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⁽¹⁾ Text with EEA relevance

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Acts whose titles are printed in light type are those relating to day-to-day management of agricultural matters, and are generally valid for a limited period.

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I

(Acts adopted under the EC Treaty/Euratom Treaty whose publication is obligatory)

REGULATIONS

REGULATION (EC) No 1523/2007 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

of 11 December 2007

banning the placing on the market and the import to, or export from, the Community of cat and dog fur, and products containing such fur

(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Articles 95 and 133 thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Economic and Social Committee ⁽¹⁾,

Acting in accordance with the procedure laid down in Article 251 of the Treaty ⁽²⁾,

Whereas:

(1) In the perception of EU citizens, cats and dogs are considered to be pet animals and therefore it is not acceptable to use their fur or products containing such fur. Evidence exists of the presence in the Community of non-labelled fur from cats and dogs and of products containing such fur. As a consequence, consumers have become concerned about the possibility that they could buy cat and dog fur, and products containing such fur. On 18 December 2003 ⁽³⁾, the European Parliament adopted a declaration expressing its concerns about the trade in such fur and products and requesting that it be ended so as to restore the confidence of EU consumers and retailers. During its meetings of 17 November 2003 and 30 May 2005, the Agriculture and Fisheries Council also highlighted the need to adopt rules on the trade in cat and dog fur, and products containing such fur as soon as possible.

(2) It is appropriate to clarify that only fur of species of domestic cats and dogs should be covered by this Regulation. However, as it is scientifically impossible to differentiate fur of domestic cats from fur of other non-domestic cat subspecies, a definition of cat as '*felis silvestris*', which includes also non-domestic cat subspecies, should be adopted in this Regulation.

(3) In response to consumer concern, several Member States have adopted legislation aiming at preventing the production and marketing of fur from cats and dogs.

(4) There are differences between Member States' provisions governing the trade, import, production and labelling of fur and fur products, with the aim of preventing cat and dog fur from being put on the market or otherwise used for commercial purposes. Whilst some Member States have adopted a total ban on the production of fur from cats and dogs by banning the rearing or the slaughter of such animals for fur production purposes, others have adopted restrictions on the production or import of fur and products containing such fur. In some Member States, labelling requirements have been introduced. Citizens' increasing awareness of the issue is likely to prompt more Member States to adopt further restrictive measures at national level.

(5) As a result, certain EU fur traders introduced a voluntary code of conduct to refrain from trading in cat and dog fur, and products containing such fur. However, this code has proved insufficient to prevent the importation and sale of cat and dog fur, particularly where fur traders deal in fur whose species of origin is not indicated and not easily recognizable, or purchase products containing such fur and

⁽¹⁾ OJ C 168, 20.7.2007, p. 42.

⁽²⁾ Opinion of the European Parliament of 19 June 2007 (not yet published in the Official Journal) and Council Decision of 26 November 2007.

⁽³⁾ OJ C 91 E, 15.4.2004, p. 695.

- are confronted with the risk either that the products in question cannot legally be traded in one or more of the Member States or that trade in one or more Member States is subject to additional requirements aimed at preventing the use of cat and dog fur.
- (6) The differences between national measures as regards cat and dog fur constitute barriers to the fur trade in general. Those measures impede the smooth operation of the internal market, since the existence of diverse legal requirements hamper fur production in general and make it more difficult for fur legally imported to, or produced in, the Community to circulate freely within the Community. The diverse legal requirements across the Member States lead to additional burdens and costs for fur traders.
- (7) Moreover, the public is confused by the diversity of legal requirements in the Member States, which itself creates an impediment to trade.
- (8) The measures provided for in this Regulation should therefore harmonise the rules across the Member States as regards banning the sale, offer for sale and distribution of cat and dog fur, and products containing such fur, and thereby prevent the disturbance of the internal market for all other similar products.
- (9) To eliminate the present fragmentation of the internal market there is a need for harmonisation where the most effective and proportionate instrument to counter the barriers to trade resulting from diverging national requirements would be a ban on the placing on the market and on the import to, or export from, the Community of cat and dog fur, and products containing such fur.
- (10) A labelling requirement would not be suitable to achieve the same result since it would disproportionately burden the garment industry, including traders who specialise in faux fur, and would also be disproportionately costly in cases where fur represents only a tiny part of the product.
- (11) There is no tradition of rearing cats and dogs for fur production purposes in the Community, although instances of manufacturing cat and dog fur have been noted. It appears in fact that the vast majority of cat and dog fur products in the Community originate from third countries. Thus, in order to be more effective, the ban on intra-Community trade should be accompanied by a ban on imports of the same products into the Community. Such an import ban would also respond to concerns expressed by consumers as to the possible introduction into the Community of fur from cats and dogs, especially since there are indications that those animals may be kept and slaughtered inhumanely.
- (12) A ban on exports should also ensure that cat and dog fur, and products containing such fur are not produced in the Community for export.
- (13) However, it is appropriate to provide for the possibility of limited derogations from the general ban on the placing on the market and on the import to or export from the Community of cat and dog fur, and products containing such fur. Such is the case in relation to cat and dog fur imported and placed on the market for educational or taxidermy purposes.
- (14) Regulation (EC) No 1774/2002 of the European Parliament and of the Council ⁽¹⁾ lays down animal and public health rules for the placing on the market and the import or export of animal by-products, including cat and dog fur. It is therefore appropriate to clarify the scope of this Regulation, which should be the only act to apply to the placing on the market and the import or export of cat and dog fur at all stages of production, including raw fur. However, this Regulation should not affect the obligations under Regulation (EC) No 1774/2002 concerning the disposal of cat and dog fur for public health reasons.
- (15) Measures for the ban of the use of cats and dogs for fur production should be enforced uniformly across the Community. However, the techniques currently used to identify cat and dog fur, such as DNA testing, microscopy and MALDI-TOF Mass Spectrometry, vary from one Member State to another. It is appropriate for information regarding such techniques to be made available to the Commission, so that enforcement bodies are kept abreast of innovations in this field and so that the possibilities for prescribing a uniform technique can be assessed.
- (16) The measures necessary for the implementation of this Regulation should be adopted in accordance with Council Decision 1999/468/EC of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred on the Commission ⁽²⁾.
- (17) In particular, the Commission should be empowered to establish analytical methods to identify the species of origin of fur and exceptionally to adopt measures which derogate from the prohibitions laid down in this Regulation. Since those measures are of general scope and are designed to amend non-essential elements of this Regulation, *inter alia*, by supplementing it with new non-essential elements, they must be adopted in accordance with the regulatory procedure with scrutiny provided for in Article 5a of Decision 1999/468/EC.

⁽¹⁾ OJ L 273, 10.10.2002, p. 1. Regulation as last amended by Commission Regulation (EC) No 829/2007 (OJ L 191, 21.7.2007, p. 1).

⁽²⁾ OJ L 184, 17.7.1999, p. 23. Decision as amended by Decision 2006/512/EC (OJ L 200, 22.7.2006, p. 11).

(18) Member States should lay down rules on penalties applicable to infringements of the provisions of this Regulation and ensure that they are implemented. Those penalties should be effective, proportionate and dissuasive. In particular, Member States which seize consignments of cat and dog fur following the application of this Regulation should adopt laws allowing the confiscation and destruction of such consignments and the suspension or revocation of the import or export licences granted to the traders concerned. Member States should be encouraged to apply criminal sanctions where this is possible under their national law.

(19) Since the objective of this Regulation, namely the elimination of obstacles to the functioning of the internal market by harmonising at Community level national bans concerning the trade in cat and dog fur, and products containing such fur, cannot be sufficiently achieved by the Member States and can therefore be better achieved at Community level, the Community may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty. In accordance with the principle of proportionality, as set out in that Article, this Regulation does not go beyond what is necessary to achieve that objective,

HAVE ADOPTED THIS REGULATION:

Article 1

Objective

The purpose of this Regulation is to ban the placing on the market and the import to, or export from, the Community of cat and dog fur, and products containing such fur in order to eliminate obstacles to the functioning of the internal market and to restore consumer confidence in the fact that the fur products which consumers buy do not contain cat and dog fur.

Article 2

Definitions

For the purpose of this Regulation, the following definitions shall apply:

1. 'cat' shall mean an animal of the species *felis silvestris*;
2. 'dog' shall mean an animal of the subspecies *canis lupus familiaris*;
3. 'placing on the market' shall mean the holding of cat and/or dog fur or a product containing such fur for the purpose of sale, which includes offer for sale, sale and distribution;
4. 'import' shall mean the release for free circulation within the meaning of Article 79 of Council Regulation (EEC) No 2913/92 of 12 October 1992 establishing the Community Customs Code⁽¹⁾, with the exception of

imports of a non-commercial nature within the meaning of Article 45(2)(b) of Council Regulation (EEC) No 918/83 of 28 March 1983 setting up a Community system of reliefs from customs duty⁽²⁾;

5. 'export' shall mean an export procedure allowing Community goods to leave the customs territory of the Community within the meaning of Article 161 of Regulation (EEC) No 2913/92.

Article 3

Prohibitions

The placing on the market and the import to, or export from, the Community of cat and dog fur, and products containing such fur shall be prohibited.

Article 4

Derogations

By way of derogation from Article 3, the Commission may exceptionally adopt measures allowing the placing on the market or the import or export of cat and dog fur or products containing such fur for educational or taxidermy purposes.

Those measures, designed to amend non-essential elements of this Regulation and stipulating the conditions under which such derogations shall apply, shall be adopted in accordance with the regulatory procedure with scrutiny referred to in Article 6(2).

Article 5

Methods for identifying the species of origin of fur

Member States shall inform the Commission of the analytical methods they use to identify the species of origin of fur by 31 December 2008, and subsequently whenever required in the light of new developments.

The Commission may adopt measures establishing analytical methods to be used to identify the species of origin of fur. Those measures, designed to amend non-essential elements of this Regulation by supplementing it with new elements, shall be adopted in accordance with the regulatory procedure with scrutiny referred to in Article 6(2) and included in an annex to this Regulation.

Article 6

Committee

1. The Commission shall be assisted by the Standing Committee on the Food Chain and Animal Health established by Article 58(1) of Regulation (EC) No 178/2002 of the European Parliament and of the Council of 28 January 2002

⁽¹⁾ OJ L 302, 19.10.1992, p. 1. Regulation as last amended by Regulation (EC) No 1791/2006 (OJ L 363, 20.12.2006, p. 1).

⁽²⁾ OJ L 105, 23.4.1983, p. 1. Regulation as last amended by the 2003 Act of Accession.

laying down the general principles and requirements of food law, establishing the European Food Safety Authority and laying down procedures in matters of food safety⁽¹⁾.

2. Where reference is made to this paragraph, Article 5a(1) to (4), and Article 7 of Decision 1999/468/EC shall apply, having regard to the provisions of Article 8 thereof.

Article 7

Reports

Member States shall report to the Commission on their efforts to enforce this Regulation.

The Commission shall report to the European Parliament and the Council on the application of this Regulation, including customs activities relating thereto, no later than 31 December 2010.

The Commission's report shall be made available to the public.

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

Done at Strasbourg, 11 December 2007.

For the European Parliament

The President

H.-G. PÖTTERING

For the Council

The President

M. LOBO ANTUNES

Article 8

Penalties

Member States shall lay down the rules on penalties applicable to infringements of this Regulation and shall take all measures necessary to ensure that they are implemented. The penalties provided for shall be effective, proportionate and dissuasive. Member States shall notify the Commission of those provisions by 31 December 2008, and shall notify it without delay of any subsequent amendment thereto.

Article 9

Entry into force and applicability

This Regulation shall enter into force on the 20th day following its publication in the *Official Journal of the European Union*.

It shall apply from 31 December 2008.

⁽¹⁾ OJ L 31, 1.2.2002, p. 1. Regulation as last amended by Commission Regulation (EC) No 575/2006 (OJ L 100, 8.4.2006, p. 3).

**REGULATION (EC) No 1524/2007 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL
of 18 December 2007**

amending Regulation (EC) No 2004/2003 on the regulations governing political parties at European level and the rules regarding their funding

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 191 thereof,

Having regard to the proposal from the Commission,

Acting in accordance with the procedure laid down in Article 251 of the Treaty ⁽¹⁾,

Whereas:

- (1) Article 12 of Regulation (EC) No 2004/2003 of the European Parliament and of the Council ⁽²⁾ provides that the European Parliament is to publish a report on the application of that Regulation, including — where appropriate — possible amendments to be made to the funding system.
- (2) In its Resolution of 23 March 2006 on European political parties ⁽³⁾, the European Parliament considered that, in light of experience gained since its entry into force in 2004, Regulation (EC) No 2004/2003 should be improved as regards a number of points, all of them with the overriding objective of improving the funding situation of those political parties and the foundations affiliated with them.
- (3) Provisions to provide financial support for political foundations at European level should be laid down, as political foundations at European level affiliated with the political parties at European level may through their activities support and underpin the objectives of the political parties at European level notably in terms of contributing to the debate on European public policy issues and on European integration, including by acting as catalysts for new ideas, analysis and policy options. This financial support should be provided in the section headed 'Parliament' of the general budget of the European Union, as is the case for political parties at European level.
- (4) It remains an important objective to ensure the broadest possible participation of citizens in the democratic life of the European Union. In this context, political youth organisations can play a special role in fostering interest in, and concrete knowledge about, the political system of the European Union amongst young people, actively promoting their participation in democratic activities at European level.

- (5) In order to improve the conditions for the funding of political parties at European level, while encouraging them to ensure adequate long-term financial planning, the minimum co-funding requirement should be adjusted. The same level of co-funding should be required for political foundations at European level.
- (6) With a view to further enhancing and promoting the European nature of the elections to the European Parliament, it should be established clearly that appropriations received from the general budget of the European Union may also be used for the financing of campaigns conducted by the political parties at European level in the context of European Parliament elections, provided that this does not constitute a direct or indirect financing of national political parties or candidates. Political parties at European level act in the context of European Parliament elections in particular in order to highlight the European character of those elections. In accordance with Article 8 of the Act concerning the election of the members of the European Parliament by direct universal suffrage, annexed to Council Decision 76/787/ECSC, EEC, Euratom ⁽⁴⁾, the funding of and limitation of election expenses at European Parliament elections is governed in each Member State by national provision. National law also applies for election expenses at national elections and referenda,

HAVE ADOPTED THIS REGULATION:

Article 1

Amendments to Regulation (EC) No 2004/2003

Regulation (EC) No 2004/2003 is hereby amended as follows:

1. the following points shall be added to Article 2:
 4. "political foundation at European level" means an entity or network of entities which has legal personality in a Member State, is affiliated with a political party at European level, and which through its activities, within the aims and fundamental values pursued by the European Union, underpins and complements the objectives of the political party at European level by performing, in particular, the following tasks:
 - observing, analysing and contributing to the debate on European public policy issues and on the process of European integration,

⁽¹⁾ Opinion of the European Parliament of 29 November 2007 (not yet published in the Official Journal) and Council Decision of 17 December 2007.

⁽²⁾ OJ L 297, 15.11.2003, p. 1.

⁽³⁾ OJ C 292 E, 1.12.2006, p. 127.

⁽⁴⁾ OJ L 278, 8.10.1976, p. 1. Decision as amended by Decision 2002/772/EC, Euratom (OJ L 283, 21.10.2002, p. 1).

- developing activities linked to European public policy issues, such as organising and supporting seminars, training, conferences and studies on such issues between relevant stakeholders, including youth organisations and other representatives of civil society,
 - developing cooperation with entities of the same kind in order to promote democracy,
 - serving as a framework for national political foundations, academics, and other relevant actors to work together at European level;
5. “funding from the general budget of the European Union” means a grant within the meaning of Article 108(1) of Regulation (EC, Euratom) No 1605/2002 (*) (hereinafter referred to as the Financial Regulation).

(*) Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities (OJ L 248, 16.9.2002, p. 1). Regulation as last amended by Regulation (EC) No 1525/2007 (OJ L 343, 27.12.2007, p. 9).;

2. in Article 3, the sole paragraph shall become paragraph 1 and the following paragraphs shall be added:

‘2. A political foundation at European level shall satisfy the following conditions:

- (a) it must be affiliated with one of the political parties at European level recognised in accordance with paragraph 1, as certified by that party;
- (b) it must have legal personality in the Member State in which its seat is located. This legal personality shall be separate from that of the political party at European level with which the foundation is affiliated;
- (c) it must observe, in particular in its programme and in its activities, the principles on which the European Union is founded, namely the principles of liberty, democracy, respect for human rights and fundamental freedoms, and the rule of law;
- (d) it shall not promote profit goals;
- (e) its governing body shall have a geographically balanced composition.

3. Within the framework of this Regulation, it remains for each political party and foundation at European level to

define the specific modalities for their relationship, in accordance with national law, including an appropriate degree of separation between the daily management as well as the governing structures of the political foundation at European level, on the one hand, and the political party at European level with which the former is affiliated, on the other hand.’;

3. Article 4 shall be amended as follows:

- (a) paragraph 2(a) shall be replaced by the following:

‘(a) documents proving that the applicant satisfies the conditions laid down in Articles 2 and 3;’

- (b) the following paragraphs shall be added:

‘4. A political foundation at European level may apply for funding from the general budget of the European Union only through the political party at European level with which it is affiliated.

5. Funding for a political foundation at European level shall be allocated on the basis of its affiliation with a political party at European level, subject to Article 10(1). Articles 9 and 9a shall apply to the funds thus allocated.

6. Funding allocated to a political foundation at European level shall only be used for the purpose of financing its activities in accordance with Article 2(4). On no account may it be used to finance elections or referenda campaigns.

7. Paragraphs 1 and 3 shall apply *mutatis mutandis* to the political foundations at European level when assessing applications for funding from the general budget of the European Union.’;

4. the following paragraphs shall be added to Article 5:

‘4. Paragraph 2 shall apply *mutatis mutandis* to the political foundations at European level.

5. If the political party at European level with which a political foundation at European level is affiliated forfeits its status, the political foundation at European level in question shall be excluded from funding under this Regulation.

6. If the European Parliament finds that any of the conditions referred to in Article 3(2)(c) are no longer satisfied, the political foundation at European level in question shall be excluded from funding under this Regulation.’;

5. Articles 6, 7 and 8 shall be replaced by the following:

'Article 6

Obligations linked to funding

1. A political party at European level as well as a political foundation at European level shall:

- (a) publish its revenue and expenditure and a statement of its assets and liabilities annually;
- (b) declare its sources of funding by providing a list specifying the donors and the donations received from each donor, with the exception of donations not exceeding EUR 500 per year and per donor.

2. A political party at European level as well as a political foundation at European level shall not accept:

- (a) anonymous donations;
- (b) donations from the budgets of political groups in the European Parliament;
- (c) donations from any undertaking over which the public authorities may exercise directly or indirectly a dominant influence by virtue of their ownership of it, their financial participation therein, or the rules which govern it;
- (d) donations exceeding EUR 12 000 per year and per donor from any natural or legal person other than the undertakings referred to in point (c) and without prejudice to paragraphs 3 and 4;
- (e) donations from any public authority from a third country, including from any undertaking over which the public authorities may exercise directly or indirectly a dominant influence by virtue of their ownership of it, their financial participation therein, or the rules which govern it.

3. Contributions to a political party at European level from national political parties which are members of a political party at European level or from a natural person who is a member of a political party at European level shall be admissible. Contributions to a political party at European level from national political parties or from a natural person shall not exceed 40 % of the annual budget of that political party at European level.

4. Contributions to a political foundation at European level from national political foundations, which are members of a political foundation at European level, as well as from political parties at European level, shall be admissible. Those contributions shall not exceed 40 % of the annual budget of that political foundation at European level and may not derive from funds received by a political party at European level pursuant to this Regulation from the general budget of the European Union.

The burden of proof shall rest with the political party at European level concerned.

Article 7

Prohibition of funding

1. The funding of political parties at European level from the general budget of the European Union or from any other source may not be used for the direct or indirect funding of other political parties, and in particular national parties or candidates. These national political parties and candidates shall continue to be governed by national rules.

2. The funding of political foundations at European level from the general budget of the European Union or from any other source shall not be used for the direct or indirect funding of political parties or candidates either at European or national level or foundations at national level.

Article 8

Nature of expenditure

Without prejudice to the funding of political foundations, appropriations received from the general budget of the European Union in accordance with this Regulation may only be used to meet expenditure directly linked to the objectives set out in the political programme referred to in Article 4(2)(b).

Such expenditure shall include administrative expenditure and expenditure linked to technical assistance, meetings, research, cross-border events, studies, information and publications.

The expenditure of political parties at European level may also include financing campaigns conducted by the political parties at European level in the context of the elections to the European Parliament, in which they participate as required in Article 3(1)(d). In accordance with Article 7, these appropriations shall not be used for the direct or indirect funding of national political parties or candidates.

Such expenditure shall not be used to finance referenda campaigns.

However, in accordance with Article 8 of the Act concerning the election of the members of the European Parliament by direct universal suffrage, the funding of and limitation of election expenses for all parties and candidates at European Parliament elections is governed in each Member State by national provision.;

6. in Article 9, paragraphs 1, 2 and 3 shall be replaced by the following:

'1. Appropriations for funding of political parties at European level and political foundations at European level shall be determined under the annual budgetary procedure and shall be implemented in accordance with the Financial Regulation and its implementing provisions.

The implementing procedures of this Regulation shall be laid down by the authorising officer.

2. The valuation of movable and immovable property and its depreciation shall be carried out in accordance with the provisions applicable to the institutions as laid down in Article 133 of the Financial Regulation.

3. Control of funding granted under this Regulation shall be exercised in accordance with the Financial Regulation and its implementing provisions.

Control shall also be exercised on the basis of annual certification by an external and independent audit. This certification shall be transmitted, within six months of the end of the financial year concerned, to the European Parliament.;

7. the following Article shall be inserted:

'Article 9a

Transparency

The European Parliament shall publish jointly in a section of its website created for the purpose the following documents:

- an annual report with a table of the amounts paid to each political party and each political foundation at European level, for each financial year for which grants have been paid,
- the report of the European Parliament on the application of this Regulation and the activities funded, as referred to in Article 12,
- the provisions for the implementation of this Regulation.;

8. in Article 10, paragraph 2 shall be replaced by the following:

'2. Funding charged to the general budget of the European Union shall not exceed 85 % of those costs of a political

party or political foundation at European level which are eligible for funding. The burden of proof shall rest with the relevant political party at European level.;

9. Article 12 shall be replaced by the following:

'Article 12

Evaluation

The European Parliament shall publish, by 15 February 2011, a report on the application of this Regulation and the activities funded. The report shall indicate, where appropriate, possible amendments to be made to the funding system.'

Article 2

Transitional provisions

The provisions laid down by this Regulation shall apply to grants awarded to political parties at European level as from the financial year 2008.

For the financial year 2008, any applications for funding of political foundations at European level pursuant to Article 4(4) of Regulation (EC) No 2004/2003 shall relate exclusively to eligible costs incurred after 1 September 2008.

Political parties at European level that have duly submitted their applications for grants for 2008 may, by 28 March 2008, submit a supplementary application for funding based on the modifications introduced by this Regulation and, where appropriate, an application for a grant for the political foundation at European level affiliated to that political party. The European Parliament shall adopt appropriate implementation measures.

Article 3

Entry into force

This Regulation shall enter into force on the 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 Brussels, 18 December 2007.

For the European Parliament

The President

H.-G. PÖTTERING

For the Council

The President

M. LOBO ANTUNES

COUNCIL REGULATION (EC) No 1525/2007

of 17 December 2007

amending Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 279 thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament,

Having regard to the opinion of the Court of Auditors,

Whereas:

- (1) Regulation (EC) No 2004/2003 of the European Parliament and of the Council of 4 November 2003 on the regulations governing political parties at European level and the rules regarding their funding⁽¹⁾ lays down, *inter alia*, rules governing the financing of political parties at European level from the general budget of the European Union.
- (2) Article 12 of Regulation (EC) No 2004/2003 provides that the European Parliament is to publish a report on the application of that Regulation, including — where appropriate — possible amendments to be made to the funding system.
- (3) In its Resolution of 23 March 2006 on European political parties⁽²⁾, the European Parliament considered that, in light of experience gained since its entry into force in 2004, Regulation (EC) No 2004/2003 should be improved as regards a number of points.
- (4) The rules governing the financing of political parties at European level should be adapted to take better account of the special conditions under which political parties operate, including shifting political challenges and agendas creating budgetary impacts that political parties cannot predict when drawing up their annual work programmes and

budgets. To that end limited possibilities to carry over funding from one year to the first quarter of the following year should be introduced.

- (5) In order to enhance parties' long-term financial planning capabilities, to take account of funding needs that vary from one year to another, and to strengthen the incentives for parties not to rely on public funding alone, political parties at European level should be allowed to establish limited financial reserves based on own resources generated from sources other than the general budget of the European Union. The abovementioned derogations from the non-profit rule should be exceptional and should not constitute a precedent.
- (6) Council Regulation (EC, Euratom) No 1605/2002⁽³⁾ should be amended accordingly,

HAS ADOPTED THIS REGULATION:

Article 1

The following paragraph shall be added to Article 109 of Regulation (EC) No 1605/2002:

'4. If a political party at European level realises a surplus of income over expenditure at the end of a financial year for which it received an operating grant, part of that surplus up to 25 % of the total income for that year may, by derogation from the no-profit rule laid down in paragraph 2, be carried over to the following year provided that it is used before the end of the first quarter of this following year.

For the purpose of verifying compliance with the no-profit rule, the own resources, in particular donations and membership fees, aggregated in the annual operations of a political party at European level, which exceed 15 % of the eligible costs to be borne by the beneficiary, shall not be taken into account.

The second subparagraph shall not apply if the financial reserves of a political party at European level exceed 100 % of its average annual income.'

⁽¹⁾ OJ L 297, 15.11.2003, p. 1. Regulation as last amended by Regulation (EC) No 1524/2007 (See page 5 of this Official Journal).

⁽²⁾ OJ C 292 E, 1.12.2006, p. 127.

⁽³⁾ OJ L 248, 16.9.2002, p. 1. Regulation as amended by Regulation (EC, Euratom) No 1995/2006 (OJ L 390, 30.12.2006, p. 1).

Article 2

This Regulation shall enter into force on the 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 Brussels, 17 December 2007.

For the Council

The President

J. SILVA
