Agenda 2000: financial perspectives 2000-2006, interinstitutional agreement on budgetary discipline

1998/2064(ACI) - 06/05/1999 - Final act

PURPOSE: to conclude the Interinstitutional Agreement of 6 May 1999 between the European Parliament, the Council and the Commission on budgetary discipline and improvement of the budgetary procedure (1999/C.172/01). CONTENT: the purpose of this Agreement concluded between the European Parliament, the Council and the Commission is to implement budgetary discipline and to improve the functioning of the annual budgetary procedure and co-operation between the institutions on budgetary matters. This Agreement is in two parts: Part I contains a definition and implementing provisions for the financial perspective 2000 to 2006 and applies for the duration of that financial perspective, Part II relates to improvement of interinstitutional collaboration during the budgetary procedure. With regard to the content and scope of the financial perspective, the 2000 to 2006 financial perspective constitutes the reference framework for interinstitutional budgetary discipline. Its contents are consistent with the conclusions of the Berlin European Council of 24 and 25 March 1999. The 2000 to 2006 financial perspective establishes, for each of the years and for each heading or subheading, amounts of expenditure in terms of appropriations for commitments. The institutions acknowledge that each of the absolute amounts shown in the 2000 to 2006 financial perspective represents an annual ceiling on expenditure under the general budget of the European Communities. Without prejudice to any changes in these ceilings in accordance with the provisions contained in this Agreement, they undertake to use their respective powers in such a way as to comply with the various annual expenditure ceilings during each budgetary procedure and when implementing the budget for the year concerned. However, the ceilings under heading 7 of the financial perspective (pre-accession aid) are indicative by nature and the two arms of the budgetary authority may jointly decide to alter the breakdown in the course of the budgetary procedure. This Part also includes a chapter dedicated to the annual adjustments of the financial perspective. This could relate to either: Technical adjustments: in particular following the calculation of the agricultural guideline and make the following technical adjustments to the financial perspective in line with movements in gross national product (GNP) and prices: For the adjustment exercise in 2001 and in the event of delays in the adoption of the programmes for structural operations, the two arms of the budgetary authority undertake to authorise, on a proposal from the Commission, the transfer to subsequent years, in excess of the corresponding ceilings on expenditure, of the allocations not used in 2000. Moreover, in addition to the regular technical adjustments and adjustments in line with the conditions of implementation, the financial perspective may berevised in compliance with the own resources ceiling, on a proposal from the Commission, in the event of unforeseen circumstances. Any decision to revise the financial perspective by up to 0,03 % of the Community GNP within the margin for unforeseen expenditure will be taken jointly by the two arms of the budgetary authority. The institutions will also examine the scope for offsetting raising the ceiling for one heading by lowering the ceiling for another. Amounts available under headings 1 to 6 of the financial perspective cannot at any time be used for heading 7 of the financial perspective (pre-accession assistance) and, conversely, expenditure reserved for pre-accession assistance cannot be used for headings 1 to 6. Amounts available for accession can be used only in order to cover expenditure arising as a direct consequence of enlargement, and cannot cover unforeseen expenditure arising under headings 1 to 7 of the financial perspective. Conversely, expenditure earmarked for headings 1 to 7 cannot be used to supplement the cost of new accessions. Lastly, this Part also consists of a chapter dealing with the flexibility instrument. This instrument with an annual ceiling of EUR 200 million is intended to allow financing, for a given financial year and up to the amount indicated, of clearly identified expenditure which could not be financed within the limits of the ceilings available for one or more other headings. The flexibility instrument should not, as a rule, be used to cover the same needs two years running. The Commission will make a proposal for the flexibility instrument to be used

after it has examined all possibilities for re-allocating appropriations under the heading requiring additional expenditure. It is also provided that where the Union is enlarged to include new Member States during the period covered by the financial perspective, the European Parliament and the Council, acting on a proposal from the Commission will jointly adjust the financial perspective to take account of the expenditure requirements resulting from this enlargement. Without prejudice to the outcome of the accession negotiations, the change in the headings concerned should not exceed the amounts shown in the indicative financial framework based on the assumption of an enlarged Union with six new Member States from 2002. With regard to Part II of the IIA, it is provided that the institutions agree to set up a procedure for interinstitutional collaboration in budgetary matters. The details of this collaboration are set out in Annex III, which forms an integral part of this Agreement. The Commission will present each year a preliminary draft budget showing the Community's actual financing requirements. This Part closely examines the classification of expenditure, maximum rate of increase of non-compulsory expenditure in the absence of a financial perspective. In addition, it reaffirms the principle of providing a legal basis for the Community action and for the implementation of the corresponding expenditure entered in the budget. The IAA also sets out legislative instruments concerning multiannual programmes adopted under the co-decision procedure contain a provision in which the legislative authority lays down the financial framework for the programme for its entire duration. That amount will constitute the prime reference for the budgetary authority during the annual budgetary procedure. For any multiannual programmes not subject to the co-decision procedure these will not contain an "amount deemed necessary". Furthermore, there is also a chapter on expenditure relating to fisheries agreements of which they are financed by two specific budget lines(B7-8000) and 8001). Finally, the last chapter relates to the financing of the common foreign and security policy (CFSP) For the CFSP expenditure charged to the general budget of the European Communities in accordance with Article 28 of the Treaty on European Union, the institutions will endeavour to secure each year agreement on the amount of the operational expenditure to be charged to the Community budget and on the distribution of this amount between the articles of the CFSP budget chapter. The total amount of operational CFSP expenditure will be entered entirely in one budget chapter (CFSP) and distributed between the articles of this chapter as suggested in the fourth subparagraph of this paragraph. This amount is to cover the real predictable needs and a reasonable margin for unforeseen actions. No funds will be entered in a reserve. Each article covers common strategies or joint actions already adopted, measures which are foreseen but not yet adopted and all future - i.e. unforeseen - action to be adopted by the Council during the financial year concerned. The European Parliament, the Council and the Commission agree that the amount for actions entered under the article mentioned in the sixth indent may not exceed 20 % of the overall amount of the CFSP budget chapter. It is provided that once a year, the Council Presidency will consult the European Parliament on a Council document setting out the main aspects and basic choices of the CFSP, including the financial implications for the general budget of the European Communities. Furthermore, the Presidency will regularly inform the European Parliament about the development and implementation of CFSP actions. Whenever it adopts a decision in the field of CFSP entailing expenditure, the Council will immediately and in each case send the European Parliament an estimate of the costs envisaged. ENTRY INTO FORCE: the Agreement shall enter into force on 01.01.2000. This Agreement replaces the Joint Declaration by the institutions of 30.06.1982 on various measures to improve the budgetary procedure as well as the Interinstitutional Agreement of 29.10.1993 on budgetary discipline and improvement of the budgetary procedure. It is valid for the programming period of 2000-2006. It should also be noted that the new financial perspectives should be proposed by the Commission before the 01.07.2005 for the next programming period.