Budgetary discipline

1999/0151(CNS) - 14/06/2000 - Amended legislative proposal for reconsultation

On 6 May 1999 the European Parliament, the Council and the Commission concluded an Interinstitutional Agreement on budgetary discipline and improvement of the budgetary procedure. This Institutional Agreement, all the provisions of which apply in full, stresses that budgetary discipline covers all expenditure and is binding on all the institutions involved in its implementation. It establishes a financial perspective intended to assure that, in the medium term, European Union expenditure, broken down by broad category, develops an orderly manner and within the limits of own resources. For reasons of clarity, Council Decision 94/729/EC of 31 October 1994 on budgetary discipline should be repealed and replaced by this Regulation in order to take account of the conclusions of the Berlin European Council and of the Interinstitutional Agreement of 6 May 1999. This Regulation stipulates therefore that 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. In relation to the EAGGF Guarantee Section expenditure, the agriculture guideline which constitutes for each year the ceiling on agricultural expenditure must be respected each year. For each budget year, the Commission shall submit the agricultural guideline at the same time as the preliminary draft budget. Furthermore, the reference base from which this guideline is to be calculated shall be equal to EUR 36 394 million for 1995, that is to say the total corresponding to the calculation made on the previous base for 1988. In addition, all the legislative measures proposed by the Commission or adopted by the Council or by 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 common agricultural policy (subheading 1a") and under subheading for rural development and accompanying measures (subheading 1b). In order to ensure that the ceilings for subheadings 1a and 1b of the financial perspective are not exceeded, 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. Moreover, the statements of expenditure submitted to the Commission by the Member States every month shall be sent by the Commission to the European Parliament and to the Council for information. With regard to the preliminary-draft budget or a letter of amendment to the preliminary draft budget concerning agricultural expenditure, it shall use, in order to draw up the budget estimates for Titles 1 to 3 of subsection B1, the average euro-dollar market rate over the most recent three-month period ending at least twenty days before adoption by the budget document. Moreover, the sum of EUR 500 million shall be entered in a reserve in the general budget of the European Union, known as "the monetary reserve", as a provision to cover the developments caused by movements in the euro/dollar market rate. Savings or additional costs resulting from movements inthe euro/dollar rate shall be treated in symmetrical fashion. Where the dollar strengthens 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 tranferred to the monetary reserve.