Basic information

1998/2174(BUD) BUD - Budgetary procedure	Procedure completed
1999 budget: section III, Commission **Subject** 8.70.60 Previous annual budgets	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
BUDG Budgets	VIOLA Vincenzo (PPE)	19/01/1998

Former committee responsible	Former rapporteur	Appointed
BUDG Budgets	DÜHRKOP DÜHRKOP Bárbara (PSE)	19/01/1998
BUDG Budgets	DÜHRKOP DÜHRKOP Bárbara (PSE)	19/01/1998

Committee for opinion	Rapporteur for opinion	Appointed
AGRI Agriculture and Rural Development		

Former committee for opinion	Former rapporteur for opinion	Appointed
AFET Foreign Affairs, Security and Defense Policy	LENZ Marlene (PPE)	04/02/1998
AFET Foreign Affairs, Security and Defense Policy	LENZ Marlene (PPE)	04/02/1998
AGRI Agriculture and Rural Development	SONNEVELD Jan (PPE)	30/09/1997
ECON Economic and Monetary Affairs, Industrial Policy	RÜBIG Paul (PPE)	16/02/1998
ENER Research, Technological Development and Energy	FERBER Markus (PPE)	22/01/1998

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RELA External Economic Relations	SCHWAIGER Konrad K. (PPE)	22/01/1998
JURI Legal Affairs, Citizens' Rights	JANSSEN VAN RAAY James L. (UPE)	25/02/1998
REGI Regional Policy	NOVO Honório (GUE/NGL)	18/11/1997
TRAN Transport and Tourism	LATAILLADE Pierre (UPE)	20/01/1998
TRAN Transport and Tourism		
ENVI Environment, Public Health and Consumer Protection	EISMA Doeke (ELDR)	21/01/1998
ENVI Environment, Public Health and Consumer Protection		
DEVE Development and Cooperation	CUNNINGHAM Tony A. (PSE)	20/01/1998
LIBE Civil Liberties and Internal Affairs	DEPREZ Gérard (PPE)	14/12/1998
CONT Budgetary Control	TILLICH Stanislaw (PPE)	22/07/1998
INST Institutional Affairs	BRINKHORST Laurens Jan (ELDR)	14/12/1998
PECH Fisheries	APOLINÁRIO José (PSE)	21/01/1998
FEMM Women's Rights	GRÖNER Lissy (PSE)	03/02/1998

Council of the European Union

Council configuration	Meetings	Date
Economic and Financial Affairs ECOFIN	2136	1998-11-23
Economic and Financial Affairs ECOFIN	2095	1998-05-19
Budget	2150	1998-12-08
Budget	2138	1998-11-24

Key events

Date	Event	Reference	Summary
18/03/1998	Vote in committee		Summary
18/03/1998	Preparatory budgetary report tabled for plenary	A4-0103/1998	
01/04/1998	Debate in Parliament		
19/05/1998	Debate in Council		
30/05/1998	Commission preliminary draft budget published	SEC(1998)0800	
09/09/1998	Council draft budget published	10544/1998	
09/09/1998	Formal reconsultation of Parliament		
19/10/1998	Vote in committee		
19/10/1998	Budgetary report tabled for plenary	A4-0360/1998	
20/10/1998	Debate in Parliament		
23/11/1998	Debate in Council		
24/11/1998	Amended budget adopted by Council		
24/11/1998	Debate/examination by Council scheduled	13403/1998	
08/12/1998	Debate in Council		
08/12/1998	Vote in committee, 2nd reading		
08/12/1998	Budgetary report tabled for plenary, 2nd reading	A4-0500/1998	
14/12/1998	Committee referral announced in Parliament, 2nd reading		
15/12/1998	Debate in Parliament		
17/12/1998	End of procedure in Parliament		
12/02/1999	Final act published in Official Journal		

Technical information

Procedure reference	1998/2174(BUD)
Procedure type	BUD - Budgetary procedure
Procedure subtype	Budget
Legal basis	Euratom Treaty A 177 EC Treaty (before Amsterdam) E 203 ECSC Treaty C 078
Stage reached in procedure	Procedure completed
Committee dossier	BUDG/4/10637 BUDG/4/09890

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Preparatory budgetary report tabled for plenary		A4-0103/1998 OJ C 138 04.05.1998, p. 0005	18/03/1998	
Parliament's opinion on budgetary estimates/guidelines		T4-0202/1998 OJ C 138 04.05.1998, p. 0138-0149	02/04/1998	
Budgetary report tabled for plenary, 1st reading		A4-0360/1998 OJ C 341 09.11.1998, p. 0008	19/10/1998	
Budgetary text adopted by Parliament		T4-0614/1998 OJ C 341 09.11.1998, p. 0100-0112	22/10/1998	Summary
Budgetary report tabled for plenary, 2nd reading		A4-0500/1998 OJ C 098 09.04.1999, p. 0006	08/12/1998	
Final budget adopted by Parliament		T4-0749/1998 OJ C 098 09.04.1999, p. 0193-0212	17/12/1998	Summary

Council of the EU

Document type	Reference	Date	Summary
Council draft budget	10544/1998	09/09/1998	Summary
Council amended draft budget	13403/1998	24/11/1998	Summary
Amending/supplementary letter on draft budget	13484/1998	24/11/1998	

European Commission

Document type	Reference	Date	Summary
Commission preliminary draft budget	SEC(1998)0800	30/05/1998	Summary
Amending/supplementary letter on draft budget	SEC(1998)1766	28/10/1998	Summary

Final act
Budget 1999/0105 OJ L 039 12.02.1999, p. 0001

1999 budget: section III, Commission

1998/2174(BUD) - 24/11/1998

The Council gave its second reading of the 1999 draft budget of the Communities on 24 November 1998. Before proceeding with the second reading, the Council met a delegation from the European Parliament led by Mr SAMLAND, chairman of the Committee on Budgets. During the meeting, the Parliament delegation and the Council discussed various matters relating to the 1999 budgetary procedure: - the two arms of the Budgetary Authority reached a general agreement on the main aspects of the 1999 draft budget, viz.: . the contents of letter of amendment no. 1 to the draft budget mainly concerning agricultural expenditure and expenditure relating to international fisheries agreements, the creation of a new heading for funding food aid to

Russia in 1999 (EUR 400 m carried forward from the 1998 financial year) and the allocation of EUR 100 m to the reserve, of which EUR 20 m is earmarked for strengthening environmental measures in the agricultural sector; . the reductions to be made to appropriations under various headings of the financial perspectives and other changes to be made to Parliament's amendments. The two arms of the Budgetary Authority also agreed to increase ESF appropriations by EUR 695 m and PHARE appropriations by EUR 50 m. With respect to the strategic reserve requested by the European Parliament (special reserves of EUR 1 540 m in commitment appropriations), the Council totally rejected the amendment as tantamount to amendment of the budget and announced its firm intention in this matter of rejecting any amendment to similar effect which Parliament might adopt during its second reading of the budget, which was timetabled for 17 December 1998. The main results of the second reading of the budget by the Council were as follows: - observance of the interinstitutional agreement on legal bases; - forecasting of needs with a view to ensuring realistic entries; - a balanced distribution of cutbacks across all financial perspectives (reduction in appropriations under one heading must result in a reduction under other headings).

1999 budget: section III, Commission

1998/2174(BUD) - 30/05/1998

OBJECTIVE: To submit the preliminary draft budget of the Communities for the 1999 financial year - Commission section. SUBSTANCE: The preliminary draft budget (PDB) for 1999 is the first to be expressed in euro and the last covered by the Edinburgh Financial Perspective (the 'Delors II package'). It also marks a transition to the political priorities identified in Agenda 2000 (COS0590). The proposed expenditure totals EUR 96.92 bn in commitment appropriations and EUR 86.35 bn in payment appropriations. The Commission considers that it has therefore scrupulously adhered to the budgetary objectives adopted during the exploratory debate of 28 January 1998. Community expenditure is rising at the same rate as the public expenditure of the Member States in order to adhere to the same policy of rigour and budgetary equilibrium observed in the Member States. In comparison with the budget for 1998, the growth rates are 3.38% for payments and 6.47% for commitments. These rates of increase are mainly due to the sustained financing of structural measures. The appropriations for structural measures to pay for the Delors II package are increased by 16.6% for commitments and 9% for payments and are intended to take into account the balance from previous years. In other areas of expenditure, on the other hand (agriculture, internal policy, external measures and administrative expenditure), the rates of increase are limited to +0.56% in commitments and+0.49% in payments. As regards internal policy, funding is concentrated on certain major priorities which could particularly promote growth and employment, such as the 'Employment' initiative, the trans- European networks and research and technological development. In the case of external action, the emphasis is on cooperation with the CEECs and the Mediterranean countries, which entails significant redeployments in other fields. Overall, the PDB remains well below the ceilings authorised by the Financial Perspective. Similarly, own resources for the financing of the budget for 1999 (1.11% of the total GNP of the Member States), fall well short of the figure of 1.27% set as the ceiling for own resources. As regards certain expenditure items more specifically, it may be noted that: -in the last year before the reform of the CAP as part of Agenda 2000, agricultural expenditure is marked by the CAP arrangements operating fully and normally as reformed in 1992 (particularly accompanying measures), a return to normal on the animal product markets and the extension of the CAP regulatory framework, except for the olive oil sector (i.e. agricultural appropriations remain at their 1998 level of EUR 40.44 bn, whereas the Agricultural Guideline had been EUR 45.2 bn); -structural measures were increasing significantly (+16.6% on 1998), in view of the rebudgetisation of EUR 1534 m not used in 1997 and corresponding to accumulated appropriations, in commitment appropriations, for the whole period of the Delors II Financial Perspective (1994-1999); -internal policies were marked by political will on the part of the Member States to promote employment (+3% on 1998): the priorities were those of the 'Employment' initiative (EUR 420 m for 1998-2000), R&D (first year of the Fifth Framework Programme, with EUR 3570 m allocated for 1998) and trans-European networks (+10% on average); - external action was marked by continued efforts to assist the CEECs as part of the pre-accession strategy (EUR 1450 m, the majority to be channelled through Phare) and aid to the Mediterranean partners.?

1999 budget: section III, Commission

1998/2174(BUD) - 22/10/1998 - Budgetary text adopted by Parliament

Adopting the report by Mrs Barbara Dührkop Dührkop (PES, E), Parliament gave its opinion at first reading on the 1999 draft budget which amounts to more than EUR 98 629 bn in commitment appropriations and EUR 89 565 bn in payment appropriations (an increase of 6% and 2.8% over 1998). This is a rigorous budget with a limited increase in EU expenditure in line with a limited increase in national budget expenditure. It is also a strategic budget which will act as a 'safety belt' if in the spring of 1999 the Council and Parliament do not reach an interinstitutional agreement on the financial perspectives 2000 to 2006. In order to protect itself against this possibility, Parliament proposes the creation of four strategic reserves: (1) structural actions: +2.3 bn in payment appropriations; (2) internal policies: +EUR 800 m in payment appropriations, to include funding of networks; (3) external actions: +EUR 500 m in payment appropriations (humanitarian aid, initiatives in connection with enlargement, MEDA, TACIS and PHARE programmes); (4) Administrative expenditure: EUR 200 m in commitment and payment appropriations. In the event of disagreement on the financial perspectives, the budget will be drawn up pursuant to Article 203 of the Treaty which provides with regard to non-compulsory expenditure a maximum rate of increase calculated on the basis of Community GNP, the average variation in the budgets of the Member States and the trend of the cost of living during the preceding financial year. In this event, it is Parliament's interests to set the ceiling of expenditure as high as possible as this amount will provide the basis for calculating subsequent budgets. With regard to the ECHO programme (humanitarian aid), Parliament has released appropriations which it was planning to place in the reserve (EUR 330 m). The two conditions imposed by Parliament (availability of the Anti-Fraud Unit report and commitment by the Commission to give any relevant information to the appropriate courts) have been met. With regard to budget priorities, these are employment, the Europe of Knowledge, protecting the environment and increasing the EU's external activities. These priorities take concrete form as follows: - agricultural expenditure: appropriations of EUR 40.45 bn are provided for, pending the Commission's amending letter; - structural actions: reduction of EUR 500 m in payment appropriations and creation of a reserve of EUR 1.5 bn in commitment appropriations for countries with a low implementation rate; within the overall amount (EUR 4.25 bn in commitment appropriations), increased support for the RECHAR (coal), RESIDER (steel) and REGIS II (most remote regions) programmes and for the Northern Ireland peace initiative (EUR 100 m); - internal policies: an increase of EUR 99 m for the Leonardo programme and a smaller increase for Socrates, launch of pilot and preparatory activities for the Connect programme (innovation and support for the 'Europe of Knowledge') and increased support for action to promote employment, the environment and public information; with regard to research (60% of appropriations under this heading), Parliament undertakes to reach a compromise with the Council to

enable the programme to start at the beginning of 1999; - external actions: the amount is EUR 5 bn in commitment appropriations and 4 bn in payment appropriations; Parliament has placed in a reserve fund approximately 130 m from the TACIS programme and 30 m for reconstruction in former Yugoslavia. With regard to the administrative budget, Parliament does not propose any additional increase in staff. Due to limited appropriations, tasks will be reallocated.

1999 budget: section III, Commission

1998/2174(BUD) - 28/10/1998 - Amending/supplementary letter on draft budget

OBJECTIVE: presentation by the Commission of Letter of Amendment No. 1 to the Preliminary Draft Budget (PDB) for 1999. SUBSTANCE: the purpose of the Letter of Amendment to the PDB for 1999 was to update the estimate of budget expenditure on agriculture in accordance with the institutional trialogue decision of 8.4.1997. More specifically, the Letter of Amendment concerned an increase in budgetary requirements for the EAGGF-Guarantee Section of EUR 513 m in 1999 (equivalent to 1.2% of the agricultural expenditure in the PDB). The rise in expenditure was justified mainly by a deterioration in certain agricultural markets (changes due to market situations estimated at + EUR 436 m). The letter also served to budgetise the legislative decisions on agriculture adopted since 29.04.1998, the date of presentation of the PDB for 1999 (changes due to agricultural legislation estimated at + EUR 77 m). Of the 23 budget chapters, 21 were amended; the appropriations called for were increased in 10 sectors of agriculture (+ EUR 1667 m) and reduced in 11 (- EUR 1154 m). The main changes in the budget may be summarised as follows: -increases in anticipated expenditure on arable farming, sugar, olive oil, textile plants, pigmeat and agrimonetary aid (due to falls in world prices or increases in the areas eligible); -falls in anticipated expenditure on fruit and vegetables, wine, dairy products, bovine meat, sheepmeat and clearance of accounts (due to declining production, less grubbing up, an improvement in the butter market, less deterioration in the reference prices for meat). Changes were also proposed to budget heading 4 (external action): a reduction of EUR 12 m in the figure originally proposed for aid to Bosnia (confined to a p.m. in the budget) and international fisheries agreements. In total, the Letter of Amendment provided for an increase in the budget of EUR 501 m in commitment appropriations.

1999 budget: section III, Commission

1998/2174(BUD) - 17/12/1998

In the context of its second reading, the European Parliament approved the Community's 1999 Budget. The Parliament's Rapporteurs were Ms. Dürkhop-Dührkop (PES, E) and Mr. Viola (EPP, I). The Parliament adopted the 1999 budget at 85 558 million Euros in commitment appropriations and 96 929 million Euros in payment appropriations, which represents 1.10% of GNP. The Parliament welcomed the joint declaration of the Commission, Council and Parliament of 8 December on flexibility in the new inter-institutional agreement. It also welcomed the acceptance of Council of majority voting for the proposed instrument and the concept of co-decision for the mobilisation of the facility. It called for its committee responsible to implement this guideline in the negotiations for the revision of the inter-institutional agreement and financial perspective.

1999 budget: section III, Commission

1998/2174(BUD) - 09/09/1998

OBJECTIVE: presentation of the draft budget for 1999, as drawn up by the Council. SUBSTANCE: the Council's draft budget comprised the following total amounts: - EUR 96.521 bn in commitment appropriations (CA); - EUR 85.873 bn in payment appropriations (PA). The CA represented an increase of 6.05% over the budget for 1998, while the change in the PA was 2.81%. Operating appropriations increased by 6.28% in CA and 2.87% in PA. In drawing up the budget for 1999, the Council adopted an approach whereby operating expenditure was subject to: 1) consideration of a letter of amendment concerning agricultural expenditure, to take account both of the decisions of the Agriculture Council of June 1998 and the updated estimates of requirements; 2) compliance with the Edinburgh commitments concerning structural measures. The draft budget identified clear priorities within the overall amounts available for other policies. It also took account of the criteria stated in the interinstitutional agreement on legal bases. On the basis of this approach, the Council decided: - to maintain agricultural and structural expenditure (headings 1 and 2) at the levels called for by the Commission in the PDB, viz. EUR 40.44 billion in CA and PA for agriculture and EUR 39.025 bn in CA and EUR 30.95 bn in PA for structural measures (the Council also decided to step up the PEACE programme under heading 2); - to reduce the appropriations (both CA and PA) under heading 3 (internal policies, particularly research and trans-European networks: EUR 5.449 bn in CA and 4.809 bn in PA); - to increase commitments for external action (EUR 5.992 bn) and reduce payments for it (EUR 4.059 bn); most of the increase is allocated to the Phare programme; the CFSP also receives an allocation of EUR 30 m in CA and EUR 22.95 m in PA, divided among 6 lines). Lastly, the Council decided not to budgetise the EDF, and retained the existing overall classification of budget headings from the 1998 budget. It accepted the classification proposed by the Commission for new lines.