



**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 29 November 2006

15986/06

**FSTR 80
FC 34
REGIO 63
SOC 582
CADREFIN 324**

PROPOSAL

from: European Commission
dated: 24 November 2006

Subject: Proposal for a Council Regulation amending Annex III to Regulation (EC) No 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999

Delegations will find attached a proposal from the Commission, submitted under a covering letter from the Secretary-General of the European Commission, signed by Mr Jordi AYET PUIGARNAU, Director, to Mr Javier SOLANA, Secretary-General/High Representative.

Encl.: COM(2006) 719 final



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 24.11.2006
COM(2006) 719 final

Proposal for a

COUNCIL REGULATION

amending Annex III to Regulation (EC) No 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999

(presented by the Commission)

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

Grounds for and objectives of the proposal

In the context of the anticipated 1 January 2007 accession of Bulgaria and Romania to the European Union EU Law regarding Cohesion Policy, and in particular Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999¹ should be adapted to ensure that it extends to the Republic of Bulgaria and Romania as from the date of their accession to the European Union.

A proposal for a Regulation has been drafted, replacing Annex III to Regulation (EC) No 1083/2006, concerning the ceilings applicable to co-financing rates. The amended Annex III includes Romania and Bulgaria in the countries listed in the first row of the table in the Annex, eligible for the highest rate of co-financing under the European Regional Development Fund, the European Social Fund and the Cohesion Fund.

General context

In accordance with Article 4(3) of the Treaty concerning the accession of the Republic of Bulgaria and Romania to the European Union, the institutions of the Union may adopt before accession adaptations to those acts of the institutions that require such adaptation by reason of accession.

Existing provisions in the area of the proposal

The proposal amends Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999.

Consistency with other policies and objectives of the Union

The proposal makes technical adaptations to existing Community Law in line with the commitment to membership of the EU for Bulgaria and Romania.

¹ OJ L 210, 31.7.2006, p. 25.

2. CONSULTATION OF INTERESTED PARTIES AND IMPACT ASSESSMENT

Consultation of interested parties

The consultation of interested parties was not deemed necessary.

Collection and use of expertise

There was no need for external expertise.

Impact assessment

No impact assessment was conducted.

3. LEGAL ELEMENTS OF THE PROPOSAL

Summary of the proposed action

The Regulation proposed would replace Annex III to Regulation (EC) No 1083/2006, concerning the ceilings applicable to co-financing rates, in order to include Romania and Bulgaria in the countries eligible for co-financing under the European Regional Development Fund, the European Social Fund and the Cohesion Fund.

Legal basis

The legal basis employed is the Treaty of Accession of the Republic of Bulgaria and Romania², and in particular Article 4(3) thereof. A further legal basis is the Act of Accession of the Republic of Bulgaria and Romania³, and in particular Article 56 thereof.

Subsidiarity principle

Considerations linked to the application of the subsidiarity principle have already been taken into account in Regulation (EC) No 1083/2006 as initially adopted. This proposal would not have any further consequences on the application of the subsidiarity principle.

Proportionality principle

Considerations linked to the application of the proportionality principle have already been taken into account in Regulation (EC) No 1083/2006 as initially adopted. This proposal would not have any further consequences on the application of the proportionality principle.

Choice of instruments

² OJ L 157, 21.6.2005, p. 11.

³ OJ L 157, 21.6.2005, p. 203.

Proposed instruments: The proposal amends an existing Regulation and should therefore also take the form of a Regulation.

4. BUDGETARY IMPLICATION

This proposal has no budgetary impact, as the annual breakdown of commitment appropriations, provided under Annex I of Regulation (EC) 1083/2006, already includes the appropriations for Romania and Bulgaria, in accordance with the financial perspectives.

Proposal for a

COUNCIL REGULATION

amending Annex III to Regulation (EC) No 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty of Accession of the Republic of Bulgaria and Romania⁴, and in particular Article 4(3) thereof,

Having regard the Act of Accession of the Republic of Bulgaria and Romania⁵, and in particular Article 56 thereof,

Having regard to the proposal from the Commission,

Whereas:

- (1) Pursuant to Article 56 of the Act of Accession, where acts which remain valid beyond 1 January 2007, and require adaptation by reason of accession, and the necessary adaptations have not been provided for in the Act of Accession or its Annexes, the necessary acts shall be adopted by the Council, unless the Commission adopted the original act.
- (2) Council Regulation (EC) No 1083/2006⁶ defines the general rules governing the assistance of the European Regional Development Fund, the European Social Fund and the Cohesion Fund and their objectives. Pursuant to Article 53, Annex III to that Regulation establishes the ceilings applicable to co-financing rates in the operational programmes, by Member State and by objective, on the basis of objective criteria. Annex III to Regulation (EC) No 1083/2006 should be adapted in order to take into account the accession of Bulgaria and Romania to the European Union.
- (3) It is necessary to ensure that any technical adaptation to the Structural and Cohesion Funds legislation is adopted as soon as possible so as to allow Bulgaria and Romania to present programming documents as from the date of their accession to the European Union.
- (4) Regulation (EC) No 1083/2006 should therefore be amended accordingly,

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⁴ OJ L 157, 21.6.2005, p. 11.

⁵ OJ L 157, 21.6.2005, p. 203.

⁶ OJ L 210, 31.7.2006, p. 25.

HAS ADOPTED THIS REGULATION:

Article 1

Annex III to Regulation (EC) No 1083/2006 is replaced by the text in the Annex to this Regulation.

Article 2

This Regulation shall enter into force only subject to and on the date of the entry into force of the Treaty of Accession of Bulgaria and Romania.

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

Done at Brussels,

*For the Council
The President*

ANNEX

"ANNEX III

Ceilings applicable to co-financing rates

(referred to in Article 53)

<i>Criteria</i>	<i>Member States</i>	<i>ERDF and ESF Percentage of eligible expenditure</i>	<i>Cohesion Fund Percentage of eligible expenditure</i>
(1) Member States whose average GDP per capita for the period 2001 to 2003 was below 85% of the EU-25 average during the same period.	Bulgaria, Czech Republic, Estonia, Greece, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Portugal, Romania, Slovenia, Slovakia	85% for the Convergence and Regional competitiveness and employment objectives	85%
(2) Member States other than those under (1) eligible for the transitional regime of the Cohesion Fund on 1 January 2007.	Spain	80% for the Convergence and the phasing-in regions under the Regional competitiveness and employment objective 50% for the Regional competitiveness and employment objective outside phasing-in regions	85%
(3) Member States other than those referred to under (1) and (2).	Belgium, Denmark, Federal Republic of Germany, France, Ireland, Italy, Luxemburg, the Netherlands, Austria, Finland, Sweden and United Kingdom.	75% for the Convergence objective	-
(4) Member States other than those referred to under (1) and (2).	Belgium, Denmark, Federal Republic of Germany, France, Ireland, Italy, Luxemburg, the Netherlands, Austria, Finland, Sweden and United Kingdom.	50% for the Regional competitiveness and employment objective	-

<i>Criteria</i>	<i>Member States</i>	<i>ERDF and ESF Percentage of eligible expenditure</i>	<i>Cohesion Fund Percentage of eligible expenditure</i>
(5) Outermost Regions referred to in Article 299(2) of the Treaty benefiting from the additional allocation for these regions provided for in paragraph 20 of Annex II	Spain, France and Portugal	50%	-
(6) Outermost Regions referred to in Article 299(2) of the Treaty	Spain, France and Portugal	85 % under the Convergence and Regional competitiveness and employment objectives	-

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