

Procedure file

Basic information		
BUD - Budgetary procedure	1997/2209(BUD)	Procedure completed
Budget 1998: other sections		
Subject 8.70.60 Previous annual budgets		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	BUDG Budgets		22/01/1997
		PSE TOMLINSON The Lord John E.	22/01/1997
		PPE TILLICH Stanislaw	
	Former committee responsible		
	BUDG Budgets		22/01/1997
		PSE TOMLINSON The Lord John E.	
	BUDG Budgets		22/01/1997
		PPE TILLICH Stanislaw	
	Former committee for opinion		
Council of the European Union	JURI Legal Affairs, Citizens' Rights		17/02/1997
		PSE ROTHLEY Willi	
	REGI Regional Policy	The committee decided not to give an opinion.	
	ENVI Environment, Public Health and Consumer Protection		22/01/1997
		PPE FLORENZ Karl-Heinz	
	LIBE Civil Liberties and Internal Affairs		
Council of the European Union	Council configuration	Meeting	Date
	Budget	2050	27/11/1997
	Budget	2026	24/07/1997
	General Affairs	2024	22/07/1997
	Economic and Financial Affairs ECOFIN	2004	12/05/1997

Key events			
10/03/1997	Vote in committee		

10/03/1997	Preparatory budgetary report tabled for plenary	A4-0080/1997	
12/03/1997	Debate in Parliament		
13/03/1997	Decision by Parliament	T4-0119/1997	
12/05/1997	Debate in Council	2004	
10/06/1997	Commission preliminary draft budget published	COM(1997)0280	Summary
22/07/1997	Debate in Council	2024	
24/07/1997	Debate in Council	2026	
10/09/1997	Council draft budget published	10153/1997	
10/09/1997	Formal reconsultation of Parliament		
09/10/1997	Vote in committee		Summary
09/10/1997	Budgetary report tabled for plenary	A4-0280/1997	
21/10/1997	Debate in Parliament		Summary
23/10/1997	Decision by Parliament	T4-0503/1997	Summary
27/11/1997	Amended budget adopted by Council		
27/11/1997	Council amended draft budget published	12968/1997	
09/12/1997	Vote in committee, 2nd reading		Summary
09/12/1997	Budgetary report tabled for plenary, 2nd reading	A4-0390/1997	
15/12/1997	Committee referral announced in Parliament, 2nd reading		
16/12/1997	Debate in Parliament		
18/12/1997	Decision by Parliament, 2nd reading	T4-0625/1997	Summary
18/12/1997	End of procedure in Parliament		
16/02/1998	Final act published in Official Journal		

Technical information

Procedure reference	1997/2209(BUD)
Procedure type	BUD - Budgetary procedure
Procedure subtype	Budget
Legal basis	EC before Amsterdam E 203; ECSC Treaty C 078; Euratom Treaty A 177
Stage reached in procedure	Procedure completed
Committee dossier	BUDG/4/08606; BUDG/4/08603

Documentation gateway

Preparatory budgetary report tabled for plenary		A4-0080/1997 OJ C 115 14.04.1997, p. 0014	10/03/1997	EP	
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Parliament's opinion on budgetary estimates/guidelines		T4-0119/1997 OJ C 115 14.04.1997, p. 0123-0178	13/03/1997	EP	
Commission preliminary draft budget		COM(1997)0280	10/06/1997	EC	Summary
Council draft budget		10153/1997	10/09/1997	CSL	
Budgetary report tabled for plenary, 1st reading		A4-0280/1997 OJ C 339 10.11.1997, p. 0005	09/10/1997	EP	
Budgetary text adopted by Parliament		T4-0503/1997 OJ C 339 10.11.1997, p. 0086-0115	23/10/1997	EP	Summary
Council amended draft budget		12968/1997	27/11/1997	CSL	
Budgetary report tabled for plenary, 2nd reading		A4-0390/1997 OJ C 014 19.01.1998, p. 0004	09/12/1997	EP	
Final budget adopted by Parliament		T4-0625/1997 OJ C 014 19.01.1998, p. 0100-0114	18/12/1997	EP	Summary

Final act

[Budget 1998/132](#)
[OJ L 044 16.02.1998, p. 0001](#)

Budget 1998: other sections

OBJECTIVE: presentation of the preliminary draft budget of the EU for the financial year 1998 - Other sections. SUBSTANCE: the guidelines for the 1998 budget, administrative expenditure section, emphasized the desire to give the administrative budgets of the Union's institutions the necessary resources to ensure that they are run correctly. The financial resources granted to the various institutions allow this objective to be attained. In particular, the change in heading 5 (administrative expenditure) had meant a 4.34% increase compared to the financial year 1997. In all, this heading accounted for appropriations of ECU 4 541 million. ?

Budget 1998: other sections

Adopting the report by Mr John TOMLINSON (PSE, UK), the committee came out in favour of giving the administrative budgets of the EU institutions the necessary resources to ensure that they are run correctly, while supporting austerity efforts in the Member States. Heading 5 (administrative expenditure) has been increased by 4.34% in comparison with 1997 to ECU 4 541 million. The report reiterates the need to comply with the principles of sound financial management, the need to continuously improve the working of the administrative apparatus, the spirit of innovation and the application of interinstitutional cooperation. It makes provision to freeze the staff of the institutions, with the exception of the Court of Auditors, where new posts have been created in order to meet the need for stricter controls. The European Parliament budget of ECU 908.15 million is up 2.66% over 1997 but is within the European Parliament's self-imposed limit of 20% of total administrative expenditure. Formal note has been made in the resolution of the decisions on the organization of the system of allowances, charges and expenses for MEPs in the exercise of their office in order to guarantee greater transparency. The committee considers nonetheless that these decisions merely constitute a framework and do not qualify as intermediate measures. It invites the Bureau to propose additional measures in order to increase transparency pending the adoption of a basic instrument for MEPs. The administrative budgets of the other institutions should also rise by less than 3% in comparison with 1997. The report also calls for an objective evaluation of the building needs of the institutions, a revision of the system of costs and subsidies for certain activities and services (telecommunications, restaurants and canteens), better use of new technologies on the basis of clear objectives and a well-ordered and accessible information policy.?

Budget 1998: other sections

The rapporteur highlighted the context of budgetary rigour characterising the 1998 budget: Parliament would limit its expenditure to a ceiling of 20% of EU administrative expenditure and the Court of Auditors would be the only exception to the rule as it would benefit from an extra 48 posts, although it had requested 125. As for the Economic and Social Committee and the Committee of the Regions, Mr Tomlinson stressed that the decisions made in Amsterdam would have to be integrated in the future, particularly the decision eliminating the Joint Organisational Structure of these two institutions. Finally, the rapporteur pointed out that the subsidy for restaurants and canteens would be limited in the future solely to the infrastructure and its maintenance, lighting and heating. All other subsidies would be eliminated over a period of four years. He also called for greater transparency in the appropriations destined for new technologies.

Budget 1998: other sections

In adopting the report by Mr John TOMLINSON (PSE, UK) on the 1998 budget - other sections (European Parliament, Ombudsman, Council, Court of Justice, Court of Auditors, Economic and Social Committee and Committee of the Regions), Parliament called for no increase in the staff of the Institutions except for the Court of Auditors. Three amendments were approved in plenary. Parliament proposed that: - the Court consider the European Parliament's optional pensions scheme with a view to suggesting possible improvements, - given the growing prominence of the Sakharov Prize, the funding of the Prize should be reviewed, - the functioning of the staff shops in the Union's various places of work should be adjusted.

Budget 1998: other sections

The Committee adopted its position on the 1998 budget. Austerity is the keynote of this draft budget, which is being submitted to Parliament after a fruitful conciliation meeting with the Council on 27th November. The total figures are Ecu 91 billion in commitment appropriations (CA) - as opposed to the 90.6 bn proposed by the Council - and 83.53 bn in payment appropriations (PA) - the same as the figure agreed by the Council at 2nd reading. This represents a "realistic and negotiated" increase over 1997: 2.3% for CA and 1.4% for PA. It is also a modest increase, but one which reflects Parliament's wish not to have "zero growth" budget. This draft budget represents 1.14% of GDP in terms of expenditure and 1.129% in terms of revenue which the Member States will be required to contribute to the Community budget (the Financial Perspective laid down in the Interinstitutional Agreement at Edinburgh allowed a ceiling of 1.26% of GDP.) The Committee is also proposing that Parliament agrees to a reduction in payment appropriations - as negotiated with the Council - by comparison with its 1st reading. The aim would be to keep in step with the budgetary austerity introduced by the Member States as part of moves towards EMU and the single currency. As Mr SAMLAND and Mr TILLICH (EPP, D), rapporteur-general, emphasised, the agreement with the Council - which was reached in an atmosphere of healthy interinstitutional cooperation - meets several of Parliament's wishes. The budget provides resources to launch the three-year employment initiative called for by Parliament at 1st reading, mainly to help job-creating SMEs. The special employment summit held in Luxembourg agreed on 21st November that this project should go ahead. It called on the Commission to submit as swiftly as possible the necessary proposals for legislation. The Committee's amendments propose the following breakdown in the Ecu 150m for funding the initiative: Ecu 120m for job-creating SMEs (including Ecu 100m for facilities granted by the EIB and the European Investment Fund, and Ecu 20m for European joint ventures involving SMEs). In addition, Ecu 30m are to be earmarked for innovative measures or projects which involve local operators. As regards agricultural expenditure (Category 1), Parliament has for some time emphasised the need to enter figures in the budget which are based on realistic needs as estimated in the light of the latest data. At the end of October, the Commission submitted a letter of amendment which met this requirement. On this basis, the budgetary authority decided to reduce farm spending by Ecu 550m. Expenditure on this sector thus fell from Ecu 40.987bn (as envisaged at 1st reading) to 40.437bn. The cuts are to be made in a selective, non-linear manner - an approach advocated by Parliament from the start of the ad hoc procedure. On Category 2 (Structural Actions), the Council accepted Parliament's position. The EP had opposed a reduction of Ecu 1bn in payment appropriations for the structural funds. This means preserving, for this category, a budget of Ecu 28.4bn (PA) and 33.46bn (CA). At the same time, with the aim of maintaining "balance" in the eyes of the Council, the reductions in the area of agriculture are to go hand in hand with an equal reduction - of Ecu 550m - in the payment appropriations for Category 3 (Internal Policies) and Category 4 (External Action). The Committee is proposing that Parliament accept this solution, as the Council has promised to look favourably at a supplementary and amending budget (SAB) to be submitted by the Commission if the payment appropriations prove insufficient in 1998. The Commission must monitor the implementation of appropriations extremely closely and inform Parliament so that the budgetary authority (Parliament and Council) can take the necessary decisions in good time. Under this solution, the commitment appropriations (CA) would remain broadly at the same levels as envisaged by Parliament at 1st reading for Categories 3 and 4. Among the issues of particular concern to Parliament within Category 3 (Internal Policies), is the Socrates programme. Here, it should be noted that the positions of Parliament and the Council are now much closer, which ought to allow a satisfactory solution to be found to the question of the additional funds for this programme in 1998 and 1999. The Parliament-Council Conciliation Committee meeting of 10th December 1997 confirmed this agreement for an amount of Ecu 70m, of which 35m would be included in the 1998 budget. In other amendments, the Committee is proposing, in the area of information policy, that only 20% of the appropriations be placed in the reserve (instead of the 30% envisaged at 1st reading), i.e. Ecu 8m out of a total of Ecu 40.65m, in view of the progress made on cooperation between the institutions in this area. With regard to Category 4 (External Action), the committee suggests keeping in the reserve 30% of the appropriations for reconstruction projects in ex-Yugoslavia. It also wishes to enter Ecu 25m in the reserve to fund the building of a "sarcophagus" at Chernobyl as well as a further Ecu 25m for the same project under the "nuclear safety" heading of the Tacis programme. However, these funds will only be paid out if other international donors pay their contributions. Even so, the total amount to be provided under the Community budget for this programme should not exceed Ecu 100m over the eight years for which it is to last. The Committee is also proposing that Parliament reinstate its position at 1st reading on the Meda and Tacis programmes. This would involve placing in the reserve 10% of the appropriations earmarked for each of these programmes (i.e. Ecu 94m out of a total of Ecu 942.5m for Meda, and Ecu 48m out of Ecu 455m for Tacis). The aim would be to ensure greater transparency in the administration of the programmes as well as better information for Parliament on these programmes. ?

Budget 1998: other sections

In adopting the report by Mr Stanislaw TILLICH (EPP, D) and Mr John TOMLINSON (PSE, UK) Parliament adopted at second reading the budget of the Communities for 1998 (all sections) with ECU 91 012.938 million in commitment appropriations and ECU 83 529.767 million in payment appropriations, which represents an increase of 2.1% in commitment appropriations and 1.4% in payment appropriations by comparison with 1997. With regard to the budgetary procedure it noted with satisfaction that apart from the amendments made by Parliament to its own budget and to that of the Ombudsman, the Council had, for the first time, endorsed Parliament's first reading of the draft budget for the other institutions without amendment. It was therefore of the opinion that a single reading ought to give the institutions concerned greater leeway, in terms of time, and therefore invited them to take this opportunity to improve their budget implementation plan. Lastly, Parliament stressed its attachment to a transparent and efficient nomenclature with regard to administrative expenditure. ?