulation.

Despite the Council's willingness to discuss the question if and under which conditions the current possibility for the Council to adapt the multiannual financial framework within a margin for unforeseen expenditure by up to 0.03% of the Gross National Income (GNI) of the EU should be maintained, the Conciliation Committee did not reach agreement.

Financial Regulation applicable to the general budget of the European Communities

2010/0047(COD) - 29/04/2010 - Document attached to the procedure

OPINION No 3/2010 of the COURT OF AUDITORS on a proposal for a regulation of the European Parliament and of the Council amending Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities.

The Court considers that in most cases the proposed amendments perfectly transpose the changes concerning budgetary and financial issues introduced by the Lisbon Treaty into the Financial Regulation. However, the Court has concerns about one of the amended provisions and proposes to add one new provision.

Transfers of appropriations: it is necessary to change Article 24 of the Financial Regulation due to the ending of the distinction between compulsory and non-compulsory expenditure. The Commission proposes the replacement of Article 24 with a new text. The Court has two observations in that regard:

- paragraphs 1, 3, 4 and 6 each refer specifically to the Commission. However, The Financial Regulation states that the procedure described in Article 24 also applies to the other institutions when one or other arm raises duly substantiated reasons for objecting to the transfer proposal or when the proposed transfer is from title to title and exceeds a specified limit. It is thus necessary to replace ‘Commission’ by ‘institutions’ in those four paragraphs;
- the Commission proposes to allow the budgetary authority only three weeks to consider transfer proposals that are within certain limits (less than 10 % of the appropriations of the line from which the transfer is made, maximum amount of EUR 5 million). The Court points out that, at present, transfer proposals are considered within the European Parliament by the Committee on Budgets, whose meetings are approximately on a monthly cycle. Without taking a view as to the merits or otherwise of this proposal, the Court notes that its implementation would give rise to a problem of timing.

The budgetary procedure (the operation of the Conciliation Committee): the Conciliation Committee established by Article 314(5) of the TFEU is composed of members of the Council and of the European Parliament and has the task of reaching agreement on a joint text on the Union’s annual budget. The Commission will take part in its proceedings and has the task of taking the initiatives necessary to reconcile the positions of the two arms of the budgetary authority. In carrying out this task, the Commission may find itself obliged to take initiatives in respect of the draft budgets of the institutions which are not represented in the Committee. For reasons of transparency, it is appropriate to reflect in the Financial Regulation the conclusions of the budgetary trilogue of 25 March 2010.

The Court therefore proposes to add a new provision which would become Article 34a which would stipulate that those institutions that are not represented in the Conciliation Committee may address their remarks on the impact of the Council’s position and the European Parliament’s amendments directly in writing to the Committee. The Commission shall take into account these remarks when formulating any proposal within the Conciliation Committee which may affect the draft budgets of those institutions.