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LETTER

from the Council of the European Communities

concerning a proposal for a regulation amending the ~~Financial~~ Regulation of
25 April 1973 applicable to the general budget of the European Communities

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PE 45.555

English Edition

COUNCIL
OF THE
EUROPEAN COMMUNITIES
THE PRESIDENT

Brussels, 26 July 1976

Mr Georges SPENALE
President of the European
Parliament
Case Postale 1601
LUXEMBOURG
(Grand Duchy of Luxembourg)

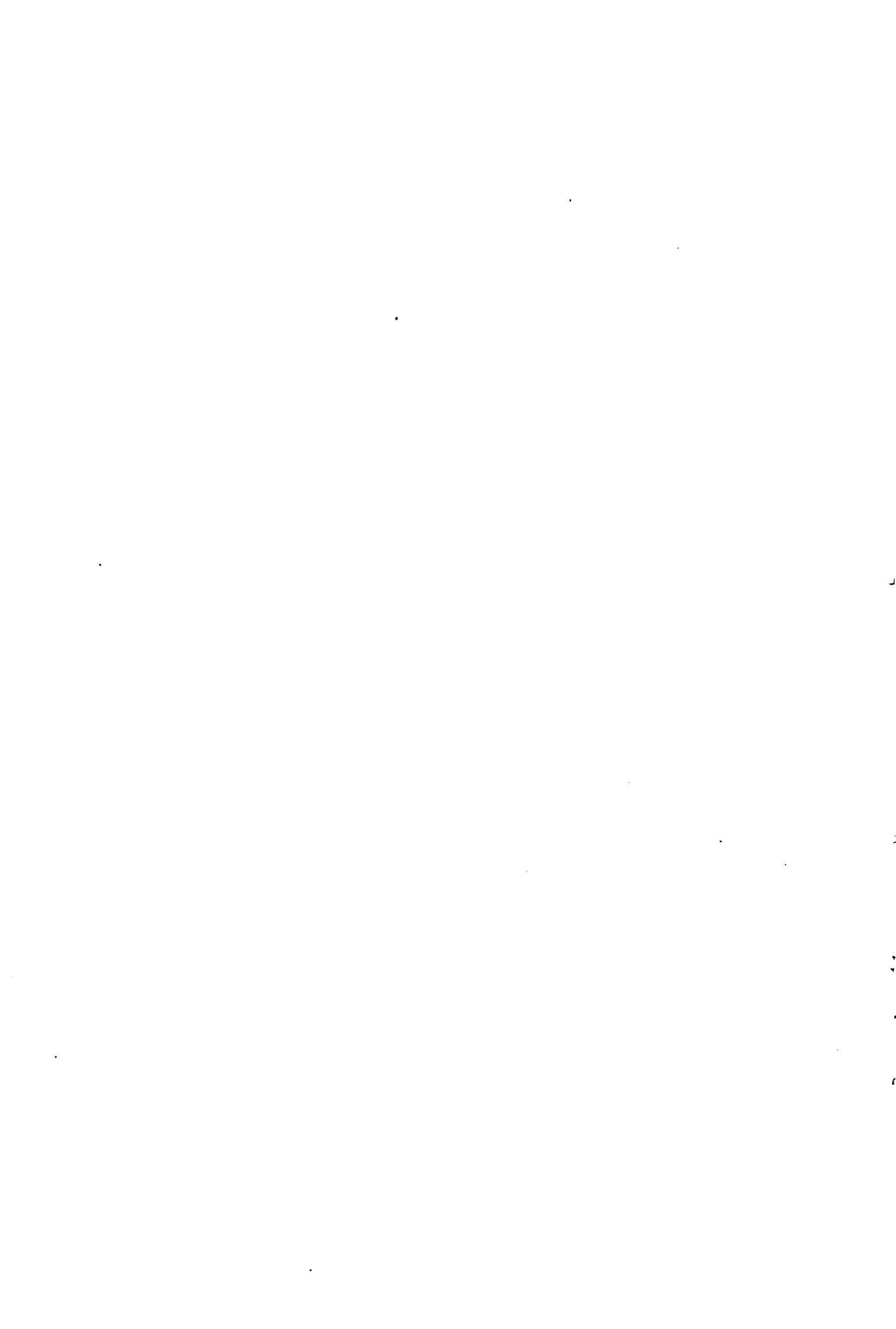
Sir,

Further to the telex recently sent by the Secretary-General of the Council to the Secretary-General of the European Parliament, and with reference to the letter sent to you by the Council on 25 June 1976 concerning certain budgetary questions, please find attached a draft Regulation amending the Financial Regulation of 25 April 1973 applicable to the general budget of the European Communities.

This draft Regulation is based on the proposal submitted by the Commission to the Council on 11 August 1975 with a view to introducing in the Financial Regulation a distinction between commitment appropriations and payment appropriations [COM (75) 425], on which the European Parliament delivered its Opinion on 15 October 1975.

I should like to point out that, before drawing up the draft budget of the European Communities for the 1977 financial year, the Council hopes to align its position with that of the delegation from the Parliament which it is to meet on 22 July.

Please accept, Sir, the assurance of my highest consideration.



EUROPEAN COMMUNITIES

The Council

Brussels, 19 July 1976

R/1822/76 (FIN 492)

DRAFT REGULATION AMENDING THE
FINANCIAL REGULATION OF 25 APRIL 1973 APPLICABLE TO THE
GENERAL BUDGET OF THE EUROPEAN COMMUNITIES

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Coal and Steel Community, and in particular Article 78(7) thereof,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 209 thereof,

Having regard to the Treaty establishing the European Atomic Energy Community, and in particular Article 183 thereof,

Having regard to the proposal from the Commission,

Having regard to the Opinion of the European Parliament,

Whereas some projects of the Communities necessarily extend over several years;

Whereas the commitment of the relevant appropriations often extends over several financial years;

Whereas the budget appropriations committed for these projects cannot be utilized during the financial year for which they were opened because the payments relating to these projects are spread over several years;

Whereas, for such projects, a distinction should be drawn between appropriations required to cover the legal obligations entered into and appropriations needed to finance projects carried out in fulfilment of these obligations;

Whereas such a distinction prejudices neither the general principle of the annual nature of the budget nor the special provisions already adopted in respect of certain expenditure;

Whereas under the terms of Article 9 of the Council Decision of 1 February 1971 on the reform of the European Social Fund the financial regulations adopted in pursuance of Article 209 of the Treaty determine the methods whereby expenditure may be authorized for a further two-year period after the end of the current financial year; whereas the introduction of commitment appropriations is such as to give effect to this provision,

HAS ADOPTED THIS FINANCIAL REGULATION:

Article 1

The Financial Regulation of 25 April 1973 applicable to the general budget of the European Communities is amended by the following Articles.

Article 2

The first subparagraph of Article 1(3) shall be replaced by the following:

" Without prejudice to Article 16a, Title VII, Article 107, Article 114 and Title Xa, expenditure may not be authorized for a period exceeding the financial year."

Article 3

Article 16a below shall be added to Title II, Section II:

"Article 16a

1. When budget appropriations are intended to finance projects covered by paragraph 4 of this Article which require more than one year to execute, the budget shall show under the heading of these projects for the financial year concerned:
 - (a) the commitment appropriations
 - (b) the payment appropriations.

2. Commitment appropriations are intended to enable the fulfilment, during the financial year concerned, of the legal obligations to be entered into in order to carry out the projects referred to in (1) above.

They shall represent the ceiling of expenditure which may be committed for carrying out the relevant projects.

Commitment appropriations not utilized before the end of the financial year for which they were entered in the budget shall remain available for the following financial year. At the end of this period and before 1 February, the Commission may submit to the Council and forward to the European Parliament a list of appropriations the extension of which it is requesting for the next financial year. Acting by a qualified majority and after consulting the European Parliament, the Council shall decide whether to extend these appropriations for that year.

3. Payment appropriations shall represent the ceiling of expenditure which may be authorized or paid during each financial year to cover the commitments entered into during the current or preceding years.
4. The following shall be entered under commitment appropriations: the hydrocarbons projects, the 3-year plan of action on scientific and technical information and documentation, the Social Fund, the Guidance Section of the EAGGF and operations for which a future Financial Regulation lays down that they should so be entered, particularly when regulations or decisions involving expenditure are adopted.
5. The comments accompanying the budget headings allocated for such projects shall include, if the circumstances of the execution of such projects permit, a timetable of foreseeable commitments and payments for subsequent financial years."

Article 4

Articles 6(5), 104 and 114(2) are hereby repealed.

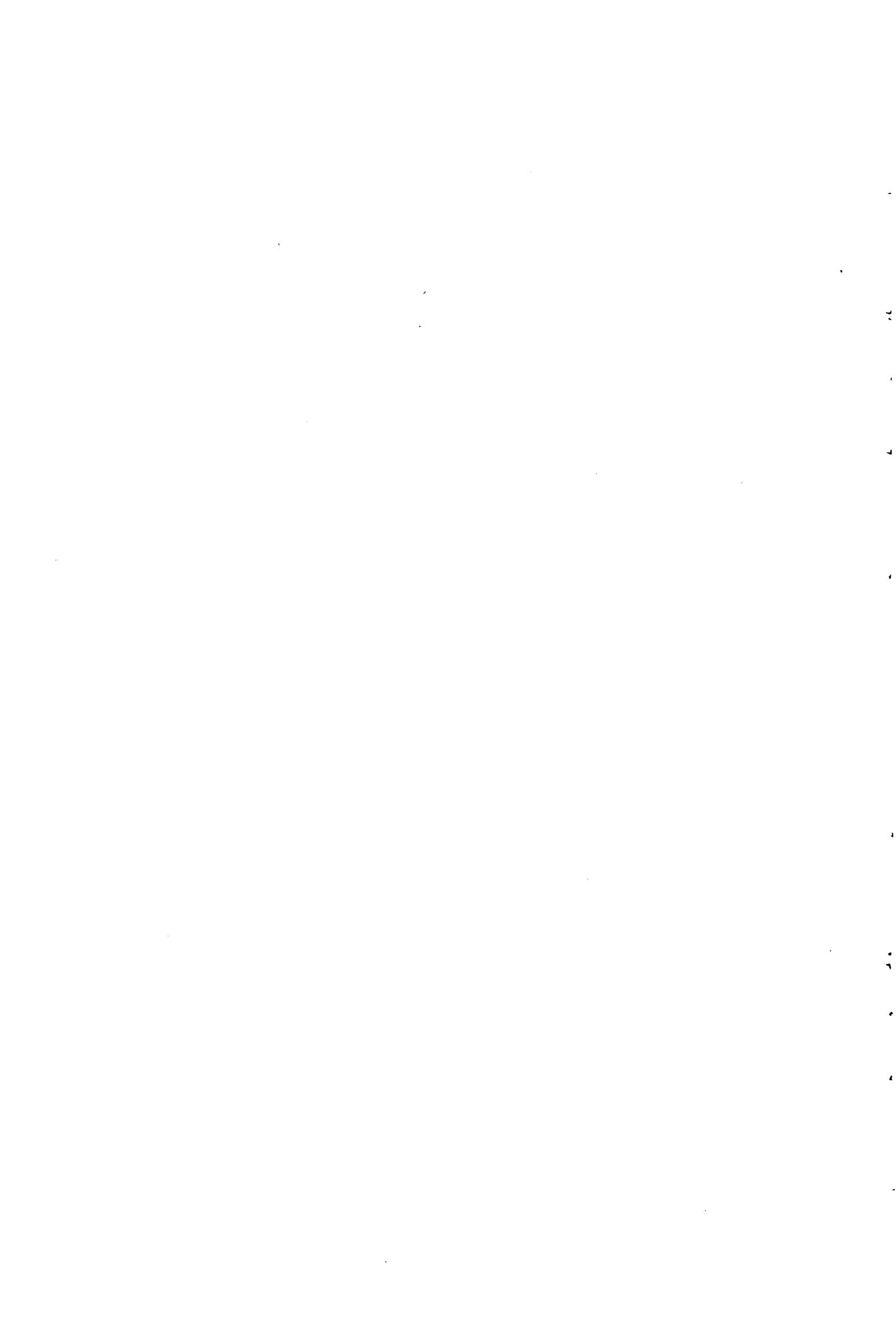
They shall, however, remain in force during the implementation of the budgets up to and including the 1976 financial year.

Article 5

This Financial Regulation shall apply to the 1977 and subsequent budgets, and to the work of the Budget Authority in connection with these budgets.

Article 6

This Financial Regulation shall enter into force on the day following its publication in the Official Journal of the European Communities.



Draft statement for inclusion in
the Council minutes

The Council emphasizes that this Financial Regulation contains transitional provisions which will be reviewed when the Financial Regulation of 25 April 1973 is next amended and which in no way prejudice any decision the Council may then take.

