



COMMISSION OF THE EUROPEAN COMMUNITIES

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2006/0151(CNS)

Proposal for a

COUNCIL REGULATION

repealing Council Regulation No 2040/2000 on budgetary discipline

(presented by the Commission)

EXPLANATORY MEMORANDUM

The Interinstitutional Agreement (IIA) on budgetary discipline and sound financial management¹ adopted on 17 May 2006 sets the multiannual financial framework of the European Union for the period 2007-2013. The provisions contained in Council Regulation no. 2040/2000 on budgetary discipline are rendered unnecessary and are sometimes not in line with the provisions of the IIA.

Provisions relating to agriculture

The experience with the 2000-2006 financial framework has shown that there is no longer any need for maintaining the agricultural guideline foreseen in Council Regulation no. 2040/2000 on budgetary discipline, since agriculture expenditure is already constrained by expenditure ceilings agreed till 2013. The other provisions concerning budget discipline for agriculture have been overtaken and reinforced by Council Regulation No 1290/2005 on the financing of the common agricultural policy² (articles 18-20).

Provisions relating to reserves

The reserve for loan guarantees has been replaced, for 2007-2013, by a budget line under heading 4 'the EU as a global player'. The Commission has also proposed a new mechanism founded on a new legal base³ for provisioning the Guarantee Fund for external actions. The new mechanism is based on an ex-post provisioning linked to the outstanding amount of loans and guaranteed loans. This allows for a regular provisioning from a normal budgetary item classified as compulsory expenditure, and therefore an ad-hoc reserve is no longer required.

The reserve for Emergency Aid in favour of third countries is now mentioned in the Financial Regulation applicable to the general budget of the European Communities⁴; and its amount and conditions for utilisation are set in the new Interinstitutional Agreement on budgetary discipline and sound financial management.

Finally, given the proposed new mechanism for provisioning the Guarantee Fund and the rules for the use of the Emergency Aid reserve laid down in the above-mentioned Interinstitutional Agreement, the related expenditure will be financed from own resources as any other expenditure entered in the budget, with no longer any need for specific provisions.

Under these conditions, the Commission therefore considers that Council Regulation no. 2040/2000 on budgetary discipline should be repealed.

¹ OJ C 139, 14.6.2006, p. 1.

² OJ L 209, 11.8.2005, p. 1.

³ COM(2005) 130 final, 5.4.2005.

⁴ OJ L 248, 16.9.2002, p. 1.

Proposal for a

COUNCIL REGULATION

repealing Regulation (EC) No 2040/2000 on budgetary discipline

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Articles 37, 279 and 308 thereof,

Having regard to the proposal from the Commission⁵,

Having regard to the opinion of the European Parliament⁶,

Having regard to the opinion of the Court of Auditors⁷,

Whereas:

- (1) Council Regulation (EC) No 2040/2000 of 26 September 2000 on budgetary discipline⁸ lays down rules designed to ensure the proper management of Community expenditure, relating both to the EAGGF Guarantee Fund and to the reserves for external operations, in accordance with the principles of sound financial administration agreed in the Interinstitutional Agreement of 6 May 1999 between the European Parliament, the Council and the Commission on budgetary discipline and improvement of the budgetary procedure⁹.
- (2) As regards Part I of Regulation (EC) No 2040/2000, concerning agricultural expenditure, the ceilings set in the multiannual financial framework 2007 to 2013 enclosed in Annex I of the new Interinstitutional Agreement on budgetary discipline and sound financial management of 17 May 2006¹⁰ preclude the need to maintain the agricultural guideline provided for therein.
- (3) The remaining provisions concerning budget discipline for agriculture in Part I of Regulation (EC) No 2040/2000 have been superseded by Articles 18 to 20 of Council Regulation (EC) No 1290/2005 of 21 June 2005 on the financing of the common agricultural policy¹¹.

⁵ OJ C [...], [...], p. [...].

⁶ OJ C [...], [...], p. [...].

⁷ OJ C [...], [...], p. [...].

⁸ OJ L 244, 29.9.2000, p. 27.

⁹ OJ C 172, 18.6.1999, p. 1.

¹⁰ OJ C 139, 14.6.2006, p. 1.

¹¹ OJ L 209, 11.8.2005, p. 1. As amended by Regulation (EC) No 320/2006 (OJ L 58, 28.2.2006, p. 42).

- (4) As regards Part II of Regulation (EC) No 2040/2000, concerning reserves for external operations, there is no longer any need for specific provisions and measures, which are exceptional in the context of the own resources system, for the financing of the Guarantee Fund and the Emergency Aid reserve. The reserve for loan guarantees has been replaced, for 2007-2013, by a budget line under heading 4 'the EU as a global player'; the main principles regarding the reserve for Emergency Aid are laid down in Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities¹², while the amount and the conditions for utilisation are set out in the Interinstitutional Agreement of 17 May 2006 on budgetary discipline and sound financial management¹³. Since the interests of third parties are not directly involved, there is no need to incorporate the latter in a Regulation.
- (5) In consequence, all the provisions laid down in Regulation (EC) No 2040/2000 have been rendered obsolete.
- (6) Council Regulation (EC) No 2040/2000 should therefore be repealed,

HAS ADOPTED THIS REGULATION:

Article 1

Council Regulation (EC) No 2040/2000 is repealed with effect from 1 January 2007.

Article 2

This Regulation shall enter into force on the day of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, [...]

For the Council
The President
[...]

¹² OJ L 248, 16.9.2002, p. 1. Regulation as last amended by [...]

¹³ OJ C 139, 14.6.2006, p. 1