

EN

EN

EN



EUROPEAN COMMISSION

Brussels, 15.12.2010
COM(2010) 745 final

2010/0365 (COD)

Proposal for a

**REGULATION (EU) No .../ OF THE EUROPEAN PARLIAMENT AND OF THE
COUNCIL**

of ...

**amending Council Regulation (EC) No 1290/2005 on the financing of the common
agricultural policy and repealing Council Regulation (EC) No 165/94 and Council
Regulation (EC) No 78/2008**

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

The Treaty on the Functioning of the European Union (TFEU) makes a clear distinction between, on the one hand, the powers delegated to the Commission to adopt non-legislative acts (delegated acts) of general application in order to supplement or amend certain non-essential elements of a legislative act, as set out in Article 290, and, on the other, those conferred upon the Commission to adopt implementing acts as referred to in Article 291.

In the case of delegated acts, the Legislator delegates to the Commission the power to adopt quasi-legislative measures. In the case of implementing acts, the context is very different. The Member States are the primary parties responsible for implementing legally binding acts of the European Union. However, if the application of that legislative act necessitates uniform conditions of implementation, the Commission is responsible for adopting these.

The harmonisation of Regulation (EC) No 1290/2005 with the new rules contained in the Treaty is based on a classification into delegated powers and implementing powers of the provisions adopted by the Commission pursuant to that Regulation.

Following this exercise, a draft proposal amending Regulation (EC) No 1290/2005 has been drafted. In accordance with Article 290 of the Treaty on the Functioning of the European Union, the Legislator entrusts the Commission with the task of supplementing or amending certain non-essential elements. A Commission delegated act may therefore set out additional elements which are necessary for the smooth running of the scheme defined by the Legislator.

The Member States, in accordance with Article 291 of the Treaty on the Functioning of the European Union, are responsible for implementing the scheme defined by the Legislator for legally binding acts. These acts may confer implementing powers upon the Commission when uniform conditions of implementation are necessary.

2. RESULTS OF CONSULTATIONS WITH THE INTERESTED PARTIES AND IMPACT ASSESSMENTS

There was no need for consultation of interested parties or for an impact analysis since the proposal to align Council Regulation (EC) No 1290/2005 with the TFEU is an inter-institutional matter that will concern all Council Regulations. The amendments aiming at simplification of recovery procedures are of limited scope and purely technical nature.

3. LEGAL ELEMENTS OF THE PROPOSAL

- Summary of the Proposal

Identify the delegated and implementing powers of the Commission in Council Regulation (EC) No 1290/2005 and establish the corresponding procedure for the adoption of these acts.

In addition, some simplifications are introduced relating to EAGF expenditure and recovery procedures.

- Legal basis

Article 43 TFEU.

- The principle of subsidiarity

Agricultural policy is a shared competence between the EU and the Member States. This means that as long as the EU does not legislate in a sector, Member States maintain their competence. As regards the financing of the common agricultural policy, a Community approach already exists, and it is therefore justified to simplify the current rules.

- The proportionality principle

The proposal complies with the proportionality principle.

- Choice of legal instrument

Proposed instrument: Regulation of the European Parliament and of the Council

4. BUDGETARY IMPLICATIONS

The proposal has no impact on budgetary expenditure.

5. OPTIONAL ELEMENTS

Simplification

The amendments relating to the expenditure to be financed by the EAGF and the recovery procedure constitute a simplification in that they replace two Council regulations and result in a decrease in the administrative tasks incumbent on Member States.

Proposal for a

REGULATION (EU) No .../ OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

of ...

amending Council Regulation (EC) No 1290/2005 on the financing of the common agricultural policy and repealing Council Regulation (EC) No 165/94 and Council Regulation (EC) No 78/2008

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular the first subparagraph of Article 42 and Article 43(2) thereof,

Having regard to the proposal from the European Commission¹,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Economic and Social Committee²,

Acting in accordance with the ordinary legislative procedure³,

Whereas:

- (1) Regulation (EC) No 1290/2005⁴ confers competence on the Commission to adopt detailed rules for the application of that Regulation.
- (2) As a consequence of the entry into force of the Lisbon Treaty, the powers conferred under Regulation (EC) No 1290/2005 upon the Commission need to be aligned with Articles 290 and 291 of the Treaty on the Functioning of the European Union (the Treaty).
- (3) The Commission should have the power to adopt delegated acts in accordance with Article 290 of the Treaty in order to supplement or amend certain non-essential elements of Regulation (EC) No 1290/2005. The elements for which that power may be exercised and the conditions to which that delegation must be subject should be defined.

¹ OJ C , , p. .

² OJ C , , p. .

³ OJ C , , p. .

⁴ OJ L 209, 11.8.2005, p. 1.

- (4) In order to guarantee a uniform application of Regulation (EC) No 1290/2005 in all Member States, the Commission should be empowered to adopt implementing acts in accordance with Article 291 of the Treaty. The Commission should adopt those implementing acts in accordance with the provisions of Regulation (EU) No xxx/xxx of the European Parliament and the Council on...⁵
- (5) Some of the provisions on the financing of the common agricultural policy adopted previously by the Commission relating to the competences conferred by Regulation (EC) No 1290/2005 should be included in that Regulation. These provisions concern the rules on the assignment of certain sums and amounts which constitute revenue payable to the budget of the Union provided for in the accounts kept in accordance with Commission Regulation (EC) No 883/2006 of 21 June 2006 laying down detailed rules for the application of Council Regulation (EC) No 1290/2005 as regards the keeping of accounts by paying agencies, declarations of expenditure and revenue and the conditions for reimbursing expenditure under the EAGF and the EAFRD⁶.
- (6) In the light of the experience gained with the application of the rules on expenditure financed by the European Agricultural Guarantee Fund (EAGF) and by the European Agricultural Fund for Rural Development (EAFRD), some of the provisions relating to the financing of the actions provided for by Council Regulation (EC) No 165/94 of 24 January 1994 concerning the co-financing by the Community of remote-sensing checks⁷ and by Council Regulation (EC) No 78/2008 of 21 January 2008 on the measures to be undertaken by the Commission in 2008–2013 making use of the remote-sensing applications developed within the framework of the common agricultural policy⁸ should be incorporated into Regulation (EC) No 1290/2005. Consequently, Regulation (EC) No 165/1994 and Regulation (EC) No 78/2008 should be repealed. However, the article on the report to be submitted by the Commission should continue to apply.
- (7) The purpose of the actions undertaken by the Commission via the remote-sensing application and the acquisition and improvement of satellite images by the Commission is to provide the means to manage and monitor agricultural markets. In order to comply with this objective, the Commission should have the power to adopt implementing acts relating to acquisition conditions and procedures and the provision to Member States of the results of remote-sensing actions.
- (8) In order to ensure uniform operation of the coordinating bodies of the Member States, referred to in Article 6 of Regulation (EC) No 1290/2005, the Commission should have the power to adopt implementing acts relating to the operating rules of these bodies and the communication of information to the Commission in particular.
- (9) To enable the Commission to validate the financing plan for each rural development programme and to provide for any changes to it, the Commission should have the power to adopt implementing acts in connection with the conditions applying to the content and amendment of the financing plan.

⁵ OJ L [...], [...], p.[...].

⁶ OJ L 171, 23.6.2006, p.1.

⁷ OJ L 24, 29.1.1994, p.6.

⁸ OJ L 25, 30.1.2008, p.1.

- (10) Notifications of information by the Member States to the Commission must enable it to use the information sent directly and as effectively as possible for the management of EAGF and EAFRD accounts and the relevant payments, as well as for conducting the account clearance procedure and the conformity clearance procedure. The Commission should have the power to adopt implementing acts relating to the declaration of expenditure, annual accounts, statement of assurance, declaration on public storage, information systems for the exchange of information and documents, as well as the rules on their conservation.
- (11) The obligation relating to the keeping of accounts by paying agencies takes the form of detailed data required for the management of the funds and their supervision. To enable Member States and paying agencies to comply with this obligation by following harmonised rules, the Commission should have the power to adopt implementing acts relating to the accounting framework for intervention measures in the form of public storage operations referred to in Commission Regulation (EC) No 884/2006 of 21 June 2006 laying down detailed rules for the application of Council Regulation (EC) No 1290/2005 as regards the financing by the European Agricultural Guarantee Fund (EAGF) of intervention measures in the form of public storage and the accounting of public storage operations by the paying agencies of the Member States⁹, as well as other expenditure financed by the EAGF and the EAFRD referred to in Regulation (EC) No 883/2006.
- (12) To guarantee the sound management of financial flows, particularly since Member States provide funds to cover the expenditure required, the Commission should have the power to adopt implementing acts relating to the making available of funds to the Member States, taking account of the specific management models applying to the EAGF and the EAFRD.
- (13) On the occasion of this amendment to Regulation (EC) No 1290/2005, the objective of which is to align that Regulation with the procedures provided for under the Treaty of Lisbon, some provisions in some language versions should be updated in order to incorporate the terminology used in the Treaty.
- (14) Regulation (EC) No 1290/2005 should therefore be amended accordingly,

HAVE ADOPTED THIS REGULATION:

Article 1

Regulation (EC) No 1290/2005 is amended as follows:

- (1) Article 3 is amended as follows:

- (a) In paragraph 2, point (ea) is added as follows:

'(ea) until 31 December 2013, the action taken by the Commission via remote-sensing applications to provide the Commission with the means to manage agricultural markets;'

⁹ OJ L 171, 23.6.2006, p. 35.

(b) In paragraph 3, the second subparagraph is replaced by the following:

'The respective charges and costs shall be calculated and set by the Commission by implementing act in accordance with the procedure referred to in Article 42d(3) [advisory procedure].'

(2) In Article 5, the following point (aa) is inserted as follows:

'(aa) the acquisition by the Commission of the satellite images required for the checks, the list for which is drawn up with each Member State in accordance with the terms of reference prepared by them, for use by the Commission or for delivery free of charge to supervisory bodies or service providers appointed by them where the Commission shall remain the proprietor of the images, as well as work on enhancing techniques and working methods in connection with the inspection of agricultural areas by remote-sensing;'

(3) Article 6 is amended as follows:

(a) In paragraph 3, the following subparagraph is added:

'The Commission shall adopt by implementing act in accordance with the procedure referred to in Article 42d(2) (examination procedure) the rules governing the operation of the coordinating body referred to in the first and second subparagraphs and the notification of information to the Commission.'

b) The following paragraphs 5 and 6 are added:

5. To ensure the sound operation of the system provided for in paragraphs 1–4, the Commission shall determine by delegated act in accordance with the procedure referred to in Article 42a:

(a) minimum conditions for the accreditation of paying agencies with regard to the internal environment, inspection activities, information and communication, and monitoring, as well as rules on the procedure for issuing and withdrawing accreditation;

(b) rules relating to supervision and the procedure for reviewing accreditation of paying agencies;

(c) minimum conditions for the accreditation of coordination bodies as well as rules on the procedure for issuing and withdrawing accreditation.

6. To ensure the sound completion of the tasks provided for under paragraph 1 in the context of public storage operations, the Commission shall define by delegated act in accordance with the procedure referred to under Article 42a rules pertaining to:

(a) the scope of the responsibility and obligations of paying agencies, the conditions under which the execution of tasks may be delegated to third-party public or private bodies;

(b) the obligation for paying agencies to establish an inventory for each product and to inspect the stocks of products under the public intervention scheme, as well as the conditions applicable to the inspections.'

(4) Article 7 is amended as follows:

(a) The existing text becomes paragraph 1;

(b) The following paragraph 2 is added:

'2. To ensure the suitability of the work of certifying bodies for use by the Commission in the account clearance procedure, the Commission shall adopt by delegated act in accordance with the procedure referred to in Article 42a rules on the designation and responsibilities of these agencies.'

(5) In Article 9 the following paragraph 4 is inserted:

'4. In order to ensure correct and efficient application of the controls provided for in this article, the Commission may define by delegated act specific obligations to be complied with by the Member States.'

(6) Article 15 is amended as follows:

(a) Not applicable to the English version.

(b) Paragraph 2 is replaced by the following text:

'2. The Commission shall adopt an implementing decision in accordance with the procedure referred to in Article 42d(3) (advisory procedure) regarding the monthly payments which it makes, on the basis of a declaration of expenditure from the Member States and the information supplied in accordance with Article 8(1), taking account of any reductions or suspensions applied under Articles 17 and 17a.'

(7) Article 16 is amended as follows:

(a) The existing text becomes paragraph 1;

(b) The following paragraph 2 is added:

'2. In order to make the financial impact proportional to the payment delay observed, the Commission shall adopt by delegated act in accordance with the procedure referred to in Article 42a rules on the reduction of payments in relation to the duration of the payment overrun.'

(8) Not applicable to the English version.

(9) Not applicable to the English version.

(10) Article 18(4) is replaced by the following text:

'4. If by 30 June in any year the Council has not set the adjustments referred to in Article 11(1) of Council Regulation (EC) No 73/2009*, the Commission shall set those adjustments by implementing act in accordance with the procedure referred to in Article 42d(3) (advisory procedure) of this Regulation and shall inform the Council of them immediately.

* OJ L 30, 31.1.2009, p.16.'

(11) Article 19 is amended as follows:

Paragraphs 1, 2 and 3 are replaced by the following text:

'1. The Commission shall present to the European Parliament and to the Council, at the same time as the draft budget for financial year N, its forecasts for financial years N - 1, N and N + 1.

It shall simultaneously present an analysis of the differences observed between the initial forecasts and actual expenditure for financial years N - 2 and N - 3.

2. If, on drawing up the draft budget for financial year N, there appears to be a risk that the net balance referred to in Article 12(3) for financial year N will be exceeded, taking account of the margin provided for in Article 11 of Regulation (EC) No 73/2009, the Commission shall propose to the Council the measures necessary, including those required under Article 11(2) of Regulation (EC) No 73/2009.

3. At any time, if the Commission considers that there is a risk of the net balance referred to in Article 12(3) being exceeded and that it cannot take adequate measures to remedy the situation under its powers, it shall propose other measures to ensure compliance with that balance. These measures shall be adopted by the Council or the European Parliament and the Council.'

(b) In paragraph 4, point (c) is replaced by the following text:

' (c) set, by implementing act in accordance with the procedure laid down in Article 42d(3) (advisory procedure), the total amount of Union financing broken down by Member State, on the basis of a single rate of Union financing, within the limit of the budget which was available for the monthly payments;'

(12) Article 21 is amended as follows:

(a) Paragraph 1 is replaced by the following:

'1. When adopting the draft budget, or a letter of amendment to the draft budget which concerns agricultural expenditure, the Commission shall use for EAGF budget estimates the average euro/US dollar exchange rate recorded on the market during the latest quarter ending at least 20 days before adoption of the budget document by the Commission.'

(b) In paragraph 2, the introductory sentence is replaced by the following text:

'2. When adopting a draft amending and supplementary budget or a letter of amendment thereto, in so far as those documents concern appropriations relating to the measures referred to in Article 3(1)(a) and (b), the Commission shall use:'

(13) In Title II, the following Article 21a is added:

Article 21a

Measures linked to remote sensing

1. The purpose of the measures funded pursuant to Article 3(2)(ea) is to ensure agri-economic monitoring of agricultural land and of the condition of crops, to enable estimates to be made, in particular as regards yields and agricultural

production, to promote access to the estimates, and to ensure technological follow-up of the agri-meteorological system.

The actions primarily involve the collection or purchase of data needed to implement and monitor the common agricultural policy, including satellite data and meteorological data, creation of a spatial data infrastructure and a website, carrying out specific studies on climatic conditions and updating agri-meteorological and econometric models.

2. The Commission may adopt by implementing act in accordance with the procedure referred to in Article 42d(2) (examination procedure) rules relating to the financing referred to in Article 3(2)(ea) and in Article 5(aa), the conditions under which remote-sensing measures shall be carried out in order to meet the objectives assigned, the conditions governing the acquisition, enhancing and utilisation of satellite images and meteorological data, and the deadlines applicable.'

(14) In Chapter 1 of Title III, the following Article 23a is inserted:

'Article 23a

Implementing powers

The Commission shall lay down by implementing act in accordance with the procedure referred to in Article 42d(2) (examination procedure) of this Regulation the conditions relating to the content, presentation and amendment of the financing plan as provided for under Article 16 of Council Regulation (EC) No 1698/2005*.

* OJ L 277, 21.10.2005, p.1.'

(15) Not applicable to the English version.

(16) Not applicable to the English version.

(17) Article 30 is replaced by the following text:

'Article 30

Clearance of accounts

1. Prior to 30 April of the year following the budget year in question, the Commission shall adopt an implementing decision in accordance with the procedure referred to in Article 42d(3) (advisory procedure) concerning the clearance of the accounts of the accredited paying agencies, on the basis of the information transmitted in accordance with Article 8(1)(c)(iii).

2. The clearance decision referred to in paragraph 1 shall cover the completeness, accuracy and veracity of the annual accounts submitted. The decision shall be adopted without prejudice to decisions taken subsequently under Article 31.'

(18) Article 31 is amended as follows:

(a) Paragraph 1 is replaced by the following text:

'1. The Commission shall adopt an implementing decision in accordance with the procedure referred to in Article 42d(3) (advisory procedure) regarding the amounts to be excluded from Union financing when it finds that expenditure as indicated in Article 3(1) and Article 4 has been incurred in a way that has infringed the Union's rules.'

(b) Paragraph 3, first subparagraph, is replaced by the following:

'3. Before the adoption of any decision to refuse financing, the findings from the Commission's inspection and the Member State's replies shall be notified in writing, following which the two parties shall attempt to reach agreement on the action to be taken.'

(19) In Chapter 1 of Title IV, the following Article 31a is inserted:

'Article 31a
Delegated powers

In order to ensure the smooth running of the account clearance procedure and of the conformity clearance procedure, the Commission shall adopt by delegated act in accordance with to the procedure referred to in Article 42a rules regarding the measures to be taken in connection with the adoption of the decisions referred to under Articles 30 and 31 and their implementation, as well as the rules regarding the conciliation procedure referred to in Article 31(3), second subparagraph, including the establishment, tasks and composition of a conciliation body and its working arrangements.'

(20) Article 32 is amended as follows:

(a) In paragraph 4, the introductory phrase is replaced by the following text:

'After the procedure laid down in Article 31 has been followed, the Commission may decide to charge the sums to be recovered to the Member State:'

(b) Not applicable to the English version.

(c) In paragraph 8, the introductory phrase is replaced by the following text:

'Following completion of the procedure laid down in Article 31, the Commission may decide to exclude from Community financing sums charged to the Community budget in the following cases:'

(21) Article 33 is amended as follows:

(a) In paragraph 5, the introductory phrase is replaced by the following:

'After the procedure laid down in Article 31 has been followed, the Commission may decide to charge the sums to be recovered to the Member State:'

(b) Paragraph 7 is replaced by the following text:

'7. A Member State may decide to halt the recovery procedure under the conditions laid down in Article 32(6).'

(22) Article 34 is amended as follows:

(a) In paragraph 1, the following points (d) and (e) are added:

'(d) sums payable to the Union's budget which have been collected as a consequence of penalties or sanctions in accordance with the specific rules laid down in sectoral agricultural legislation;

(e) amounts corresponding to reductions or exclusions of payments applied in accordance with the rules on cross-compliance laid down in Chapter 1 of Title II of Regulation (EC) No 73/2009.'

(b) The following paragraph 4 is added:

'4. Articles 150 and 151 of Regulation (EC, Euratom) No 1605/2002 shall apply mutatis mutandis to the keeping of accounts on assigned revenue referred to in this Regulation.'

(23) In Chapter 2 of Title IV, the following Article 35a is inserted:

'Article 35a

Delegated powers

1. In order to ensure correct and efficient application of the provisions relating to recovery set out in Articles 32 and 33, the Commission shall define by delegated act in accordance with the procedure referred to under Article 42a specific obligations to be complied with by the Member States.

2. In order to take account of revenue collected by paying agencies for the Union's budget when making payments on the basis of the expenditure declarations submitted by Member States, the Commission shall define by delegated act in accordance with the procedure referred to under Article 42a the conditions under which certain types of expenditure and revenue under the EAGF and the EAFRD are to be offset.'

(24) In Chapter 3 of Title IV, the following Article 37a is inserted:

'Article 37a

Delegated powers

To ensure the efficiency of the tasks entrusted to the Commission under Articles 36 and 37, the Commission may define by delegated act in accordance with the procedure referred to under Article 42a rules regarding the cooperation obligations to be complied with by the Member States.'

(25) The following Articles 40a and 40b are inserted:

'Article 40a

Delegated powers

1. With a view to ensuring the proper management of the appropriations entered in the budget of the Union for the EAGF and the EAFRD, the Commission may adopt by delegated act in accordance with the procedure referred to in Article 42a rules pertaining to:

(a) the obligation for paying agencies to keep accounts, as well as the specific conditions applying to the information to be booked in the accounts;

(b) the valuation of operations in connection with public storage and the measures to be taken in case of loss or deterioration of products under the intervention scheme in the form of public storage and the determination of amounts to be financed.

2. In order to ensure the funding by the EAGF of expenditure relating to intervention measures in the form of public storage, the Commission may adopt by delegated act in accordance with the procedure referred to in Article 42a rules pertaining to:

(a) the type of expenditure likely to be eligible for Union financing and the reimbursement conditions;

(b) the eligibility conditions and calculation methods on the basis of the information actually observed by the paying agencies or on the basis of flat-rates determined by the Commission, or on the basis of flat-rate or non-flat-rate amounts provided for by sectoral agricultural legislation.

3. In order to verify the consistency of the data notified by the Member States in relation to the expenditure or other information provided for in this Regulation, and to ensure compliance with the obligation to notify pursuant to Article 8, the Commission shall adopt by delegated act in accordance with the procedure referred to in Article 42a the conditions governing the reduction and suspension of payment to Member States, with regard to expenditure under the EAGF and the EAFRD respectively.

4. If the Union's budget has not been adopted by the beginning of the financial year or if the total amount of the commitments scheduled exceeds the threshold laid down in Article 150(3) of Regulation (EC, Euratom) No 1605/2002, in order to enable the equitable distribution of the appropriations available between the Member States, the Commission shall adopt by delegated act in accordance with the procedure referred to in Article 42a arrangements for the payment of the amounts.

5. To avoid the application, by the Member States which do not form part of the euro zone, of different exchange rates in accounts of revenue received or aid paid to beneficiaries in a currency other than the euro, on the one hand, and in the establishment of the declaration of expenditure drawn up by the paying agency, on the other, the Commission may adopt by delegated act in accordance with the procedure referred to in Article 42a rules on the exchange rate applicable when declarations of expenditure are drawn up and public storage operations recorded in the accounts of the paying agency.

6. In order to ensure transparent use of the EAGF and the EAFRD and uniform publication by the Member States in accordance with Article 44a, the Commission

shall adopt by delegated act in accordance with the procedure referred to in Article 42a rules pertaining to:

- (a) the content and format of the information to be published;
- (b) the publication date and the information conditions for beneficiaries;
- (c) the methods of communication and cooperation between the Commission and the Member States.

Article 40b

Implementing powers

1. The Commission may adopt by implementing act in accordance with the procedure referred to in Article 42d(2) (examination procedure) rules pertaining to:

- a) the form, content, intervals, deadlines and arrangements for transmitting or making available to the Commission:
 - (i) declarations of expenditure and estimates of expenditure and their updates, including assigned revenue,
 - (ii) the statement of assurance and annual accounts of the paying agencies,
 - (iii) the account certification reports,
 - (iv) the names and particulars of accredited paying agencies, accredited coordinating bodies and certification bodies,
 - (v) arrangements for taking account of and paying expenditure financed by the EAGF and the EAFRD,
 - (vi) notifications of financial adjustments made by Member States in connection with rural development operations or programmes, and summary reports on the recovery procedures undertaken by the Member States in response to irregularities,
 - (vii) information on the measures taken pursuant to Article 9;
- (b) the arrangements governing exchanges of information and documents between the Commission and the Member States, and the implementation of information systems, including the type, format and content of data to be processed by these systems and the corresponding data storage rules;
- (c) detailed rules on the financing and accounting of intervention measures in the form of public storage, and other expenditure financed by the EAGF and the EAFRD;
- (d) the terms and conditions governing the implementation of the automatic decommitment procedure.

2. The Commission may adopt by implementing act in accordance with the procedure referred to in Article 42d(3) (advisory procedure) the terms and conditions applicable to appropriations carried over in accordance with Article 149(3) of Regulation (EC, Euratom) No 1605/2002 in order to finance the expenditure referred to under Article 3(1)(c) of this Regulation.'

(26) Articles 41 and 42 are deleted.

(27) The following Articles 42a, 42b, 42c and 42d are inserted:

Article 42a

Exercise of the delegation

1. The powers to adopt the delegated acts referred to in this Regulation shall be conferred on the Commission for an indeterminate period of time.

2. As soon as it adopts a delegated act, the Commission shall simultaneously notify the European Parliament and the Council that it has done so.

3. The power to adopt delegated acts shall be conferred on the Commission subject to the conditions laid down in Articles 42b and 42c.

Article 42b

Revocation of the delegation

1. The delegation of power referred to in Article 42a may be revoked at any time by the European Parliament or by the Council.

2. The institution which has initiated an internal procedure for deciding whether to revoke the delegation of power shall endeavour to inform the other institution and the Commission within a reasonable period of time before taking a final decision, indicating the delegated powers which could be subject to revocation and possible reasons for such revocation.

3. The decision of revocation shall put an end to the delegation of the powers specified in that decision. It shall take effect immediately or at a later date specified therein. It shall not affect the validity of the delegated acts already in force. It shall be published in the Official Journal of the European Union.

Article 42c

Objections to delegated acts

1. The European Parliament or the Council may object to a delegated act within a period of two months from the date of notification. At the initiative of the European Parliament or the Council, this period shall be extended by one month.

2. If, on expiry of that period, neither the European Parliament nor the Council has objected to the delegated act it shall be published in the Official Journal of the European Union and shall enter into force on the date stated therein.

The delegated act may be published in the Official Journal of the European Union and enter into force before the expiry of that period if the European Parliament and

the Council have both informed the Commission of their intention not to raise objections.

3. If the European Parliament or the Council objects to a delegated act, it shall not enter into force. The institution which objects shall state the reasons for objecting to the delegated act.

Article 42d

Implementing acts - committee

1. The Commission shall be assisted by the Committee on the Agricultural Funds.

2. When implementing acts are adopted pursuant to this paragraph, Article [5] of Regulation (EU) No [xxxx/yyyy] (*to be completed following the adoption of the regulation on control mechanisms, as referred to in Article 291(3) of the TFEU, currently the subject of discussion by the European Parliament and the Council*) shall apply.(examination procedure)

3. When implementing acts are adopted pursuant to this paragraph, Article [4] of Regulation (EU) No [xxxx/yyyy] (*to be completed following the adoption of the regulation on control mechanisms, as referred to in Article 291(3) of the TFEU, currently the subject of discussion by the European Parliament and the Council*) shall apply.(advisory procedure).'

Article 2

Regulations (EC) Nos 165/94 and 78/2008 are hereby repealed.

However, Article 4 of Regulation (EC) No 78/2008 shall continue to apply until 31 December 2013.

Article 3

This Regulation shall enter into force on the twentieth day following 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,

For the European Parliament
The President

For the Council
The President

FINANCIAL STATEMENT

Datasheet No 715147
CM/tm/4.1.2010

DATE: 30/9/2010

1. BUDGET HEADING:
Chapter 05: agriculture and rural development

APPROPRIATIONS:
CA: EUR 57 780 400 000
PA: EUR 56 776 900 000

2. TITLE:
Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EC) No 1290/2005 on the financing of the common agricultural policy

3. LEGAL BASIS:
Article 43 TFEU

4. AIMS:
Identify the delegated and implementing powers of the Commission in Council Regulation (EC) No 1290/2005 and establish the corresponding procedure for the adoption of these acts (alignment of the regulation with the Treaty of Lisbon).

5. FINANCIAL IMPLICATIONS	12 MONTH PERIOD (EUR million)	CURRENT FINANCIAL YEAR [2010] (EUR million)	FOLLOWING FINANCIAL YEAR [2011] (EUR million)
5.0 EXPENDITURE CHARGED TO - CHARGED TO THE EC BUDGET (REFUNDS/INTERVENTIONS) - NATIONAL BUDGETS - OTHER	-	-	-
5.1 REVENUE - OWN RESOURCES OF THE EC (LEVIES/CUSTOMS DUTIES) - NATIONAL	-	-	-
	[2012]	[2013]	[2014]
5.0.1 ESTIMATED EXPENDITURE	-	-	-
5.1.1 ESTIMATED REVENUE	-	-	-

5.2 METHOD OF CALCULATION:

6.0 CAN THE PROJECT BE FINANCED FROM APPROPRIATIONS ENTERED IN THE RELEVANT CHAPTER OF THE CURRENT BUDGET? **OUI NON**

6.1 CAN THE PROJECT BE FINANCED BY TRANSFER BETWEEN CHAPTERS OF THE CURRENT BUDGET? **OUI NON**

6.2 WILL A SUPPLEMENTARY BUDGET BE NECESSARY? **OUI NON**

6.3 WILL APPROPRIATIONS NEED TO BE ENTERED IN FUTURE BUDGETS? **OUI NON**

OBSERVATIONS:

The objective of this proposal is to align the Council Regulation with the Treaty of Lisbon; it is therefore without impact on budgetary expenditure.