Basic information

1998/2064(ACI) ACI - Interinstitutional agreement procedure	Procedure completed
Agenda 2000: financial perspectives 2000-2006, interinstitutional agreement on budgetary discipline **Subject** 8.20.40 Enlargement's financial point of view	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
BUDG Budgets	COLOM I NAVAL Joan (PSE)	19/01/1998

Committee for opinion	Rapporteur for opinion	Appointed
AGRI Agriculture and Rural Development	The committee decided not to give an opinion.	
ECON Economic and Monetary Affairs, Industrial Policy	GARCÍA-MARGALLO Y MARFIL José Manuel (PPE)	25/06/1998
ENER Research, Technological Development and Energy	DESAMA Claude J.-M.J. (PSE)	23/06/1998
RELA External Economic Relations	PORTO Manuel (PPE)	23/04/1998
REGI Regional Policy	RACK Reinhard (PPE)	25/06/1998
TRAN Transport and Tourism	GROSCH Mathieu (PPE)	21/04/1998
ENVI Environment, Public Health and Consumer Protection	The committee decided not to give an opinion.	25/02/1998
DEVE Development and Cooperation		
LIBE Civil Liberties and Internal Affairs	CACCAVALE Ernesto (UPE)	23/07/1998
CONT Budgetary Control	TILLICH Stanislaw (PPE)	29/06/1998

PECH Fisheries	PÉREZ ROYO Fernando (PSE)	25/06/1998

Council of the European Union

Council configuration	Meetings	Date
Economic and Financial Affairs ECOFIN	1856	1995-06-19
Economic and Financial Affairs ECOFIN	1954	1996-10-14
Economic and Financial Affairs ECOFIN	1906	1996-03-11

Key events

Date	Event	Reference	Summary
19/06/1995	Debate in Council		Summary
11/03/1996	Debate in Council		Summary
14/10/1996	Debate in Council		Summary
18/03/1998	Non-legislative basic document published	COM(1998)0164	Summary
15/06/1998	Committee referral announced in Parliament		
22/04/1999	Vote in committee		
22/04/1999	Committee report tabled for plenary	A4-0230/1999	
05/05/1999	Debate in Parliament		
06/05/1999	End of procedure in Parliament		
18/06/1999	Final act published in Official Journal		

Technical information

Procedure reference	1998/2064(ACI)
Procedure type	ACI - Interinstitutional agreement procedure
Procedure subtype	Mobilisation of funds
Legal basis	Rules of Procedure EP 050
Stage reached in procedure	Procedure completed
Committee dossier	BUDG/4/09913

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary

Committee report tabled for plenary, single reading		A4-0230/1999 OJ C 279 01.10.1999, p. 0007	22/04/1999	
Text adopted by Parliament, single reading		T4-0431/1999 OJ C 279 01.10.1999, p. 0254-0302	06/05/1999	Summary

European Commission

Document type	Reference	Date	Summary
Document attached to the procedure	SEC(1996)0492	28/03/1996	Summary
Non-legislative basic document	COM(1998)0164	18/03/1998	Summary
Supplementary non-legislative basic document	COM(1998)0165	18/03/1998	Summary
Document attached to the procedure	COM(1998)0182	18/03/1998	
Document attached to the procedure	SEC(1998)0698	29/04/1998	Summary
Follow-up document	COM(2004)0837	28/12/2004	Summary

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act

Third pillar act 1999/0618
OJ C 172 18.06.1999, p. 0001 Summary

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

1998/2064(ACI) - 14/10/1996

The Council endorsed the conclusions reached by the Group of Personal Representatives, chaired by Eamon GALLAGHER, and, in particular, that given the differences in views of Member States it was not possible in present circumstances to reach agreement on a revision of the Financial Perspective for 1998 and 1999.

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

1998/2064(ACI) - 11/03/1996

The Council took note of information provided by Commissioner LIIKANEN regarding the updating of the Commission's financial planning for categories 3 (expenditure on internal policies) and 4 (expediture on external action) of the financial perspective. The information was preliminary in nature, prior to the Commission's submission of the 1997 preliminaty draft budget and the Trialogue on budget priorities, scheduled for 16 April. The information had been requested by certain Member States following the conclusions on financial planning adopted by the Council on 19 June 1995. In that context, the Council also raised the question of revision of the financial perspective for 1997.

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

1998/2064(ACI) - 29/04/1998 - Document attached to the procedure

OBJECTIVE: presentation of a Commission working document proposing a new version of the interinstitutional agreement on budgetary discipline and improvement of the budgetary procedure in the light of the new Union financial perspectives (2000-2006) taking account of the various interinstitutional agreements concluded on budgetary matters since 1982. SUBSTANCE: In its communication the Commission sets out a new version of the interinstitutional agreement on budgetary discipline and improvement of the budgetary procedure. It is intended to serve as a working document during negotiations between the European Parliament, the Council and the Commission. As indicated in its report on the implementation of the interinstitutional agreement (COS0695) the text concerns not only the renewal of the interinstitutional agreement of 29 October 1993 in the light of experience acquired when it was launched but also consolidation of all the joint declarations and interinstitutional agreements on budgetary matters since 1982. The main amendments to the text may be summarized as follows: - adjustments to the management of the financial framework and the budgetary procedure as such, - more flexible procedure for transfer between internal and external expenditure headings (headings 3 and 4 of the budget) and for the carryover from one financial year to the next of unspent allocations to cover clearly identified requirements of major political significance (to a maximum of EUR 500 m) - ending current automatic carryover arrangements for unspent commitments under heading 2 (structural measures) except for the adjustment exercise in 2001 for which purpose a transfer could be authorized if excessive delays occurred in adoption of the new Structural Fund arrangement, - possible review of financial framework for enlargements if projected funding proves inadequate, Other more specific modifications concerning time limits for the utilization of the monetary reserve, the removal of provisions concerning monetary fluctuations within the EMS and conditions for using the emergency aid reserve. Concerning the consolidation of previous agreements on budgetary matters the proposed text takes account of subjects such as the classification of expenditure, compliance with statutory financial ceilings, the inclusion of financial provisions in legislative texts, the need to have a legal basis for budgetary headings and widening the budgetary conciliation procedure. Other factors taken into account in the new interinstitutional agreement concerns expenditure on fisheries agreement and the CFSP.

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

1998/2064(ACI) - 18/03/1998 - Supplementary non-legislative basic document

OBJECTIVE: presentation of a report on the implementation of the Interinstitutional Agreement (IIA) of 29.11.1993 on budgetary discipline and improvement of the budgetary procedure and proposals for its renewal in connection with the new Financial Perspective of the Community for the period 2000-2006 and Agenda 2000 (COS0590). SUBSTANCE: The report analyses the way in which the IIA has functioned in practice since 1993 and suggests improvements with a view to its renewal for the new financial planning period (see COS0719). From the point of view of improving the budget procedure, the 1993 IIA has not made it possible to arrive at lasting solutions to the problems of classification of expenditure and legal bases. However, the Community institutions have reached agreement on the question of entering financial provisions in legislative instruments (Joint Declaration of 6 March 1995). The interinstitutional cooperation procedure has also improved during the last two budget procedures. As regards the improvements suggested by the Commission for the revision of the IIA, changes are proposed with regard to the management of the financial framework and of the budget procedure proper. The changes introduce extra - albeit limited - flexibility for transfers between headings of internal and external expenditure and for limited carryovers of unspent appropriations from one year to another, to implement a specific political priority. The existing rule whereby unspent commitments under heading 2 (structural measures) are automatically carried over would no longer be necessary. The IIA should also make it possible to revise the financial framework at times of enlargement if the planned allocations prove insufficient. The Commission proposes that the new IIA should consolidate and, if appropriate, fine-tune, all the agreements between the European Parliament, the Council (the two arms of the budgetary authority) and the Commission on budgetary matters. This would cover such subjects as the classification of expenditure, compliance with financial ceilings in legislation, the need to have a legal basis for budget headings, and the process of budgetary conciliation.

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

1998/2064(ACI) - 18/03/1998 - Non-legislative basic document

OBJECTIVE: presentation of a general communication on the establishment of a new Financial Perspective for the Community for the period 2000-2006, taking account of the implications of Agenda 2000 (COS0590). SUBSTANCE: In accordance with the Interinstitutional Agreement (IIA) on budgetary discipline and improvement of the budgetary procedure, the Commission proposes the new financial framework for the period 2000-2006 taking account of the implications of Agenda 2000. The figures presented follow the Agenda 2000 proposals very closely and leave sufficient margins to finance the cost of enlargement. They are based on the most recent economic forecasts available and a projected growth rate of 2.5% per annum for the Union. The main table of the Financial Perspective sets ceilings for the six expenditure items at 1999 prices: 1) agriculture: expenditure set to increase from euro 45.2 bn in 1999 to 51.6 bn in 2006, 2) structural operations: expenditure approximately euro 247 bn for the whole of the period in

question (including pre-accession aid), 3) internal policies: a gradual rise from euro 6.4 bn to 7.6 bn in 2006, 4) external action: a rise of 2% per annum, from euro 6.9 bn in 1999 to 7.9 bn in 2006 (including euro 1560 m per annum for the Phare programme), 5) administration: a rise from euro 4.7 bn in 1999 to 5.3 bn in 2006 (increase due largely to pension costs), 6) reserves (monetary reserve to be gradually phased out as from 2003, emergency aid reserve of euro 200 m per annum from 2000 to 2006, and guarantee reserve of euro 150 m per annum for the period 2000/2006). The table shows in particular that it will be possible to pursue the development of the reformed Community policies for the 15 existing Member States and, subject to certain conditions, to finance the accession of a certain number of Central and Eastern European countries and Cyprus, while maintaining the own resources ceiling unaltered at 1.27% of GNP from now until 2006. The Financial Perspective also takes account of the Commission's other proposals regarding revision of the common agricultural policy, structural measures, pre-accession aid and the Guarantee Fund for lending operations. It also retains the existing system for annual increases in agricultural expenditure (method of calculation of the guideline) and in the percentage intended for structural expenditure (0.46% of the GNP of the Union). The total ceiling for commitment appropriations is projected to rise from euro 103.4 bn in 1999 to 105.2 bn in 2006, an increase of 0.2% per annum, including pre-accession aid. The ceiling for payment appropriations is projected to rise from euro 96.4 bn in 1999 to 104.6 bn in 2006, which in real terms would represent a declining percentage of the Community's GNP (from 1.23% in 1999 to 1.13% in 2006). This ceiling should make it possible to leave a substantial margin below the Union's own resources ceiling, of the order of 0.11%, in 2006. As from 2002, this margin would be used to pay for any accessions. The main innovation in the next Financial Perspective will be the treatment, alongside measures for the present Member States, of expenditure associated with the enlargement process (pre-accession aid and expenditure entailed by the accession of new Member States). These figures are presented in a second table which singles out pre-accession aid (the amount of which is included in the Financial Perspective drawn up within the limits of the own resources of the present Community) and expenditure resulting from accession. The accession-expenditure element in the Financial Perspective will be adjusted at the time of the accessions and will be geared to meeting new needs arising from the accessions and to making use of the additional resources arising from the growth of the Community's GNP as a result of the accessions. The adjustment of the Financial Perspective would affect headings 2, 3 and 5 of the budget but should not affect agricultural expenditure, which will be covered by the existing margin under the agricultural guideline.

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

1998/2064(ACI) - 28/03/1996 - Document attached to the procedure

OBJECTIVE: the Commission's proposal for adjusting appropriations within the overall ceiling of the financial perspective for 1993-99 satisfies two requirements: - it respects orthodox and tight budget management, which are particularly important in the run-up to Economic and Monetary Union; - it is a response to the wishes expressed by the European Council, the Council and the European Parliament to attach particular importance to expenditure which stimulates growth, competitiveness and employment. SUBSTANCE: the object is to release the resources required to give a new impetus to the trans-European networks, research and SMEs by redeploying expenditure within headings and between headings. As regards transfers from one heading to another, the Commission is proposing that certain items of agricultural expenditure, currently included in headings 3 (internal policies) and 2 (Structural Funds) of the financial perspective, be reclassified in heading 1 (agricultural guideline). This transfer is made possible by the fact that agricultural expenditure will remain well below the guideline in the years ahead. The adjustment, which was already envisaged in the conclusions of the Edinburgh European Council, will not affect the financing of the CAP and will also be compatible with any pre-accession measures for the Central and Eastern European countries in the agricultural field. The transfer of some ECU 2 billion over three years will provide an equivalent margin in headings 2 and 2. Virtually all this amount (ECU 1.7 billion) will be for the trans-European networks, research and SMEs, which are regarded as priority areas for stimulating growth, competitiveness and employment. The Commission's proposal is thus a response to the wishes expressed by the European Council and avoids calling in any additional resources in excess of the financial framework set in 1992.

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

1998/2064(ACI) - 28/12/2004 - Follow-up document

PURPOSE : to present the technical adjustment of the financial perspective for 2006 in line with movements in GNI and price.

CONTENT : the Interinstitutional Agreement (IIA) of 6 May 1999 on budgetary discipline and improvement of the budgetary procedure, as adjusted for enlargement and revised in 2003, contains the financial perspective table for EU-25. It states that each year the Commission will, ahead of the budgetary procedure for year n+1, make a technical adjustment to the financial perspective in line with movements in the EU's gross national income (GNI) and prices. The purpose of this communication is to present to the budgetary authority the result of this technical adjustment (EU-25) for 2006.

The adjustment is calculated by applying the following deflators to the commitment

appropriations in the financial perspective (at 1999 prices):

- a cumulative deflator of 14,87% for the period 2000-2006 to the ceiling for heading 1 and to the figure for the Structural Funds in heading 2, in accordance with point 15 of the Interinstitutional Agreement (fixed annual rate of 2%);

- the GNI deflator in euros for 2000-2006 (14,29%) to the ceilings of the other expenditure headings (actual deflator).

The overall ceiling on appropriations for commitments for 2006 comes to EUR 123.515 million, equivalent to 1,12% of GNI. The corresponding overall ceiling on the appropriations for payments comes to EUR 119.112 million, i.e. 1,08% of GNI. On the basis of current economic forecasts,

this leaves a margin beneath the own resources ceiling of EUR 18.059 million (0,16% of GNI for EU-25).

For 2001, 2002, 2003, 2004 and 2005, the size of the margin has been updated from the previous technical adjustment using the most recent GNI estimates so that comparisons can be made over a number of years. However, the ceilings in commitments and payments resulting from the adjustments do not change.

As regards the agricultural guideline, it has been calculated in accordance with Article 3 of the

Council Regulation on budgetary discipline. The figures for sugar and isoglucose levies, food aid refunds and ACP sugar refunds are based at this stage on the forecasts for the 2006 budget. In accordance with the regulation on budgetary discipline, the final level of these specific items in the

guideline will be fixed when the preliminary draft budget for 2006 is presented. In 2006, the agricultural guideline is provisionally estimated at EUR 58.634 million.

In the case of heading 5, a footnote to the financial perspective states that the figures for pensions included under the ceiling for this heading are to be calculated net of staff contributions to the pension scheme, up to a maximum of EUR 1.100 million (1999 prices) for the period 2000-2006. As stated in the Commission communication on the technical adjustment for 2000, "this provision should be interpreted as imposing a dual limit on the amounts deducted from expenditure on pensions when applying the ceiling of the heading":

- This amount may not exceed the contributions actually entered as budget revenue in any one year;

- The accumulated total of deductions for the period 2000-2006 may not exceed EUR 1.100 million at 1999 prices, equivalent to an average of EUR 157 million (EUR 180 million at 2006 prices).

For the previous years of the financial perspective 2000-2006, the recurrent nature of administrative expenditure imposed that the lowest limit was adopted annually to avoid using a margin at the start of the period which would no longer be fully available afterwards. For 2006 –the last year of the period– the remaining available amount which can be deducted is also the lowest amount, i. e. a maximum of EUR 180 million at current prices for 2006.

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

1998/2064(ACI) - 19/06/1995

The Council noted the answers given by the Commission in response to requests made by certain delegations at the previous meeting for further information on the financial programming for internal policies. It adopted conclusions drawing attention to the need to comply with the ceilings of the financial perspective and asking the Commission to act on the Council’s request for regular twice-yearly updates of the financial programming in this area.

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

1998/2064(ACI) - 06/05/1999 - Text adopted by Parliament, single reading

By 281 votes to 110 with 63 abstentions, the European Parliament adopted the report by Joan Colom I Naval (PSE,ES) on the communication from the Commission to the Council and the European Parliament on the establishment of a new financial perspective for the period 2000-2006 and on the report by the Commission on the implementation of the Interinstitutional Agreement of 29/10/93 on budgetary discipline and improvement of the budgetary procedure - proposasl for renewal. The report approves the text of the interinstitutional agreement for the financial perspective for the period 2000-2006 and, at the same time, approves the new interinstitutional agreement between itself, the Council and the Commission on budgetary discipline and improvement of the budgetary procedure, concluding interinstitutional work on Agenda 2000, the reform of the Common Agricultural Policy and Structural Funding and the establishment of the financial framework for the next 7 years. The report welcomes the fact that the new Interinstitutional Agreement should consolidate the progress made towards improving the budgetary procedure and, in particular, establish formal agreement on the following points: - the classification as non-compulsory expenditure (NCE) of the structural and accompanying measures and all the pre-accession expenditure; - the procedure for employing the flexibility instrument; - a new conciliation procedure for the whole of the budget which forestalls classification disputes and which clears the way, ultimately, for a revision of the budgetary procedure; - a clause stipulating that the financial perspective must automatically be revised when each enlargement takes place, as well as a general clause providing for a review of the agreement, including the financial perspective, at the request of either arm of the budgetary authority; - the removal, in the table setting out the financial perspective of all references to binding sub-ceilings. The report notes that a political agreement has been reached within the Council on the principles to govern the limited reform of the CAP, fresh legislation on the Structural Funds and the Cohesion Fund and the pre-accession financial instruments. The Parliament points out that the financial perspective should create scope for the development of European policies, whilst reflecting the Council's wish for a rigourous approach. With regard to Heading 1 (agriculture), the Parliament welcomes the fact that the Council has taken up its proposal to establish the ceiling for that heading at a level below the agricultural guideline and that the agreement definitively classifies structural measures and accompanying measures as non-compulsory expenditure. Regarding Heading 2 (structural funding), the Parliament welcomes the fact that the Council has endorsed the Parliament's standpoint by confirming that the appropriations earmarked for the cohesion policy constitute an expenditure target and by accepting the possibility of allocating additional appropriations over and above the sum agreed by the Berlin European Council to cover the innovative actions and the reduction in the funding of the URBAN programme. In terms of internal policies, the Parliament notes with satisfaction that on 26/04/99 the Council increased the annualceilings by a total of EURO 1480 million, making it possible to cover legislative decisions already

adopted, but also to maintain the other internal policies at the current level. With regard to external policies, the report notes that the ceiling for that heading does not make it possible to fund the transfer in full of the humanitarian reserve (EURO 146 million at 1999 prices). The Parliament welcomes the fact that the Council of 26/04/99 endorsed a request to revise the ceilings for external actions as soon as the financial needs relating to the Union's commitments in the Balkans region have been determined. However, it regrets the fact that the European Council has again failed to incorporate the European Development Fund into the Community budget. In terms of administrative expenditure, the Parliament sees it as a positive step that the Council has agreed to increase the ceiling for this heading as laid down by the Berlin European Council by EURO 1100 million for the whole period, thereby ensuring that the institutions can operate normally. With regard to the emergency aid reserve, the Parliament would feel able to endorse the Council's approach only if the reduction in the reserve were to be matched by a transfer of the same amount to Heading 4 (external actions), as proposed by the Commission. The report notes, further, that the justification for the reduction in the monetary reserve for agriculture is weakened by the reduction in the ceiling for Heading 1 (agriculture). In terms of pre-accession measures (new Heading 7), the Parliament welcomes the fact that the Council has agreed to establish a separate heading for pre-accession measures, but takes the view that the ceiling for this heading might prove inadequate when set against the needs of the applicant countries. Finally, regarding the flexibility instrument, the Parliament welcomes the fact that the Council has accepted some parts of the proposed procedure for its employment, as well as a gradual increase in the amount.

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.