



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 14.7.1999
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99/0151 (CNS)

Proposal for a

COUNCIL REGULATION (EC)

on budgetary discipline

(presented by the Commission)

EXPLANATORY MEMORANDUM

Various changes have to be made to the provisions relating to budgetary discipline in line with the decisions adopted at the Berlin European Council, the conclusion of a new Interinstitutional Agreement and experience with the implementation of the Council Decision of 31 October 1994. Some simplification is also necessary. The adjustments and improvements to be made to the provisions currently in force¹ are set out below.

1. Reform of the common agricultural policy

1.1. Scope of the agricultural guideline

To accompany and supplement the reforms proposed for the prices and markets policy, the European Council decided to boost the rural development policy and make it a second pillar of the CAP. The new rural development Regulation lays the foundations for a comprehensive and consistent rural development policy which ensures that agricultural expenditure is devoted more than in the past to land management.

This major development, which is in keeping with the 1992 reform, is accomplished by using heading 1 of the financial perspective to finance measures in favour of less-favoured areas in all rural areas and other rural development measures outside Objective 1 regions.

In addition to the new rural development measures mentioned above, the agricultural guideline has been extended to:

- veterinary and plant-health measures, as they are closely linked to an agricultural policy concerned with product quality and food safety,
- the agricultural pre-accession instrument under heading 7,
- the part of the amount "available for accession" relating to agriculture.

These changes to the scope of the agricultural guideline must be incorporated in the new Regulation on budgetary discipline (Article 4(1)).

1.2. The monetary reserve and the euro/dollar conversion rate

As total agricultural expenditure is now less sensitive to change in the dollar exchange rate as a result of the reduction in refunds following reform of the CAP, the monetary reserve may be phased out. It remains fixed at EUR 500 million at current prices in 2000 and 2001, is reduced to EUR 250 million in 2002 and is wound up from 2003 onwards. Articles 8, 9, 10 and 12 of the decision on budgetary discipline must be amended to reflect this.

¹ Council Decision of 31 October 1994 on budgetary discipline, OJ L 293, 12.11.94.

As regards the exchange rate to be used when establishing the budget, the obligation to base the budget on the average rate recorded during the first three months of the previous year should be adjusted so that proposals for appropriations can be brought into line with actual requirements. Having said this, there must still be clear rules for determining the euro/dollar rate. The Commission is therefore proposing use of the average rate for the three months before presentation of a preliminary draft budget, a letter of amendment or a supplementary and amending budget.

2. Increased budgetary discipline

2.1. Expenditure ceilings for heading 1

2.1.1. The level and coverage of the ceilings

For the new period covered by the financial perspective, the European Council considers that the "reform can be implemented within a financial framework of an average level [1999 prices] of 40.5 billion euros plus 14 billion euros² over the period for rural development as well as veterinary and plant health measures. This would be more in keeping with actual levels of spending, and is aimed at stabilising agricultural expenditure over the period."³

Moreover, "the European Council invites the Commission to submit a report in 2002 to the Council on the development of agricultural expenditure accompanied, if necessary, by appropriate proposals, and requests the Council to take the necessary decisions in line with the objectives of the reform".⁴

The European Council thus considered that the amounts to be entered in heading 1 of the financial perspective should not exceed the amounts indicated below. The two arms of the budgetary authority confirmed these figures in the financial perspective attached to the Interinstitutional Agreement.

Heading 1 (Agriculture)							(EUR million - 1999 prices)
2000	2001	2002	2003	2004	2005	2006	
40 920	42 800	43 900	43 770	42 760	41 930	41 660	
CAP expenditure (excluding rural development and accompanying measures) ⁵							
36 620	38 480	39 570	39 430	38 410	37 570	37 290	
Rural development and accompanying measures							
4 300	4 320	4 330	4 340	4 350	4 360	4 370	

² Less 875 million euros for FIFG (see paragraph 40).

³ SN 100/99, paragraph 21 of the conclusions of the Berlin European Council.

⁴ SN 100/99, paragraph 22 of the conclusions of the Berlin European Council.

⁵ Includes veterinary and plant health measures.

All these figures are expressed in 1999 prices. A deflator of 2% will be used to calculate the amounts in current prices.

The introduction of an overall ceiling and two subceilings for expenditure under heading 1 requires a new article laying down these new budgetary constraints and a mechanism to ensure that these subceilings are observed.

2.1.2. Mechanisms to ensure compliance with ceilings

In Article 5 the Commission proposes a procedure to ensure that the subceilings for heading 1 are not exceeded when the budget is drawn up. For this purpose, it is stipulated that appropriations in the preliminary draft budget should fall within the subceilings of the financial perspective. If forecasts suggest that the subceilings are likely to be exceeded, the Commission will examine whether it can take action under the management powers at its disposal. If not, it will propose measures to the Council. The Council, after consulting Parliament, must react by 1 July. If it fails to do so, or if the decision it takes will not ensure compliance with the subceilings, the Commission will propose to the Council that appropriate measures be taken at a special meeting held as part of its budget discussions before 15 September.

Moreover, if the forecasts for the letter of amendment to the preliminary draft budget for a given year suggest that the subceiling will not be respected, the Commission proposes that the Regulation on budgetary discipline should provide for a reduction in the amount for reimbursement of the direct aid payable in the course of that year. If a margin emerges during implementation of that year's budget, the Commission will adjust the rate of contribution and propose corresponding transfers. At all events, the financial costs undertaken will have to be covered by the Community budget at the latest in the financial year following the year in which they were undertaken.

Finally, to safeguard the Union's budget interests in the medium term, it is proposed that checks be made, using a multiannual budget forecast to ensure compliance with subceilings. Where they are exceeded, the Commission will propose measures to the Council in accordance with the above procedure.

In Article 6 the Commission proposes organising the monitoring of expenditure and introducing a procedure to ensure compliance with the subceilings. If during implementation it appears that spending will exceed appropriations, the Commission will examine whether it can take action under the management powers at its disposal. If this is not the case, it will examine whether it can propose measures to the Council to influence the budget in the course of the financial year. If not, it will suspend payments at the end of the year. The amounts not paid will be covered by the budget for the following year.

2.2. *Budgetary management by chapter*

The need to take action whenever the rate of actual expenditure exceeds or is likely to exceed the expenditure profiles laid down for each budget chapter has turned out to be too rigid and, ultimately, to lack credibility.

It often takes some time for the corrective measures to be adopted and to produce an effect, with the result that the situation cannot usually be rectified within the financial year.

The objective of complying with agricultural expenditure in each chapter has thus proved hard to achieve. This difficulty will persist in future, even though a growing proportion of agricultural expenditure is more predictable (direct aid to producers), since there remains the expenditure on market intervention (refunds and storage) where implementation depends on uncertain factors such as the size of harvests and world prices.

Because of the difficulty of reacting quickly enough to a situation in a budget chapter within the financial year and because of the volatile nature of some agricultural expenditure, transfers are confirmed as an instrument of budget management, especially as budget forecasts have become increasingly tight in recent years. However, monitoring expenditure chapter by chapter is still an essential element in the short and medium-term control of overall expenditure.

2.3. *Suspension and reduction of advances*

Article 13 of the Regulation on budgetary discipline allows the Commission to suspend or reduce advances.

This provision has been applied since 1994 and works satisfactorily. It should therefore be retained in the new Regulation.

3. *Simplification of rules*

- a) The calculation of the guideline no longer has to be presented at the same time as the prices package as it is now the subceilings in heading 1 which have to be respected. It is therefore sufficient to present the calculation of the agricultural guideline in the preliminary draft budget (Article 1).
- b) A new base must be found for calculating the agricultural guideline (Article 2) without changing the calculation method which has been confirmed by the European Council. The reference base would be the agricultural guideline for 1995, calculated in line with the economic data used for the technical adjustment of the financial perspective for 2000, without the corrective factors but taking account of the 1995 enlargement. The year 1995 has been chosen, as the figures supplied by the SOEC are definitive up to 1995.

In other words, the new 1995 base would be calculated as follows:

- (1) 1988 base without the corrective factors: EUR 24 858 million
- (2) 74% of the total growth rate 1989-1995: 10.62%
- (3) Total annual inflation 1989-1995: 25.52%
- (4) Impact of 1995 enlargement: 5.44%
- (5) 1995 base = (1) x (2) x (3) x (4): EUR 36 394 million.

For each subsequent year, the agricultural guideline will be adjusted in line with the current method of calculation.

4. Reserves for external action

The Commission does not propose any change to the provisions laid down in the current rules governing the reserves for external action, except to specify that the arrangements for using the reserve for loans and loan guarantee operations are those set out in the Interinstitutional Agreement.

5. Legal form of the instrument

For the purposes of clarity and because the procedure for applying budgetary discipline has been so substantially adjusted, it is proposed that the decision now in force be repealed and a new comprehensive Regulation adopted.

A Regulation has been chosen because it is general in its application. It is binding in its entirety and directly applicable in all Member States, i.e. to all Union citizens. A decision is also binding in its entirety but is applicable only to the parties it is addressed to. The earlier decisions on budgetary discipline were addressed to the Member States alone.

Proposal for a

COUNCIL REGULATION (EC) .../1999

on budgetary discipline

THE COUNCIL OF THE EUROPEAN UNION,

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

Having regard to the proposal from the Commission,⁶

Having regard to the opinion of the European Parliament,⁷

Having regard to the opinion of the Court of Auditors,⁸

- (1) Whereas, at its meeting in Berlin on 24 and 25 March 1999, the European Council decided to retain and strengthen the budgetary discipline introduced by Decision 94/729/EC⁹ and confirmed that all Community expenditure should be subject to the principles of sound public finance and budgetary discipline;
- (2) Whereas budget discipline is important in all policies to ensure a sustainable relationship between commitments, payments and available own resources;
- (3) Whereas a new Interinstitutional Agreement including the financial perspective for 2000 to 2006 was concluded on 6 May 1999 between the European Parliament, the Council and the Commission for the purposes of implementing budgetary discipline and improving the annual budgetary procedure;
- (4) Whereas, for reasons of simplification, a more recent reference base should be used for determining the agricultural guideline every year, without changing the original rules of calculation;
- (5) Whereas, on the basis of the European Council's conclusions, the institutions also agreed to maintain unchanged the reference framework and the rate of increase of the agricultural guideline and to extend the guideline to all expenditure under the reformed common agricultural policy, to the new rural development measures, to veterinary and plant-health measures, to expenditure connected with the agricultural pre-accession instrument and to the amounts available for accession relating to agriculture;

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- (6) Whereas specific ceilings have been fixed for heading 1, i.e. for expenditure under the common agricultural policy not including rural development and for expenditure on rural development and the accompanying measures, in order to achieve the objective of stabilising agricultural expenditure in real terms;
- (7) Whereas the mechanisms for the depreciation of stocks formed during the budget year should be retained;
- (8) Whereas all proposals and/or legislative decisions and proposals for appropriations for each financial year involving expenditure under the EAGGF Guarantee Section must comply with the budget ceilings laid down for heading 1;
- (9) Whereas, as a result, savings may have to be made; whereas, in the absence of a decision by the Council, acting on a proposal from the Commission, measures could be taken during a special Council meeting held as part of the budget discussions before 15 September;
- (10) Whereas urgent measures must be taken to safeguard the Union's financial interests; whereas, as a result, the Commission's management powers must be increased;
- (11) Whereas, with regard to this objective, it is essential that consideration be given to proposing appropriate measures in the medium term;
- (12) Whereas savings may have to be made in the very short term to achieve the objective of ensuring compliance with the ceilings laid down for heading 1; whereas the parties interested should be informed of this aspect so that they can adjust their expectations accordingly; whereas, in taking these measures, the need for legal security must be taken into account as far as possible;
- (13) Whereas expenditure on the accompanying measures and on the new rural development measures is multiannual in nature and is therefore specially monitored;
- (14) Whereas a monetary reserve should be entered in the budget up to 2002 in the form of provisional appropriations in order to deal with the financial consequences of movements in the euro/dollar market rate;
- (15) Whereas, with the gradual implementation of the reform of the common agricultural policy, expenditure is likely to be less sensitive to changes in the euro/dollar rate; whereas the monetary reserve can be gradually phased out;
- (16) Whereas provision should be made for the possibility of reducing or temporarily suspending the monthly advances when the information communicated by the Member States does not enable the Commission to confirm that the Community rules applicable have been observed or indicates a clear misuse of Community funds;
- (17) Whereas the institutions have agreed that a reserve relating to Community loans and loan guarantees to non-member countries and in those countries must be entered in the budget in the form of provisional appropriations so that the

Guarantee Fund set up by Council Regulation (EC, Euratom) No 2728/94 of 31 October 1994 establishing a guarantee fund for external actions, as amended by Council Regulation (EC, Euratom) No 1149/99,¹⁰ may be funded and any calls on guarantees exceeding the amount available under the Fund may be met;

- (18) Whereas the institutions have agreed that a reserve should be entered in the budget in the form of provisional appropriations to permit a rapid response to specific emergency aid requirements in non-member countries resulting from unforeseeable events, with priority being given to humanitarian operations;
- (19) Whereas the institutions have agreed that the conditions for calling in and mobilising funds should be the same for the monetary reserve, the reserve relating to loan guarantees and the reserve for emergency aid; whereas the detailed rules for using the reserve for emergency aid are those defined in the Interinstitutional Agreement;
- (20) Whereas, for reasons of clarity, Decision 94/729/EC should be repealed and replaced by this Regulation,

HAS DECIDED AS FOLLOWS:

Article 1

Budgetary discipline shall apply to all expenditure. Such discipline shall be applied, as appropriate, by the Financial Regulation, this Regulation and the Interinstitutional Agreement of 6 May 1999.

I. EAGGF GUARANTEE SECTION EXPENDITURE

Article 2

The agricultural guideline, which constitutes for each budget year the ceiling on agricultural expenditure as defined in Article 4, must be respected each year. For each budget year, the Commission shall determine the agricultural guideline when presenting the preliminary draft budget.

Article 3

1. The reference base from which the agricultural guideline is to be calculated shall be equal to EUR 36 394 million for 1995, i.e. the total corresponding to the calculation made on the previous base for 1988.
2. The agricultural guideline for a given year shall be equal to the reference base laid down in paragraph 1 plus:

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- 74 % of the rate of increase in GNP between 1995 (base year) and the year in question,
 - the GNP deflator estimated by the Commission for the same period,
 - forecasts of expenditure in the year in question on disposal of ACP sugar, food aid refunds, payments by producers in respect of levies provided for by the common organisation of the sugar market and any other revenue raised from the agricultural sector in the future.
3. The statistical base for GNP shall be as defined in Council Directive 89/130/EEC, Euratom, of 13 February 1989 on the harmonization of the compilation of gross national product at market prices.¹¹

Article 4

1. The agricultural guideline shall cover expenditure chargeable to Titles 1 to 4 of Subsection B1 of Section III of the budget in the nomenclature adopted for the 2000 budget, the expenditure connected with the agricultural pre-accession instrument under heading 7 of the financial perspective and the amounts relating to agriculture which are available for accession under the financial perspective.
2. Each year Titles 1 and 2 (heading 1) of the Financial perspective shall contain the appropriations necessary for financing all costs relating to the depreciation of stocks formed during the budget year.

Article 5

1. All the legislative measures proposed by the Commission or adopted by the Council or the Commission under the common agricultural policy shall comply with the amounts laid down in the financial perspective under the subheading for expenditure on the CAP ("subheading 1a") and under the subheading for rural development and accompanying measures ("subheading 1b").
2. The Commission shall examine the **medium-term** budget situation when the preliminary draft budget is established for a given year. If it appears that there is a risk of subheadings 1a and 1b of the financial perspective being exceeded for that year and the following financial year, the Commission shall propose appropriate measures to the Council to ensure that these amounts are respected.
3. In the preliminary draft budget for a given year, the appropriations for Titles 1 to 3 must fall within the amount fixed for subheading 1a. The appropriations for Title 4 must fall within the amount fixed for subheading 1b.
4. If, when the **preliminary draft budget** is established, it appears that the appropriations required for the financial year in question exceed the amounts referred to in paragraph 3, the Commission shall take appropriate measures to remedy the situation under the management powers at its disposal. If this is not possible, or if the measures taken prove insufficient, the Commission shall propose other measures,

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where applicable as part of the prices package and related measures, to ensure that these amounts are observed. The Council shall take a decision on these measures by 1 July of the year preceding the financial year covered by the preliminary draft budget in question.

5. In the absence of a Council decision before the deadline referred to in paragraph 4, or if the Commission considers that the outcome of the Council's discussions on these proposals is likely to exceed the costs put forward in its original proposals, the Council shall take a decision on the measures required at a special meeting held as part of its budget discussions before 15 September of the year preceding the financial year covered by the preliminary draft budget in question.

6. The European Parliament is invited to deliver its opinion within six weeks of receiving any Commission proposal to ensure compliance with the amounts referred to in paragraph 3.

7. If, on establishment of the letter of amendment to the preliminary draft budget for a given year, it appears that the amount fixed for subheading 1a cannot be respected, the Commission shall, as a precautionary measure, reduce the amount for reimbursement of direct aid to farmers for the financial year covered by the letter of amendment. If a positive margin emerges during implementation of the budget for that financial year or the following year, the amount of reimbursement of direct aid shall be adjusted accordingly. The Commission shall take the measures which are necessary as a result of this adjustment, in particular proposals for transfers. At all events, the financial costs undertaken by the Member States shall be repaid from the Community budget by, as a priority and entirely during the financial year following the year covered by the letter of amendment.

8. For the implementation of this article, the support measures and institutional prices provided for under the common agricultural policy shall apply without prejudice to the adoption, whenever appropriate, of measures to ensure compliance with the amounts referred to in paragraph 3.

Article 6

1. The Commission shall implement a monthly early-warning and monitoring system for each chapter involving expenditure of the type referred to in Titles 1 to 4 of Subsection B1 of the budget.

2. For this purpose, the Commission shall define profiles of monthly expenditure for each budget chapter based, where appropriate, on the average monthly expenditure of the three preceding years.

3. To monitor expenditure under Title 4 of Subsection B1, the Commission shall also carry out a special control to ensure compliance with the amount referred to in Article 5(3), as defined in Commission Regulation (EC) No [...] ¹² laying down provisions for the implementation of Council Regulation (EC) No 1257/99 ¹³ on

¹² OJ L

¹³ OJ L 155, 22.6.1999, p. 29.

support for rural development from the European Agricultural Guidance and Guarantee Fund.

4. The statements of expenditure presented to the Commission by the Member States every month in accordance with Article 3(3) of Commission Regulation (EC) No 296/96¹⁴ shall be sent to the European Parliament and to the Council for information.

The Commission shall submit monthly reports thereafter to the European Parliament and the Council on the development of actual expenditure in relation to the profiles, including where appropriate an evaluation of foreseeable implementation at the end of the financial year.

5. If it concludes from the examination that there is a risk of the appropriations for subheading 1a being exceeded at the end of the year, the Commission shall take action to remedy the situation, using the management powers at its disposal. If these measures prove to be insufficient, the Commission shall evaluate the impact of the measures to be proposed to the Council with respect to both the savings which they are likely to produce and the time required for them to have their first economic and budgetary effects. The budgetary authority shall be informed of this evaluation. If effective measures are found to control expenditure, the Commission shall propose them to the Council. The European Parliament is invited to deliver its opinion within six weeks and the Council shall act within two months of receiving the Commission's proposal in order to bring expenditure back into line with the allocation provided.

6. If it proves impossible to remedy the situation before the end of the budget year or if the Council does not take a decision within the time limit laid down, the Commission shall, as a precaution, suspend the payment of the monthly advances made to the Member States under the EAGGF Guarantee Section. This suspension shall be in proportion to the total overrun for the subheading concerned. The amounts suspended shall be charged as a priority and entirely to the budget for the following year.

Article 7

1. The euro/dollar rate used to draw up the budget estimates of the expenditure under Titles 1 to 3 (heading 1) for any given year shall be the average market rate over the three months preceding the month in which the Commission presents a preliminary draft budget, a preliminary draft supplementary and amending budget or a letter of amendment to the same.

Article 8

EUR 500 million shall be entered in a reserve in the general budget of the European Communities, as a provision to cover the developments caused by movements in the euro/dollar market rate in relation to the rate used in the budget referred to in Article 10.

¹⁴ OJ L 39, 17.2.96, p. 5

In 2002 the reserve shall be reduced to EUR 250 million. The monetary reserve shall be abolished with effect from 2003. These appropriations shall not be included in the agricultural guideline.

Article 9

By no later than the end of October each year, the Commission shall report to the budgetary authority on the impact of movements in the average euro/dollar rate on expenditure under Titles 1 to 3 (heading 1).

Article 10

1. Savings or additional costs resulting from movements in the euro/dollar rate shall be treated in symmetrical fashion. Where the dollar strengthens against the euro compared with the rate used in the budget, savings in the Guarantee Section of up to EUR 500 million in 2000 and 2001 and EUR 250 million in 2002 shall be transferred to the monetary reserve. Where additional budgetary costs are engendered by a fall in the dollar against the euro compared with the budget rate, the monetary reserve shall be drawn on and transfers shall be made to the EAGGF Guarantee Section headings affected by the fall in the dollar. Where necessary, these transfers shall be proposed at the same time as the report referred to in Article 9.

2. There shall be a neutral margin of EUR 200 million. Savings or additional costs below this amount arising from the movements referred to in paragraph 1 will not necessitate transfers to or from the monetary reserve. Savings or additional costs above this amount shall be paid into, or met from, the monetary reserve. The neutral margin shall be reduced to EUR 100 million from 2002.

Article 11

1. Funds shall be taken from the reserve only if the additional costs cannot be met from the budget appropriations intended to cover the expenditure referred to in Article 4(1) for the year in question.

2. The necessary own resources shall be called up, in accordance with Decision .../EEC, Euratom¹⁵ and the provisions adopted pursuant thereto, to finance the corresponding expenditure.

3. Any savings made in the EAGGF Guarantee Section which have been transferred to the monetary reserve in accordance with Article 10(1) and which remain in the monetary reserve at the end of the financial year shall be cancelled and entered as a revenue item in the budget for the coming year by means of a letter of amendment to the preliminary draft budget for the following year.

¹⁵

Article 12

Articles 8 to 11 shall apply up to and including the financial year 2002.

Article 13

1. Payment of the monthly EAGGF Guarantee Section advances by the Commission shall be effected on the basis of the information supplied by the Member States in regard to expenditure in each chapter.

2. If the declarations of expenditure or the information submitted by a Member State do not enable the Commission to establish whether the commitment of funds is in conformity with the relevant Community rules, the Commission shall request the Member State to supply further information within a period which it shall determine according to the seriousness of the problem.

In the event of a reply which is deemed unsatisfactory or which indicates manifest non-compliance with the rules and/or a clear misuse of Community funds, the Commission may reduce or temporarily suspend the monthly advances to the Member States.

Such reductions and suspensions shall be without prejudice to the decisions which will be taken in connection with the clearance of accounts.

3. The Commission shall inform the Member State concerned before taking its decision.

The Member State shall make its position known within 10 days.

The Commission's decision, stating the reasons on which it is based, shall be taken after the EAGGF Committee has been consulted and must be in keeping with the principle of proportionality.

II. RESERVES FOR EXTERNAL OPERATIONS

1. Reserve relating to loans and loan guarantees

Article 14

Each year a reserve intended to cover

- a) the requirements of the Guarantee Fund set up by Regulation (EC, Euratom) No 2728/94, as amended by Council Regulation (EC, Euratom) No 1149/99,
- and
- b) where necessary, activated guarantees exceeding the amount available in the Fund so that these amounts may be charged to the budget

shall be entered in the general budget of the European Communities as a provision.

The amount of that reserve shall be the same as that in the financial perspective that forms part of the Interinstitutional Agreement. The arrangements for using this reserve are those set out in the Interinstitutional Agreement.

2. Reserve for emergency aid

Article 15

A reserve for emergency aid to non-member countries shall be entered each year in the general budget of the European Communities as a provision. The purpose of this reserve shall be to permit a rapid response to specific emergency aid requirements in non-member countries resulting from unforeseeable events, with priority being given to humanitarian operations.

The amount of that reserve shall be the same as that adopted in the financial perspective contained in the Interinstitutional Agreement.

The detailed rules for the use of the reserve shall be as laid down in the Interinstitutional Agreement.

3. Common provisions

Article 16

The reserves shall be used by means of transfers to the budget headings concerned in accordance with the provisions of the Financial Regulation.

Article 17

The own resources necessary for financing the reserves shall not be called in from the Member States until the reserves are used in accordance with Article 16.

The own resources necessary shall be made available as provided in Regulation (EEC, Euratom) No 1552/89.

III. OTHER PROVISION

Article 18

No act adopted under the co-decision procedure by the European Parliament and the Council nor any act adopted by the Council which involves exceeding the appropriations available in the budget or the allocations available in the financial perspective may be implemented in financial terms until the budget has been amended and, if necessary, the financial perspective has been appropriately revised in accordance with the relevant procedure for each of these cases.

IV. FINAL PROVISIONS

Article 19

Decision 94/729/EC is hereby repealed.

Article 20

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

It shall apply from ...

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

Done at Brussels,

For the Council
The President