

Interinstitutional Agreement on the budgetary procedure (6 May 1999)

Caption: Interinstitutional Agreement of 6 May 1999 between the European Parliament, the Council and the Commission on budgetary discipline and improvement of the budgetary procedure.

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Interinstitutional Agreement of 6 May 1999 between the European Parliament, the Council and the Commission on budgetary discipline and improvement of the budgetary procedure

1. The purpose of this Agreement concluded between the European Parliament, the Council and the Commission, hereafter referred to as the “institutions”, is to implement budgetary discipline and to improve the functioning of the annual budgetary procedure and cooperation between the institutions on budgetary matters.
2. Budgetary discipline under this Agreement covers all expenditure. It is binding on all the institutions involved in its implementation for as long as the Agreement is in force.
3. This Agreement does not alter the respective budgetary powers of the various institutions, as laid down in the Treaties.
4. Any amendment of this Agreement requires the consent of all the institutions which are party to it. Changes to the financial perspective must be made in accordance with the procedures laid down for this purpose in this Agreement.
5. 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.
6. Whenever it considers it necessary and at all events at the same time as any proposal for a new financial perspective presented pursuant to paragraph 26, the Commission will present a report on the application of this Agreement, accompanied where necessary by proposed amendments.
7. This Agreement enters into force on 1 January 2000. It replaces with effect from the same date:
 - the Joint Declaration by the European Parliament, the Council and the Commission of 30 June 1982 on various measures to improve the budgetary procedure ⁽¹⁾,
 - the Interinstitutional Agreement of 29 October 1993 between the European Parliament, the Council and the Commission on budgetary discipline and improvement of the budgetary procedure ⁽²⁾,
 - the Declaration by the European Parliament, the Council and the Commission of 6 March 1995 on the incorporation of financial provisions into legislative acts ⁽³⁾,
 - the Joint Declaration of 12 December 1996 concerning the improvement of information to the budgetary authority on fisheries agreements ⁽⁴⁾,
 - the Interinstitutional Agreement between the European Parliament, the Council and the European Commission of 16 July 1997 on provisions regarding financing of the common foreign and security policy ⁽⁵⁾,
 - the Interinstitutional Agreement of 13 October 1998 between the European Parliament, the Council and the Commission on legal bases and implementation of the budget ⁽⁶⁾.

Part I — Financial perspective 2000 to 2006: Definition and implementing provisions

A. Contents and scope of the financial perspective

8. The 2000 to 2006 financial perspective, set out in Annex I, forms an integral part of this Agreement. It 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.

9. The financial perspective is intended to ensure that, in the medium term, European Union expenditure, broken down by broad category, develops in an orderly manner and within the limits of own resources.

10. 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. Overall annual totals of expenditure are also shown in terms of both appropriations for commitments and appropriations for payments. The appropriations for payments left available for enlargement and to be used in accordance with the second subparagraph of paragraph 25 are also identified.

All these amounts are expressed in 1999 prices, except for the monetary reserve, where the amounts are expressed in current prices.

The financial perspective does not take account of budget items financed by earmarked revenue within the meaning of Article 4 of the Financial Regulation of 21 December 1977 applicable to the general budget of the European Communities (?), hereafter referred to as the "Financial Regulation".

Specific items of expenditure may be financed only up to the ceiling fixed for this purpose and without prejudice to the second subparagraph of paragraph 11.

Information relating to operations not included in the general budget of the European Communities and the foreseeable development of the various categories of Community own resources are set out, by way of indication, in separate tables. This information is updated annually when the technical adjustment is made to the financial perspective.

The agricultural guideline remains unchanged. It will be re-examined on the basis of a report which the Commission will present to the Council before the next enlargement of the European Union in order to make any adjustment considered necessary.

11. 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.

12. The two arms of the budgetary authority agree to accept, for the duration of the 2000 to 2006 financial perspective, the maximum rates of increase for non-compulsory expenditure deriving from the budgets established within the ceilings set by the financial perspective.

Except in heading 2 of the financial perspective (structural operations), for the purposes of sound financial management, the institutions will ensure as far as possible during the budgetary procedure and at the time of the budget's adoption that sufficient margins are left available beneath the ceilings for the various headings.

Within the maximum rates of increase for non-compulsory expenditure specified in the first subparagraph, the European Parliament and the Council undertake to respect the allocations of commitment appropriations provided in the financial perspective for structural operations.

13. No act adopted under the co-decision procedure by the European Parliament and the Council nor any act adopted by the Council which involves exceeding the appropriations available in the budget or the allocations available in the financial perspective in accordance with paragraph 11 may be implemented in financial terms until the budget has been amended and, if necessary, the financial perspective has been appropriately revised in accordance with the relevant procedure for each of these cases.

14. For each of the years covered by the financial perspective, the total appropriations for payments required, after annual adjustment and taking account of any other adjustments or revisions, must not be such as to produce a call-in rate for own resources that exceeds the ceiling in force for these resources.

If need be, the two arms of the budgetary authority will decide, acting on a proposal from the Commission and in accordance with the voting rules laid down in the fifth subparagraph of Article 272(9) of the Treaty establishing the European Community (hereafter referred to as the “EC Treaty”), to lower the ceilings set in the financial perspective in order to ensure compliance with the ceiling on own resources.

B. Annual adjustments of the financial perspective

Technical adjustments

15. Each year the Commission, acting ahead of the budgetary procedure for year $n + 1$, will determine the agricultural guideline and make the following technical adjustments to the financial perspective in line with movements in gross national product (GNP) and prices:

(a) revaluation, at year $n + 1$ prices, of the ceilings and of the overall figures for appropriations for commitments and appropriations for payments, with the exception of the monetary reserve;

(b) calculation of the margin available under the own resources ceiling.

The Commission will make these technical adjustments on the basis of the most recent economic data and forecasts available. However, the technical adjustment of the ceiling for heading 1 of the financial perspective (agriculture) will be based on a deflator of 2 % a year. The technical adjustment of the ceiling for the “Structural Funds” subheading will be based on the overall deflator stipulated in the Structural Funds regulations for determining the programming of the corresponding operations. The index base against which the allocations for 2004 to 2006 are pegged will be reviewed by way of technical adjustment, if necessary, by the Commission before 31 December 2003 on the basis of the most recent information available. There will be no *ex-post* adjustment of the allocations for earlier years.

The results of such adjustments and the underlying economic forecasts will be communicated to the two arms of the budgetary authority.

No further technical adjustments will be made in respect of the year concerned, either during the year or as *ex-post* corrections during subsequent years.

Adjustments connected with implementation

16. When notifying the two arms of the budgetary authority of the technical adjustments to the financial perspective, the Commission will present any proposals for adjustments to the total appropriations for payments which it considers necessary, in the light of implementation, to ensure an orderly progression in relation to the appropriations for commitments.

17. 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.

18. The European Parliament and the Council will take decisions on these proposals before 1 May of year n, in accordance with the voting rules laid down in the fifth subparagraph of Article 272(9) of the EC Treaty.

C. Revision of the financial perspective

19. In addition to the regular technical adjustments and adjustments in line with the conditions of implementation, the financial perspective may be revised in compliance with the own resources ceiling, on a proposal from the Commission, in the event of unforeseen circumstances.

20. As a general rule, any such proposal for revision must be presented and adopted before the start of the budgetary procedure for the year or the first of the years concerned.

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 acting in accordance with the voting rules laid down in the fifth subparagraph of Article 272(9) of the EC Treaty.

Any revision of the financial perspective above 0.03 % of the Community GNP within the margin for unforeseen expenditure will be taken jointly by the two arms of the budgetary authority, with the Council acting unanimously.

21. Except for expenditure under heading 2, the institutions will examine the scope for reallocating expenditure between the programmes covered by the heading concerned by the revision, with particular reference to any expected under-utilisation of appropriations. The objective should be that a significant amount, in absolute terms and as a percentage of the new expenditure planned, should be within the existing ceiling for the heading.

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.

Any revision of the compulsory expenditure in the financial perspective may not lead to a reduction in the amount available for non-compulsory expenditure.

Any revision must maintain an appropriate relationship between commitments and payments.

D. Consequences of the absence of a joint decision on the adjustment or revision of the financial perspective

22. In the absence of a joint decision by the European Parliament and the Council on any adjustment or revision of the financial perspective proposed by the Commission, the amounts set previously will, after the annual technical adjustment, continue to apply as the expenditure ceilings for the year in question.

E. Reserves

23. The three reserves appearing in heading 6 of the financial perspective are entered in the general budget

of the European Communities. The necessary resources will be called in only when these reserves are implemented:

(a) the monetary reserve is intended to cover, during the years 2000 to 2002, the impact on agricultural budget expenditure of significant and unforeseen movements in the euro/United States dollar parity in relation to the parity used in the budget;

(b) the reserve for guaranteeing loans to non-member countries is intended to endow the budget headings which will be drawn on to constitute the Guarantee Fund ⁽⁸⁾ and for any additional payments to be made should a debtor default;

(c) the purpose of the emergency aid reserve is to provide a rapid response to the specific aid requirements of non-member countries following events which could not be foreseen when the budget was established, first and foremost for humanitarian operations.

When the Commission considers that one of these reserves needs to be called on, it will present a proposal for a corresponding transfer to the two arms of the budgetary authority.

Any Commission proposal to draw on the reserve for emergency aid must, however, be preceded by an examination of the scope for reallocating appropriations.

At the same time as it presents its proposal for a transfer, the Commission will initiate a triologue procedure, if necessary in a simplified form, to secure the agreement of the two arms of the budgetary authority on the need to use the reserve and on the amount required.

If the Commission's proposal fails to secure the agreement of the two arms of the budgetary authority, and if the European Parliament and the Council are unable to agree on a common position, they will refrain from taking a decision on the Commission's proposal for a transfer.

F. Flexibility instrument

24. The flexibility 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 portion of the annual amount which is not used may be carried over up to year $n + 2$. If the instrument is mobilised, any carryovers will be drawn on first, in order of age. The portion of the annual amount from year n which is not used in year $n + 2$ will lapse.

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.

The proposal will concern the principle of making use of the instrument and will identify the needs to be covered and the amount required. It may be presented, for any given financial year, during the budgetary procedure. The Commission proposal will be included in the preliminary draft budget or accompanied, in accordance with the Financial Regulation, by the appropriate budgetary instrument.

The decision to deploy the flexibility instrument will be taken jointly by the two arms of the budgetary authority in accordance with the voting rules under the fifth subparagraph of Article 272(9) of the EC Treaty. Agreement will be reached by means of the conciliation procedure provided for in Part II, Section A and Annex III to this Agreement.

G. Adjustment of the financial perspective to cater for enlargement

25. 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 and in accordance with the voting rules under the fifth subparagraph of Article 272(9) of the EC Treaty, 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 and contained in Annex II, which forms an integral part of this Agreement.

The additional requirements will be covered by the available amounts set aside for this purpose in the financial perspective and, if necessary, by using the additional own resources resulting from the increased Community GNP after enlargement of the Union.

H. Duration of the financial perspective and consequences of the absence of a financial perspective

26. Before 1 July 2005, the Commission will present proposals for a new medium-term financial perspective.

Should the two arms of the budgetary authority fail to agree on a new financial perspective, and unless the existing financial perspective is expressly denounced by one of the parties to this Agreement, the ceilings for the last year covered by the existing financial perspective will be adjusted in accordance with paragraph 15 by applying to these amounts the average rate of increase observed over the preceding period, excluding any adjustments made to take account of enlargement of the Union. This rate of increase may not, however, exceed the rate of growth of Community GNP for the year concerned.

Part II — Improvement of interinstitutional collaboration during the budgetary procedure

A. The interinstitutional collaboration procedure

27. 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.

B. Establishment of the budget

28. The Commission will present each year a preliminary draft budget showing the Community's actual financing requirements.

It will take into account:

— the capacity for utilising appropriations, endeavouring to maintain a strict relationship between appropriations for commitments and appropriations for payments,

— the possibilities for starting up new policies through pilot projects and/or new preparatory operations or continuing multiannual operations which are coming to an end, after assessing whether it will be possible to secure a basic act, within the meaning of paragraph 36,

— the need to ensure that any change in expenditure in relation to the previous year is in accordance with the constraints of budgetary discipline.

29. The institutions will, as far as possible, avoid entering items in the budget carrying insignificant amounts of expenditure on operations.

The two arms of the budgetary authority also undertake to bear in mind the assessment of the possibilities for implementing the budget made by the Commission in its preliminary drafts and in connection with implementation of the current budget.

C. Classification of expenditure

30. The institutions consider compulsory expenditure to be such expenditure as the budgetary authority is obliged to enter in the budget by virtue of a legal undertaking entered into under the Treaties or acts adopted by virtue of the said Treaties.

31. The preliminary draft budget is to contain a proposal for the classification of each new budget item and each item with an amended legal base.

If they do not accept the classification proposed in the preliminary draft budget, the European Parliament and the Council will examine classification of the budget item concerned on the basis of Annex IV, which forms an integral part of this Agreement. Agreement will be sought during the conciliation procedure provided for in Annex III.

D. Maximum rate of increase of non-compulsory expenditure in the absence of a financial perspective

32. Without prejudice to the first subparagraph of paragraph 12, the institutions agree on the following provisions:

(a) the European Parliament's autonomous margin for manoeuvre for the purposes of the fourth subparagraph of Article 272(9) of the EC Treaty — which is to be half the maximum rate — applies as from the draft budget established by the Council at first reading, including any letters of amendment.

The maximum rate is to be observed in respect of the annual budget, including any supplementary and/or amending budgets. Without prejudice to the setting of a new rate, any portion of the maximum rate which has not been utilised will remain available for use and may be used when draft supplementary and/or amending budgets are considered;

(b) without prejudice to point (a), if it appears in the course of the budgetary procedure that completion of the procedure might require agreement on setting a new rate of increase for non-compulsory expenditure to apply to payment appropriations and/or a new rate to apply to commitment appropriations (the latter rate may be at a different level from the former), the institutions will endeavour to secure an agreement between the two arms of the budgetary authority by the conciliation procedure provided for in Annex III.

E. Incorporation of financial provisions in legislative acts

33. Legislative acts 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.

The budgetary authority and the Commission, when drawing up its preliminary draft budget, undertake not to depart from this amount unless new, objective, long-term circumstances arise for which explicit and precise reasons are given, with account being taken of the results obtained from implementing the programme, in particular on the basis of assessments.

34. Legislative instruments concerning multiannual programmes not subject to the co-decision procedure will not contain an "amount deemed necessary".

Should the Council wish to include a financial reference, this will be taken as illustrating the will of the legislative authority and will not affect the powers of the budgetary authority as defined by the Treaty. This provision will be mentioned in all instruments which include such a financial reference.

If the amount concerned has been the subject of an agreement pursuant to the conciliation procedure provided for in the Joint Declaration of the European Parliament, Council and the Commission of 4 March 1975 ⁽⁹⁾, it will be considered a reference amount within the meaning of paragraph 33 of this Agreement.

35. The financial statement provided for in Article 3 of the Financial Regulation will reflect in financial terms the objectives of the proposed programme and include a schedule covering the duration of the programme. It will be revised, where necessary, when the preliminary draft budget is drawn up, taking account of the extent of implementation of the programme.

The revised statement will be forwarded to the budgetary authority when the preliminary draft budget is presented and after the budget is adopted.

F. Legal bases

36. Under the system of the Treaty, implementation of appropriations entered in the budget for any Community action requires the prior adoption of a basic act.

A “basic act” is an act of secondary legislation which provides a legal basis for the Community action and for the implementation of the corresponding expenditure entered in the budget. Such an act must take the form of a Regulation, a Directive or a Decision (Entscheidung or Beschluß). Recommendations and opinions do not constitute basic acts, nor do resolutions or declarations.

37. However, the following may be implemented without a basic act as long as the actions which they are intended to finance fall within the competence of the Community:

(a) (i) appropriations for pilot schemes of an experimental nature aimed at testing the feasibility of an action and its usefulness. The relevant commitment appropriations may be entered in the budget for only two financial years. Their total amount may not exceed EUR 32 million;

(ii) appropriations relating to preparatory actions intended to prepare proposals with a view to the adoption of future Community actions. The preparatory actions are to follow a coherent approach and may take various forms. The relevant commitment appropriations may be entered in the budget for only three financial years at most. The legislative procedure should be concluded before the end of the third financial year. During the course of the legislative procedure, the commitment of appropriations must correspond to the particular features of the preparatory action as regards the activities envisaged, the aims pursued and the persons benefited.

Consequently, the means implemented cannot correspond in volume to those envisaged for financing the definitive action itself. The total amount of the new headings concerned may not exceed EUR 30 million per financial year and the total amount of the appropriations actually committed in respect of the preparatory actions may not exceed EUR 75 million.

When the preliminary draft budget is presented, the Commission will submit a report on the actions referred to in points (i) and (ii) which will also cover the objective of the action, an assessment of results and the follow-up envisaged;

(b) appropriations concerning actions of a specific, or even indefinite, nature carried out by the Commission by virtue of tasks resulting from its prerogatives at institutional level, other than its right of legislative initiative as referred to in point (a), and specific powers directly conferred upon it by the EC Treaty. A list is contained in Annex V, which forms an integral part of this Agreement. The list may be supplemented, in the presentation of the preliminary draft budget, with an indication of the Articles in question and the amounts

concerned;

(c) appropriations intended for the operation of each institution under its administrative autonomy.

G. Expenditure relating to fisheries agreements

38. The institutions agree to finance expenditure on fisheries agreements in accordance with the arrangements set out in Annex VI, which forms an integral part of this Agreement.

H. Financing of the common foreign and security policy (CFSP)

39. 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, in the conciliation procedure provided for in Annex III and on the basis of the preliminary draft budget established by the Commission, 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 suggested in the fourth subparagraph of this paragraph. In the absence of agreement, it is understood that the European Parliament and the Council will enter in the budget the amount contained in the previous budget or the amount proposed in the preliminary draft budget, whichever is the lower.

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.

Since, under the Financial Regulation, the Commission has the authority, within the framework of a CFSP action, to transfer appropriations autonomously between articles within one budget chapter, i.e. the CFSP allocation, the flexibility deemed necessary for speedy implementation of CFSP actions will accordingly be assured. In the event of the amount of the CFSP budget during the financial year being insufficient to cover the necessary expenses, the European Parliament and the Council will seek a solution as a matter of urgency, on a proposal from the Commission.

Within the CFSP budget chapter, the articles into which the CFSP actions are to be entered could read along the following lines:

- observation and organisation of elections/participation in democratic transition processes,
- Union envoys,
- prevention of conflicts/peace and security processes,
- financial assistance to disarmament processes,
- contributions to international conferences,
- urgent actions.

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.

40. 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 (“financial statement”), in particular those regarding time-frame, staff employed, use of premises and other infrastructure, transport facilities, training requirements and security arrangements.

Once a quarter the Commission will inform the budgetary authority about the implementation of CFSP actions and the financial forecasts for the remaining period of the year

Hecho en Estrasburgo, el seis de mayo de mil novecientos noventa y nueve.

Udfærdiget i Strasbourg den sjette maj nitten hundrede og nioghalvfems.

Geschehen zu Straßburg am sechsten Mai neunzehnhundertneunundneunzig.

Egine sto Strasvoýrgo, stis éxi Maïoy chília enniakósia enenínta ennéa.

Done at Strasbourg on the sixth day of May in the year one thousand nine hundred and ninety-nine.

Fait à Strasbourg, le six mai mil neuf cent quatre-vingt-dix-neuf.

Fatto a Strasburgo, addì sei maggio millenovecentonovantanove.

Gedaan te Straatsburg, de zesde mei negentienhonderd negenennegentig.

Feito em Estrasburgo, em seis de Maio de mil novecentos e noventa e nove.

Tehty Strasbourgissa kuudentena päivänä toukokuuta vuonna tuhatyhdeksänsataayhdeksänkymmentäyhdeksän.

Som skedde i Strasbourg den sjätte maj nittonhundranittionio.

Por el Consejo de la Unión Europea

For Rådet for Den Europæiske Union

Für den Rat der Europäischen Union

Gia to Symvoýlio tis Eyropaïkís ‘Enosis

For the Council of the European Union

Pour le Conseil de l’Union européenne

Per il Consiglio dell’Unione europea

Voor de Raad van de Europese Unie

Pelo Conselho da União Europeia

Euroopan unionin neuvoston puolesta

För Europeiska unionens råd

[Signature]

Por la Comisión Europea

For Europa-Kommissionen

Für die Europäische Kommission

Gia tin Eypaïkí Epitropí

For the European Commission

Pour la Commission européenne

Per la Commissione europea

Voor de Europese Commissie

Pela Comissão Europeia

Euroopan komission puolesta

För Europeiska kommissionen

[Signature]

Por el Parlamento Europeo

For Europa-Parlamentet

Für das Europäische Parlament

Gia to Eypaïko Koinovoýlio

For the European Parliament

Pour le Parlement européen

Per il Parlamento europeo

Voor het Europees Parlement

Pelo Parlamento Europeu

Euroopan parlamentin puolesta

För Europaparlamentet

[Signature]

- (¹) OJ C 194, 28.7.1982, p. 1.
(²) OJ C 331, 7.12.1993, p. 1.
(³) OJ C 102, 4.4.1996, p. 4.
(⁴) OJ C 20, 20.1.1997, p. 109.
(⁵) OJ C 286, 22.9.1997, p. 80.
(⁶) OJ C 344, 12.11.1998, p. 1.
(⁷) OJ L 356, 31.12.1977, p. 1.
(⁸) Set up by Council Regulation (EC, Euratom) No 2728/94 (OJ L 293, 12.11.1994, p. 1).
(⁹) OJ C 89, 22.4.1975, p. 1.

Annex I

[Annex I: Financial perspective \(EU-15\)](#)

Annex II

[Annex II: Financial framework \(EU-21\)](#)

Annex III

Interinstitutional collaboration in the budgetary sector

A. After the technical adjustment of the financial perspective for the forthcoming financial year and prior to the Commission's decision on the preliminary draft budget, a meeting of the triologue will be convened to discuss the possible priorities for the budget of that year, with due account being taken of the institutions' powers.

B. 1. A conciliation procedure is set up for all expenditure.

2. As regards compulsory expenditure, the Commission, in presenting its preliminary draft budget, will identify:

(a) appropriations connected with new or planned legislation;

(b) appropriations arising from the application of legislation existing when the previous budget was adopted.

The Commission will make a careful estimate of the financial implications of the Community's obligations based on the rules. If necessary it will update its estimates in the course of the budgetary procedure. It will supply the budgetary authority with all the duly justified reasons it may require.

If it considers it necessary, the Commission may present to the budgetary authority an ad hoc letter of amendment to update the figures underlying the estimate of agricultural expenditure in the preliminary draft budget and/or to correct, on the basis of the most recent information available concerning fisheries agreements in force on 1 January of the financial year concerned, the breakdown between the appropriations entered in the operational items for international fisheries agreements and those entered in reserve.

This letter of amendment must be sent to the budgetary authority before the end of October.

If it is presented to the Council less than a month before the European Parliament's first reading, the Council will as a rule consider the ad hoc letter of amendment when giving the draft budget its second reading.

As a consequence, before the Council's second reading of the budget, the two arms of the budgetary authority will try to meet the conditions necessary for the letter of amendment to be adopted on a single reading by each of the institutions concerned.

3. The purpose of the conciliation procedure is to:

(a) continue discussions on the general trend of expenditure and, in this framework, on the broad lines of the budget for the coming year in the light of the Commission's preliminary draft budget;

(b) secure agreement between the two arms of the budgetary authority on:

— the appropriations referred to in point 2(a) and (b), including those proposed in the ad hoc letter of amendment referred to at point 2,

— the amounts to be entered in the budget for non-compulsory expenditure, in accordance with the third subparagraph of paragraph 12 of this Agreement,

— and, particularly, matters for which reference to this procedure is made in this Agreement.

4. The procedure will begin with a triilogue meeting convened in time to allow the institutions to seek an agreement by no later than the date set by the Council for establishing its draft budget.

There will be conciliation on the results of this triilogue between the Council and a European Parliament delegation, with the Commission also taking part.

Unless decided otherwise during the triilogue, the conciliation meeting will be held at the traditional meeting between the same participants on the date set by the Council for establishing the draft budget.

5. A new triilogue meeting will be held before the European Parliament's first reading to enable the institutions to identify the programmes on which the conciliation is to focus so as to reach an agreement on their allocations. At that meeting the institutions will also exchange views on the state of implementation of the current budget with a view to discussing the omnibus transfer or a possible supplementary and amending budget.

6. The institutions will continue the conciliation after the first reading of the budget by each of the two arms of the budgetary authority in order to secure agreement on compulsory and non-compulsory expenditure and, in particular, to discuss the ad hoc letter of amendment referred to in point 2.

A triilogue meeting will be held for this purpose after the European Parliament's first reading.

The results of the triilogue will be discussed at a second conciliation meeting to be held the day before the Council's second reading.

If necessary, the institutions will continue their discussions on non-compulsory expenditure after the Council's second reading.

7. At these triilogue meetings, the institutions' delegations will be led by the President of the Council (Budgets), the Chairman of the European Parliament's Committee on Budgets and the Member of the Commission with responsibility for the budget.

8. Each arm of the budgetary authority will take whatever steps are required to ensure that the results which may be secured in the conciliation process are respected throughout the current budgetary procedure.

Annex IV

[Annex IV: Classification of expenditure](#)

Annex V

List of Articles of the EC and EAEC Treaties which directly confer powers on the Commission which are specific and likely to have financial implications in Part B (operating appropriations) of Section III —

Commission — of the budget

[Annex V: I. EC Treaty](#)

[Annex V: II. Euratom Treaty](#)

Annex VI

Financing of expenditure deriving from fisheries agreements

A. Expenditure relating to fisheries agreements is financed by two items (by reference to the 1998 budget nomenclature):

(a) international fisheries agreements (B7-8 0 0 0);

(b) contributions to international organisations (B7-8 0 0 1).

All the amounts relating to agreements and protocols which will be in force on 1 January of the year in question will be entered under heading B7-8 0 0 0. Amounts relating to all new or renewable agreements which will come into force after 1 January of the year in question will be assigned to heading B7-8 0 0 0 but entered in the reserve B0-4 0.

B. In the conciliation procedure provided for in Annex III, the European Parliament and the Council will seek to agree on the amount to be entered in the budget headings and in the reserve on the basis of the proposal made by the Commission.

C. The Commission undertakes to keep the European Parliament regularly informed about the preparation and conduct of the negotiations, including the budgetary implications.

In the course of the legislative process relating to fisheries agreements, the institutions undertake to make every effort to ensure that all procedures are carried out as quickly as possible.

If appropriations relating to fisheries agreements (including the reserve) prove insufficient, the Commission will provide the budgetary authority with the necessary information for an exchange of views in the form of a triologue, possibly simplified, on the causes of the situation, and on the measures which might be adopted under established procedures. Where necessary, the Commission will propose appropriate measures.

Each quarter the Commission will present to the budgetary authority detailed information about the implementation of agreements in force and financial forecasts for the remainder of the year.

Declarations

Declaration on the adjustment of Structural Fund allocations in the light of the circumstances of their implementation

The institutions agree that, in the event of any significant delay in the adoption of the new rules governing the Structural Funds, the possibility of re-entering appropriations in the budget could be extended to those not used in the first two years of the financial perspective.

Declaration on the conciliation procedure applicable to legislative acts with significant financial implications

The institutions confirm that the Joint Declaration of the European Parliament, the Council and the Commission of 4 March 1975 concerning the institution of a conciliation procedure remains fully applicable.

Declaration on the principles and mechanisms of the agricultural guideline

In accordance with the decision on budgetary discipline, the institutions confirm the principles and mechanisms of the agricultural guideline.

Declaration on the URBAN initiative

In view of the reduction in the amount provided for innovatory measures, relating to the URBAN initiative, the institutions agree that they will examine the possibility of allocating up to EUR 200 million for this purpose, by mobilising the flexibility instrument during the period 2000 to 2006.

Declaration of the European Parliament and the Council on the Balkan situation

In view of developments in the Balkan situation, particularly in Kosovo, the two arms of the budgetary authority request the Commission, when needs have been ascertained and estimated, to submit the necessary budget proposals, including, if appropriate, a proposal for revision of the financial perspective.

Commission Declaration on paragraph 6 of the Agreement

In the case of paragraph 6 of the Agreement, the Commission states that it will take account of any request by one of the two arms of the budgetary authority when examining the need to present the report referred to in that paragraph.

Commission Declaration on paragraph 37(a)(ii) of the Agreement

The Commission declares that it reserves the right to propose that the ceiling of EUR 30 million be exceeded in the event of exceptional external circumstances.

Declaration by the European Parliament on Annex VI to the Agreement

The European Parliament considers that, as far as possible, fisheries agreements will leave six months between the initialling of the agreement and payment of the first financial compensation so as to allow the European Parliament time to deliver its opinion.

Council Declaration on point 6 of Annex III

The Council states that the conciliation meeting with Parliament need not automatically and in every case be held the day before the Council meeting but that there may be objective grounds for holding the conciliation meeting on the morning of the Council meeting.