



# Procedure file

Basic information		
ACI - Interinstitutional agreement procedure	1995/2030(ACI)	Procedure completed
Legal bases and maximum amounts. Communication and interinstitutional statements		
Subject 8.70.40 Basic budgetary texts		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	<b>BUDG</b> Budgets		14/09/1994
		PPE <a href="#">CHRISTODOULOU Efthymios</a>	
	Former committee responsible		
	<b>BUDG</b> Budgets		14/09/1994
Council of the European Union		PSE <a href="#">SAMLAND Detlev</a>	
	Committee for opinion	Rapporteur for opinion	Appointed
	<b>JURI</b> Legal Affairs, Citizens' Rights	The committee decided not to give an opinion.	
	Council configuration	Meeting	Date
	<a href="#">Economic and Financial Affairs ECOFIN</a>	<a href="#">1828</a>	20/02/1995

Key events			
06/07/1994	Non-legislative basic document published	SEC(1994)1106	Summary
13/02/1995	Vote in committee		Summary
13/02/1995	Committee interim report tabled for plenary	<a href="#">A4-0021/1995</a>	
01/03/1995	Debate in Parliament		Summary
01/03/1995	Decision by Parliament	T4-0081/1995	Summary
06/03/1995	Committee referral announced in Parliament		
06/03/1995	Formal reconsultation of Parliament		
23/11/1995	Vote in committee		Summary
23/11/1995	Committee report tabled for plenary	<a href="#">A4-0308/1995</a>	
	Debate in Parliament		Summary

12/12/1995			
12/12/1995	Decision by Parliament	T4-0595/1995	Summary
12/12/1995	End of procedure in Parliament		
22/01/1996	Final act published in Official Journal		

### Technical information

Procedure reference	1995/2030(ACI)
Procedure type	ACI - Interinstitutional agreement procedure
Procedure subtype	Mobilisation of funds
Stage reached in procedure	Procedure completed
Committee dossier	BUDG/4/06443; BUDG/4/06444

### Documentation gateway

Non-legislative basic document		SEC(1994)1106	06/07/1994	EC	Summary
Committee interim report tabled for plenary		<a href="#">A4-0021/1995</a> <a href="#">OJ C 068 20.03.1995, p. 0012</a>	13/02/1995	EP	
Interim resolution adopted by Parliament		T4-0081/1995 <a href="#">OJ C 068 20.03.1995, p. 0016-0028</a>	01/03/1995	EP	Summary
Committee report tabled for plenary, single reading		<a href="#">A4-0308/1995</a> <a href="#">OJ C 017 22.01.1996, p. 0005</a>	23/11/1995	EP	
Text adopted by Parliament, single reading		T4-0595/1995 <a href="#">OJ C 017 22.01.1996, p. 0020-0027</a>	12/12/1995	EP	Summary

## Legal bases and maximum amounts. Communication and interinstitutional statements

In its Communication to the budgetary authority the Commission proposed that measures be taken to improve the implementation of the Joint Declaration of 1982 on maximum amounts and the need for a legal basis, this with a view to eliminating the shortcomings of the existing practice in respect of both the provisions applying to the legal bases and the maximum amounts. As regards non-significant actions (NSA): - the Commission (in the same way as the budgetary authority when it creates a budget line of its own initiative) should establish clearly by way of suitable justification that the proposed action really does constitute a non-significant action; - it should not be possible to carry out limited actions for more than two years without a legal basis. After this deadline has passed the action should either be cancelled or result in the adoption of a legal basis; - In practical terms a legal basis should be proposed before the end of the second year of the action's existence. However, the action could still be undertaken as a limited action for one further year so as to enable the decisional process to be concluded and to allow the possible re-scheduling of the project as a significant action; - By contrast, in the budget for the year n+3, the line concerned could no longer be executed without adopting a legal basis; if a legal basis is adopted, the conversion to a significant action is concluded; otherwise, the appropriations provided for are transferred under the Notenboom procedure. As regards significant actions (SA): - the Commission would undertake to submit a proposal for a legal basis as quickly as possible during the first half-year of the budget for which the significant action is set up; - for the implementation of appropriations, and where the legal basis would not be acquired in the month of May, a dialogue would be called on to give its opinion on the possibility of the appropriations at least being implemented in parallel during the budget year in question, and if necessary for this deadline to be extended until the end of the following year; - the execution of the appropriations would not be possible beyond this period, unless a legal basis has been successfully adopted; the appropriations provided for would then be transferred under the Notenboom procedure. It should be noted that the Commission was to concentrate its budget discharge efforts on those lines which had been allocated more than 5 million ecus in the draft budget for 1995. It therefore carried out an inventory of the significant actions for which no legal basis had hitherto existed, distinguishing between lines which were the subject of a proposal and those which were not. ?

## Legal bases and maximum amounts. Communication and interinstitutional statements

During the meeting of 13 February 1995 in Strasbourg, the Committee on Budgets approved, with 19 votes in favour, 3 against and 6 abstentions, the report by Mr SAMLAND on the Commission's communication to the budgetary authority concerning legal bases and maximum amounts. This report involved a draft statement by the three institutions concerning the inclusion of financial provisions in legislative acts. This

statement, negotiated during the triologue of 23 January 1995 and a conciliation committee on the Socrates and Youth for Europe programmes, provided an operational framework for the financial provisions in legislative acts by differentiating between the programmes adopted through the codecision procedure (which included a provision on the financial envelope for the entire duration of the programme) and the programmes not subject to the codecision procedure (in which the Council could provide a financial reference, of an illustrative nature, which did not affect the powers of the budgetary authority). ?

## Legal bases and maximum amounts. Communication and interinstitutional statements

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During the debate Mr Samland stated that Parliament should be able to exercise its budgetary powers in full. He hoped that each of the EP's own-initiative reports would be accompanied by a financial statement. On behalf of the EPP, Mr Pronk expressed his satisfaction that a solution had been found to this quarrel. Mr Bourlanges (EPP) indicated that he would abstain as he felt that the approved text was highly ambiguous in that it did not state clearly enough that the amounts laid down in the legislative texts could not be considered to be ceilings. Finally, Mr Dell'Alba (ARE) stated that he believed the text to be a step in the right direction but had reservations about the final compromise, which, in his view, tied the EP to positions expressed by the Council, even though the EP should be able to adjust the annual amounts under a financial allocation in accordance with the needs identified each year. Commissioner Liikanen highlighted the need to agree on new rules of the game and stated that if applied in good faith the joint declaration would certainly result in a satisfactory balance overall. He believed that the illustrative nature of the financial reference included in acts not subject to the codecision procedure should be explicit in order to ensure recognition of the budgetary authority in relation to the legislative authority.

## Legal bases and maximum amounts. Communication and interinstitutional statements

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The European Parliament adopted the report by Mr SAMLAND on the legal bases and the maximum amounts included in legislative acts, thus approving the draft statement by the three institutions - the EP, Commission and Council - on the inclusion of financial provisions in legislative acts. The statement by the three institutions stipulated that: - the legislative acts concerning multiannual programmes adopted through the codecision procedure should include a provision in which the legislator established the financial envelope for the programme for its entire duration. The budgetary authority and the Commission, when drawing up the preliminary draft budget, agreed not to depart from this amount except under new, objective and permanent circumstances that were explicitly and clearly justified; - the legislative acts concerning multiannual programmes not subject to the codecision procedure should not include any "amount deemed necessary". If the Council wished to introduce a financial reference, it would have an illustrative nature; - the financial envelope provided for by the financial regulation should represent in financial terms the objectives of the proposed programme and include a schedule of payments for the duration of the programme. ?

## Legal bases and maximum amounts. Communication and interinstitutional statements

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In adopting the report by Mr Ethymios CHRISTODOULOU (EPP, EL) the Committee sought to lay down rules for defining a legal basis for legislative acts of financial significance. The Committee took the view that the proposed procedures were not likely to eliminate all the shortcomings and that "a definitive solution to the problem can only be achieved by revising the financial provisions of the Treaty, in the framework of the Intergovernmental Conference". It called for a "clear and uniform application of the requirements of a legal basis" and underlined that the establishment of legal bases for the implementation of Community actions under the budget reinforced the sense of responsibility of the budgetary authority as far as the administration of EU finances was concerned. The Committee on Budgets expressed the hope that, pending a viable long-term solution through the reform of the Treaty, a short-term approach might be adopted. In this respect it invited the Council and the Commission to tripartite talks with a view to following up the joint declaration of 6 March 1995 on the "amount deemed necessary". The tripartite approach might also be the means for settling any disputes which may arise. The Committee on Budgets took the view that pilot or preparatory projects should aim at developing multiannual programmes. It also thought that the period of time required for the adoption of the legal basis should not exceed three financial years in total. As regards the indicative amount to be provided for the financing of a particular project, this should be contingent on the scope afforded by the financial perspective and should be justified under the conditions which prevail in the area in which the proposed project is to be carried out. The Committee also stressed that entering appropriations without a legal basis was conditional on the creation of a mechanism to ensure that the measures required to establish a legal base could be adopted without delay or hindrance, the budgetary authority being kept fully informed of the formation and implementation of the budget. Any failure to implement the approved appropriations should be duly justified. ?

## Legal bases and maximum amounts. Communication and interinstitutional statements

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In adopting the report by Mr CHRISTODOULOU (PPE, D), the European Parliament adopted a resolution on the Communication to the budgetary authority concerning legal bases and maximum amounts. Recalling that, at the interinstitutional Triologue of 4 April 1995, the Council had stressed the need to reach agreement on the legal bases, Parliament stressed the obligation, first and foremost, to ensure that the Community budget was drawn up and operated without hindrance. Taking the view that the proposed procedures did not eliminate all the shortcomings of the existing provisions, it believed that a definitive solution could only be achieved by revising the financial provisions of the Treaty, in the framework of the 1996 Intergovernmental Conference. Any viable long-term solution should be based on an enhancement of the role of the European Parliament as a branch of the budgetary authority and its equal participation in the budgetary legislative process. The EP considered that the question of the legal basis could not be resolved without a greater acceptance by the Council and the Commission of the budgetary priorities adopted by Parliament and that the Commission's Communication could not therefore be regarded as an acceptable, short-term operational framework for drawing up and implementing the budget. It called on the Council and the Commission to meet for tripartite talks to formulate such a framework as a follow-up to the previous triologue relating to the 'amount deemed necessary'. This framework would be provisional pending a definitive solution of the problem. The scope of the framework would cover every possible action that could contribute to implementing the Treaty. The EP also believed that any disputes between the two arms of the budgetary authority would have to be resolved using an appropriate procedure for dialogue between the three sides concerned. The EP considered that pilot or

preparatory projects should aim at developing multiannual programmes and that it was essential in this respect to specify a period of time and a non-uniform indicative amount: - the period of time should take account of the type of legislative procedure required for the adoption of the legal basis but should not exceed a period of three financial years in total; - the indicative amount should be contingent on the scope afforded by the financial perspective. The EP also stressed that entering appropriations without a legal basis should be conditional on the creation of a mechanism to ensure that the necessary measures could be taken without delay or hindrance to establish the legal basis, the budgetary authority being kept fully informed of the implementation of appropriations. Any failure to implement approved appropriations should be duly justified.?

## Legal bases and maximum amounts. Communication and interinstitutional statements

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The rapporteur, Mr CHRISTODOULOU, called for a dual approach to the rules for defining a legal basis for legislative acts with a financial impact. In the long term, a definitive solution would only be found by revising the financial provisions of the Treaty on European Union, which was the responsibility of the IGC. In the short term, the rapporteur called for a trialogue between the Council, the Commission and Parliament. As far as the substance was concerned, he proposed that the pilot or preparatory projects should aim at developing multiannual programmes and that the period of time required for the adoption of the legal basis should not exceed three financial years. As regards the indicative amount to be provided for the financing of a particular project, this should be contingent on the scope afforded by the financial perspective. Moreover, the entering of appropriations without a legal basis should be subject to rigid and clear conditions. Commissioner LIIKANEN agreed to the proposal to set up an institutional trialogue.