

**INTERINSTITUTIONAL AGREEMENT
ON BUDGETARY DISCIPLINE
AND IMPROVEMENT OF THE BUDGETARY PROCEDURE**

I. BASIC PRINCIPLES OF THE AGREEMENT

1. The main purpose of the Interinstitutional Agreement is to achieve the objectives of the Single European Act, to give effect to the conclusions of the Brussels European Council on budgetary discipline and accordingly to improve the functioning of the annual budgetary procedure.
2. Budgetary discipline under the Interinstitutional Agreement covers all expenditure and is binding on all the institutions involved 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 Treaty.
4. The contents of the Interinstitutional Agreement may not be changed without the consent of all the institutions which are party to it.

II. BUDGET FORECASTS: FINANCIAL PERSPECTIVE 1988 to 1992

A. Contents

- 5.. The financial perspective 1988 to 1992 constitutes the reference framework for interinstitutional budgetary discipline. Its contents are consistent with the conclusions of the Brussels European Council; it forms an integral part of the Agreement.
6. The financial perspective 1988 to 1992 indicates, in commitment appropriations, the volume and breakdown of foreseeable Community expenditure, including that for the development of new policies.

The overall annual totals of compulsory expenditure and non-compulsory expenditure are also shown in both commitment appropriations and payment appropriations.

B. Nature

7. The European Parliament, the Council and the Commission recognize that each of the financial objectives laid down in the perspective 1988 to 1992 represents an annual expenditure ceiling for the Community. They undertake to observe the different ceilings during the corresponding budgetary procedure.
8. The European Parliament, the Council and the Commission will join in the effort undertaken by the Community gradually to achieve a better balance between the various categories of expenditure.

They give an undertaking that any revision of the compulsory expenditure figure given in the financial perspective will not cause the amount of non-compulsory expenditure shown in the perspective to be reduced.

C. Annual adjustment

— *Technical adjustments*

9. Each year, the Commission will update the perspective ahead of the budgetary procedure for year $t + 1$, making technical adjustments to the figures in line with movements in gross national product (GNP) and prices.

— *Adjustments connected with the conditions for implementation*

10. 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 it considers necessary to take account of the conditions for implementation on the basis of the schedules of utilization of commitment appropriations and payment appropriations.

The European Parliament and the Council will take decisions on these proposals, before 1 May of year *t*, in accordance with the majority rules specified in Article 203 (9) of the Treaty.

11. If the allocations provided in the financial perspective for multiannual programmes cannot be used in full during a given year, the institutions party to the Agreement undertake to authorize the transfer of the remaining allocations.

D. Revision

12. In addition to the regular technical adjustments and adjustments in line with the conditions for implementation, the financial perspective may be revised by a joint decision of the two arms of the budgetary authority, acting on a proposal from the Commission.

The joint decision will be taken in accordance with the majority rules specified in Article 203 (9) of the Treaty.

The revision of the financial perspective may not raise the overall expenditure ceiling, as set by this perspective after the annual technical adjustment, above a margin for unforeseen expenditure of 0,03 % of GNP.

It must also respect the provisions of point 8 of this Interinstitutional Agreement.

E. Consequences of the absence of a joint decision by the institutions on the adjustment or revision of the financial perspective

13. In the absence of a joint decision by the institutions on any adjustment or revision of the financial perspective proposed by the Commission, the financial objectives already determined will, after the annual technical adjustment, remain applicable as the expenditure ceilings for the financial year in question.

III. BUDGETARY DISCIPLINE FOR COMPULSORY EXPENDITURE

14. (a) The European Parliament, the Council and the Commission are in agreement on the conclusions of the European Council concerning budgetary discipline for compulsory expenditure in the EAGGF Guarantee Section.

The three institutions undertake, within this Agreement, to respect these conclusions.

- (b) The European Parliament, the Council and the Commission confirm the principles and the mechanisms for the agricultural guideline and the monetary reserve.

- (c) As regards the other compulsory expenditure, the three institutions undertake to honour the Community's legal obligations in a manner consistent with the financial perspective.

IV. BUDGETARY DISCIPLINE FOR NON-COMPULSORY EXPENDITURE AND IMPROVEMENT OF THE BUDGETARY PROCEDURE

15. The two arms of the budgetary authority agree to accept, for the financial years 1988 to 1992, the maximum rates of increase for non-compulsory expenditure deriving from the budgets established within the ceilings set by the financial perspective.
16. The Commission will present each year, within the limits of the financial perspective, a preliminary draft budget based on the Community's actual financing requirements.

It will take into account:

- the capacity for utilizing appropriations, endeavouring to maintain a strict relationship between commitment appropriations and payment appropriations;
- the possibilities for starting up new policies or continuing multiannual operations which are coming to an end, after assessing whether it will be possible to secure a proper legal base.

17. Within the maximum rates of increase for non-compulsory expenditure specified in paragraph 15 of this Agreement, the European Parliament and the Council undertake to respect the allocations of commitment appropriations provided in the financial perspective for the Structural Funds, the Specific Industrial Development Programme for Portugal (PEDIP), the Integrated Mediterranean Programmes (IMPs) and the Research-Technology-Development (RTD) framework programme.

They also undertake to bear in mind the assessment of the possibilities for executing the budget made by the Commission in its preliminary drafts.

V. EQUIVALENCE BETWEEN ANNUAL EXPENDITURE CEILINGS AND ANNUAL CEILINGS FOR CALLING IN COMMUNITY OWN RESOURCES

18. The three institutions party to the Agreement agree that the overall expenditure ceiling for each year also represents the annual own resources call-in ceiling for the corresponding budget year. This will be expressed as a percentage of Community GNP.

VI. FINAL PROVISIONS

19. This Interinstitutional Agreement for 1988 to 1992 will enter into force on 1 July 1988.

Before the end of 1991 the Commission will present a report on the application of this Agreement and on the amendments which need to be made to it in the light of experience.

FINANCIAL PERSPECTIVE

Commitment appropriations

(million ECU at 1988 prices)

	1988	1989	1990	1991	1992
1. EAGGF Guarantee	27 500	27 700	28 400	29 000	29 000
2. Structural operations	7 790	9 200	10 600	12 100	13 450
3. Policies with multiannual allocations (IMPs, research) ⁽¹⁾	1 210	1 650	1 900	2 150	2 400
4. Other policies	2 103	2 385	2 500	2 700	2 800
of which non-compulsory	1 646	1 801	1 860	1 910	1 970
5. Repayments and administration (including financing of stock disposal)	5 700	4 950	4 500	4 000	3 550
of which non-compulsory	1 240	1 400	1 400	1 400	1 400
6. Monetary reserve ⁽²⁾	1 000	1 000	1 000	1 000	1 000
TOTAL	45 303	46 885	48 900	50 950	52 800
of which ⁽³⁾ compulsory	33 698	32 607	32 810	32 980	33 400
non-compulsory	11 605	14 278	16 090	17 970	19 400
Payment appropriations required	43 779	45 300	46 900	48 600	50 100
of which ⁽³⁾ compulsory	33 640	32 604	32 740	32 910	33 110
non-compulsory	10 139	12 696	14 160	15 690	16 990
Payment appropriations as % of GNP	1,12	1,14	1,15	1,16	1,17
Margin for unforeseen expenditure	0,03	0,03	0,03	0,03	0,03
Own resources required as % of GNP	1,15	1,17	1,18	1,19	1,20

⁽¹⁾ Chapter F on budget estimates of the European Council indicates a figure of 2 400 million (1988 prices) for policies with multiannual allocations in 1992. The policies in question are Research and Development and Integrated Mediterranean Programmes. Only expenditure for which a legal basis exists may be financed under this heading. The present framework programme provides a legal basis for Research expenditure of 863 million ECU (current prices) for 1992.

The regulation on Integrated Mediterranean Programmes provides a legal basis for an estimated amount of 300 million ECU in 1992 (current prices).

The two arms of the Budgetary Authority undertake to respect the principle that further budget appropriations within this ceiling for 1990, 1991 and 1992 will require a revision of the existing framework programme or, before the end of 1991, a decision on a new framework programme based on a proposal from the Commission in accordance with the legislative provisions in Article 130Q of the SEA.

⁽²⁾ At current prices.

⁽³⁾ Based on the classification proposed by the Commission in the 1989 preliminary draft budget. The required decision by the budgetary authority will be implemented as a technical adjustment, under point 9 of the Agreement.

Hecho en Bruselas, el 29 de junio de 1988.

Udfærdiget i Bruxelles, den 29. juni 1988.

Geschehen zu Brüssel am 29. Juni 1988.

Έγινε στις Βρυξέλλες, στις 29 Ιουνίου 1988.

Done at Brussels on the 29 June 1988.

Fait à Bruxelles, le 29 juin 1988.

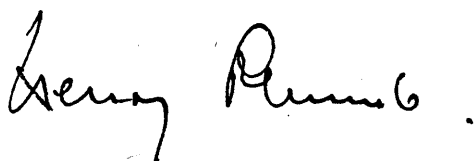
Fatto a Bruxelles, addì 29 giugno 1988.

Gedaan te Brussel, 29 juni 1988.

Feito em Bruxelas, em 29 de Junho de 1988.

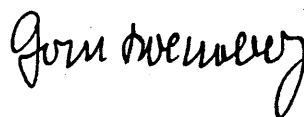
Por el Parlamento Europeo
For Europa-Parlamentet
Für das Europäische Parlament
Για το Ευρωπαϊκό Κοινοβούλιο
For the European Parliament
Pour le Parlement européen
Per il Parlamento europeo
Voor het Europese Parlement
Para o Parlamento Europeu

Lord Henry PLUMB



Por el Consejo de las Comunidades Europeas
For Rådet for De Europæiske Fællesskaber
Für den Rat der Europäischen Gemeinschaften
Για το Συμβούλιο των Ευρωπαϊκών Κοινοτήτων
For the Council of the European Communities
Pour le Conseil des Communautés européennes
Per il Consiglio delle Comunità europee
Voor de Raad van de Europese Gemeenschappen
Pelo Conselho das Comunidades Europeias

Gerhard STOLTENBERG



Por la Comisión de las Comunidades Europeas
For Kommissionen for De europæiske Fællesskaber
Für die Kommission der Europäischen Gemeinschaften
Για την Επιτροπή των Ευρωπαϊκών Κοινοτήτων
For the Commission of the European Communities
Pour la Commission des Communautés européennes
Per la Commissione delle Comunità europee
Voor de Commissie van de Europese Gemeenschappen
Para a Comissão das Comunidades Europeias

Jacques DELORS

