

STATEMENT BY CHRISTOPHER TUGENDHAT, VICE PRESIDENT  
OF THE COMMISSION OF THE EUROPEAN COMMUNITIES TO  
THE EUROPEAN PARLIAMENT ON WEDNESDAY 14 NOVEMBER  
1984 ON THE 1982 DISCHARGE

THIS IS THE EIGHTH OCCASION, MR. PRESIDENT, WHEN I HAVE ADDRESSED THIS HOUSE ON THE COMMISSION'S BEHALF IN A DEBATE CONCERNING THE DISCHARGE. IT WILL, AS THE HOUSE KNOWS, BE THE LAST SUCH OCCASION. I AM SAD, THEREFORE, THAT FOR THE FIRST TIME EVER, PARLIAMENT IS BEING INVITED BY ITS BUDGETARY CONTROL COMMITTEE TO REFUSE THE GRANT OF DISCHARGE IN RESPECT OF THE YEAR 1982.

INNOVATION IN THE COMMUNITY IS ALWAYS TEMPTING. AND THERE IS PERHAPS NO SAFER MOMENT TO EMBARK UPON IT, AS FAR AS THE DISCHARGE IS CONCERNED, THAN SIX WEEKS BEFORE THE EXPIRY OF THE MANDATE OF THE COMMISSION. NONETHELESS, THE TEXT OF THE RESOLUTION BEFORE THIS HOUSE HAS IMPLICATIONS BOTH OF PROCEDURE AND OF SUBSTANCE ON WHICH THE COMMISSION FEELS OBLIGED TO RESPOND WITH SOME FORCE.

/ AS REGARDS

As regards procedure: in the Commission's view to use the discharge resolution as a vehicle for general criticism of the Commission's record is an abuse of the Community's procedure. We can only deplore this and the President of the Commission will speak to this point when he intervenes later in the debate. I will confine myself to the substance of the proposed decision.

THE RESOLUTION BEFORE THE HOUSE CONTAINS, IN ADDITION TO ITS VAGUE AND GENERAL COMPLAINTS, A NUMBER OF SPECIFIC ALLEGATIONS. THE COMMISSION HAS REPLIED TO THESE AT LENGTH, BOTH ORALLY AND IN WRITING. I SHALL DO SO AGAIN BRIEFLY NOW, TAKING THEM IN THE ORDER IN WHICH THEY ARE PRESENTED IN PARAGRAPH 2 OF THE RESOLUTION.

IN SUB-PARAGRAPH (A), THE COMMISSION IS CRITICISED FOR FAILING, OVER THE YEARS, TO IMPLEMENT PARLIAMENT'S AMENDMENTS TO THE BUDGET IN A SATISFACTORY MANNER. THE COMMISSION CONTESTS THE TRUTH OF THIS ASSERTION. WE HAVE ALSO PROVIDED DETAILED EVIDENCE SHOWING THE CONTRARY. AS REGARDS COMMITMENT APPROPRIATIONS, WHICH PROVIDE THE BEST PICTURE OF POLICY INITIATION, THE BUDGET IN 1982 WAS EXECUTED ON A LINE BY LINE BASIS AT LEVELS CLOSE TO OR AT 100% IN VIRTUALLY ALL CASES. IT IS TRUE THAT PAYMENTS IN SOME INSTANCES FELL SHORT OF INITIAL EXPECTATIONS. BUT ALMOST INVARIABLY THIS WAS BECAUSE THE POTENTIAL BENEFICIARIES HAD NOT ADEQUATELY FULFILLED THEIR OBLIGATIONS. THE COMMISSION DOES NOT BELIEVE THAT IT WOULD HAVE BEEN RIGHT TO HAND OVER MONEY IN SUCH CIRCUMSTANCES,

/ SIMPLY IN ORDER

simply in order to maximise the execution of the budget. Indeed, we believe it would have been incompatible with the principles of strict budgetary control. In other isolated cases, implementation of the budget did not occur because no adequate legal instrument was created for the action in question. The Trilogue of 30 June 1982 specifically recognised that a basic regulation is necessary to implement any significant Community action. To criticise the Commission for not having implemented the budget where such legal bases do not exist, is thus to call into question that agreement.

In sub-paragraph (b), it is claimed that the Commission failed to take account of the rejection by Parliament of the supplementary and amending budget n°1. This claim is surprising. In February 1983 Parliament eventually adopted a supplementary budget. In doing so it did not imply that the Commission's behaviour had in any way undermined or weakened its budgetary power. Moreover, the specific action taken by the Commission, and now the subject of criticism by the Committee on Budgetary Control, was drawn specifically to the attention of Parliament at the earliest opportunity. Indeed, a debate took place in this Chamber in January 1983, the first plenary

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- 5 -

session following the Commission's action, during which Parliament was extensively informed of what the Commission was doing and why. Let me recall the facts here. The Commission opened special accounts in its own name in London and Bonn which were credited with the amounts of compensation under consideration.

I cannot emphasise too strongly that the money was not handed over to the national treasuries but put into suspense in these special accounts as a precautionary measure. The Parliament had never contested the amounts agreed by the Council. As a consequence there was the justified expectation that the amounts in question would be paid at a later stage. It is also important to keep in mind that the Commission decision was fully reversible in case the Parliament did not agree to the first supplementary budget in 1983.

I would like to emphasise that the Commission did not thwart the will of the Parliament. On the contrary, the action of the Commission was motivated by the desire to create conditions which enabled agreement to be reached between Parliament and Council, and, I have to stress, the Commission succeeded. Its preliminary draft supplementary and amending budget No. 1 was adopted by the budget authority without any major modification.

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- 6 -

IN SUB-PARAGRAPH (C), THE COMMISSION IS ACCUSED OF HAVING OVERRULED PRECIPITOUSLY ITS FINANCIAL CONTROLLER IN A MANNER WHICH INFRINGED THE SPIRIT OF THE FINANCIAL REGULATION AND CONTRADICTED THE PRINCIPLES OF SOUND FINANCIAL MANAGEMENT. ON THIS I MUST FIRST SAY THAT THERE IS NO CONNECTION WHATEVER BETWEEN A DECISION TAKEN BY THE COMMISSION IN 1984 CONCERNING THE CLEARING OF THE FEOGA ACCOUNTS FOR 1978 AND 1979 AND THE DISCHARGE FOR THE BUDGETARY YEAR OF 1982. SECOND, THE COMMISSION HAS, IN ACCORDANCE WITH NORMAL PRACTICE, SENT TO THE COURT OF AUDITORS COPIES OF THE FINANCIAL CONTROLLER'S REFUSAL OF VISAS ALONG WITH ITS DETAILED DECISIONS TO OVERRIDE THEM. TO DATE THE COURT OF AUDITORS HAVE NOT DRAWN TO THE

ATTENTION OF THE COMMISSION ANY COMMENTS CONCERNING THE DECISIONS WHICH WERE TAKEN IN THE CONTEXT OF THE CLEARING OF THE 1978 AND 1979 FEOGA ACCOUNTS.

THE CIRCUMSTANCES SURROUNDING THE VARIOUS CASES INVOLVED IN THE CLEARANCE OF THESE ACCOUNTS HAVE BEEN EXPLAINED IN DETAIL TO THE BUDGET CONTROL COMMITTEE BY MY COLLEAGUE POUL DALSAGER. THE RELEVANT COMMUNITY RULES ALLOW THE COMMISSION IN DEFINED CONDITIONS, TO OVERRULE A REFUSAL OF VISA FROM THE FINANCIAL CONTROLLER AND IN THE CASES IN QUESTION THESE CONDITIONS WERE FULFILLED.

Every year the Commission uses this discretionary power in a limited number of cases, sometimes specifically in order to ensure that the budgetary will expressed by the Parliament is respected.

Moreover, this discretionary power is also regularly exercised by Parliament itself and by the other institutions IN RELATION TO THEIR OWN FINANCIAL CONTROLLERS. THE COMMISSION THEREFORE CANNOT ACCEPT THAT ITS ACTION INFRINGED COMMUNITY RULES.

AS REGARDS CHRISTMAS BUTTER (SUB-PARAGRAPH D), IT IS ALLEGED THAT THE COMMISSION THWARTED THE WILL OF PARLIAMENT EXPRESSED IN ITS RESOLUTION OF 15 OCTOBER 1982. THE COMMISSION REJECTS THIS ASSERTION. IN ITS RESOLUTION OF 15 OCTOBER PARLIAMENT DID NOT INSIST ON ANY PARTICULAR SCHEME FOR DISPOSING OF SURPLUS BUTTER - IT

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SIMPLY SUGGESTED ONE POSSIBLE WAY OF DOING SO. BY NO READING OF THE RESOLUTION COULD IT BE SAID THAT PARLIAMENT RECOMMENDED LET ALONE INSISTED ON A PARTICULAR SCHEME. THE RESOLUTION IN QUESTION INVOLVED A NUMBER OF POINTS OTHER THAN CHRISTMAS BUTTER, MANY OF WHICH HAVE BEEN FOLLOWED UP BY THE COMMISSION AND INTRODUCED INTO COMMUNITY LEGISLATION. THE COMMISSION THEREFORE FAILS TO SEE HOW THE COMMITTEE ON BUDGETARY CONTROL CAN SPEAK OF THE COMMISSION HAVING THWARTED THE WILL OF PARLIAMENT. MEMBERS OF THIS HOUSE WILL OF COURSE BE AWARE THAT IN THE CURRENT YEAR, FOLLOWING A RE-EXAMINATION OF THE OPTIONS FOR REDUCING THE COMMUNITY'S BUTTER STOCKS, THE COMMISSION RECENTLY DECIDED ON THE LARGEST EVER CHRISTMAS BUTTER SCHEME WHICH IS DUE TO BE IMPLEMENTED SHORTLY.

I HAVE TO ADD IN THIS CONTEXT THAT FOR THE PARLIAMENT TO CRITICISE THE COMMISSION FOR NOT FOLLOWING ITS RECOMMENDATIONS IN THE FIELD OF AGRICULTURAL POLICY IS, FRANKLY, THE PUREST HYPOCRISY. COULD I REMIND THIS HOUSE THAT ON AT LEAST THREE SEPARATE OCCASIONS IN THE LAST FOUR YEARS, THIS PARLIAMENT HAS REJECTED THE COMMISSION'S PROPOSALS CONCERNING CO-RESPONSIBILITY IN THE AGRICULTURAL SECTOR. AND DURING THE LIFE-TIME OF THIS COMMISSION, THE PARLIAMENT HAS

/ YEAR AFTER YEAR



YEAR AFTER YEAR CALLED FOR INCREASES IN AGRICULTURAL PRICES MASSIVELY GREATER THAN THOSE PROPOSED BY THE COMMISSION, AND INDEED GREATER THAN THOSE EVENTUALLY DECIDED BY THE COUNCIL ITSELF. IF THE COMMISSION HAD FOLLOWED PARLIAMENT'S ADVICE ON THE CONDUCT OF AGRICULTURAL POLICY, THE COST TO THE COMMUNITY'S BUDGET WOULD HAVE INCREASED BY SOMETHING OF THE ORDER OF 2500 MIOECU EVERY YEAR. WHAT THE CONSEQUENCES WOULD HAVE BEEN FOR THE SURPLUS STOCKS OF PRODUCTS IN THE DAIRY SECTOR, AND INDEED OF OTHER PRODUCTS AS WELL, ARE TOO HORRIFIC EVEN TO CONTEMPLATE.

THE BUDGETARY CONTROL COMMITTEE HAS ALSO POINTED (IN SUBPARAGRAPH E) TO DIFFICULTIES IN CONNECTION WITH FOOD AID POLICIES. SUCH POLICIES CONSTITUTE AN ENORMOUS TARGET FOR CRITICISM AND the Commission would not claim that its management in this area is incapable of any improvement.

But it must also be kept in mind that the Commission operates in partnership with independent countries whose political objectives and standards of administration can differ from ours, to put it mildly. Also, the Commission has a shortage of staff in this area, compared with the requirements and the endowment of the Member States in this field.

NONETHELESS, IT IS A FACT THAT THE COMMISSION HAS TAKEN CONSIDERABLE POSITIVE ACTION IN RECENT YEARS IN ORDER TO REDUCE DELIVERY DELAYS, TO MAKE PURCHASES ON THE MARKETS OF THE DEVELOPING COUNTRIES, AND TO IMPROVE PACKAGING AND QUALITY CONTROL. MOREOVER THE SPECIAL PROGRAMME DESIGNED TO COMBAT HUNGER IN THE WORLD WAS

INTRODUCED IN THE 1983, NOT 1982, BUDGET, I.E. AFTER THE PERIOD WITH WHICH THIS DISCHARGE PROCEDURE IS SUPPOSED TO BE CONCERNED. THE IMPLEMENTATION OF THIS NEW ACTIVITY, IN SPITE OF EXTERNAL CONSTRAINTS, IS IMPROVING. INDEED, THE FOOD AID APPROPRIATIONS ENTERED IN THE 1984 BUDGET WILL BE UTILISED IN FULL. IN ADDITION, THE COMMISSION'S RECENT INITIATIVE TO HELP TO COMBAT FAMINE IN AFRICA AND WHICH INVOLVED A SIGNIFICANT BUDGET TRANSFER WAS ADOPTED ON BEHALF OF THE PARLIAMENT BY THE COMMITTEE ON BUDGETS UNANIMOUSLY. NO VOICES WERE RAISED ON THAT OCCASION CLAIMING GROSS INADEQUACIES ON THE PART OF THE COMMISSION IN THIS AREA, NOT, THE COMMISSION THINKS, BECAUSE OF OVERSIGHT, BUT BECAUSE THE VIEWS OF THE BUDGET CONTROL COMMITTEE ON THIS SUBJECT ARE NOT WIDELY SHARED.

SUB-PARAGRAPH (F) SUGGESTS THAT THE COMMISSION'S MANAGEMENT, MONITORING, APPRAISAL, ASSESSMENT AND FINANCIAL INFORMATION SYSTEMS ARE INADEQUATE. THE COMMISSION, TO SAY THE LEAST, IS PUZZLED BY THIS CRITICISM. IN ITS COMMUNICATION TO THE PARLIAMENT IN AUGUST, THE COMMISSION SAID THAT IT IS PERFECTLY WILLING TO CONSIDER WITH PARLIAMENT ANY PRECISE AND SPECIFIC REQUEST FOR

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IMPROVEMENTS IN THIS AREA. INDEED A FEW DAYS AGO I WROTE TO MR. AIGNER IN REPLY TO A RECENT REQUEST FROM HIM IN WHICH HE ASKED ON BEHALF OF THE COMMITTEE ON BUDGETARY CONTROL FOR CERTAIN DATA. THE COMMISSION HAS AGREED TO SUPPLY PRECISELY WHAT WAS REQUESTED.

THIS OFFER TO SUPPLY INFORMATION, OF COURSE, REMAINS OPEN. THE COMMISSION DOES HOWEVER ALREADY PROVIDE PARLIAMENT AND ITS SPECIALISED COMMITTEES WITH A CONSIDERABLE AMOUNT OF SUCH INFORMATION. FOR EXAMPLE, EACH YEAR IN CONNECTION WITH THE BUDGET PROCEDURE WE PUT FORWARD A THREE YEAR FORECAST. WE ALSO SEND EVERY MONTH TO THE AGRICULTURAL COMMITTEE, THE BUDGET COMMITTEE, AND THE COMMITTEE ON BUDGETARY CONTROL, DETAILS OF THE UPTAKE OF FEOGA GUARANTEE CREDITS. IT IS TO SAY THE LEAST A RARE EVENT WHEN ANY OF THIS INFORMATION GIVES RISE TO AN EXAMINATION BY PARLIAMENT.

/ THIS APPARENT

THIS APPARENT THIRST FOR MORE INFORMATION WHICH THE COMMITTEE ON BUDGETARY CONTROL CONSIDERS TO HAVE BEEN INADEQUATELY SATISFIED BY THE COMMISSION IS ALSO TO BE FOUND ELSEWHERE IN PARAGRAPH 3 OF THE DRAFT RESOLUTION WHERE IT IS CLAIMED THAT THE COMMISSION'S REPLIES OF AUGUST TO THE REQUESTS MADE BY PARLIAMENT IN ITS RESOLUTION OF APRIL ARE INADEQUATE. FOR THE HOUSE TO BE ABLE TO JUDGE THE VALIDITY OF THIS CLAIM I MUST PLACE ON RECORD THE FACT THAT THE COMMITTEE ON BUDGETARY CONTROL HAS NEVER EXAMINED IN DETAIL THE DOCUMENT IN QUESTION, AND THIS DESPITE REPEATED REQUESTS FROM THE COMMISSION THAT THE INFORMATION AND ARGUMENTS CONTAINED IN THE PAPER SHOULD AT LEAST BE DISCUSSED.

TO SUM UP, MR. PRESIDENT, FOR THE FIRST TIME EVER PARLIAMENT HAS BEEN INVITED BY ITS COMMITTEE ON BUDGETARY CONTROL TO REFUSE THE COMMISSION'S DISCHARGE. I ASK HONOURABLE MEMBERS TO CONSIDER CAREFULLY WHAT IT IS THEY ARE BEING ASKED TO DO AND WHY.

THE DRAFT RESOLUTION ADDRESSES BOTH THE 1982 BUDGET AS WELL AS THE COMMISSION'S MANAGEMENT OVER THE PAST FOUR YEARS.

CONCERNING THE 1982 BUDGET, THE COURT OF AUDITORS IN ITS REPORT FOR THAT YEAR MAKES CERTAIN CRITICAL COMMENTS BUT NEITHER THEIR NUMBER NOR THEIR NATURE IS OUT OF LINE WITH THOSE OF EARLIER YEARS WHERE, OF COURSE, DISCHARGE HAS BEEN GRANTED. THE COMMISSION HAS REPLIED IN DETAIL TO ALL THESE CRITICISMS AND HAS SHOWN BY ITS ACTIONS IN SUBSEQUENT YEARS THAT IT HAS TAKEN THEM TO HEART WHERE APPROPRIATE. THE COUNCIL HAS RECOMMENDED DISCHARGE. MOREOVER, NONE OF THE SPECIALISED POLICY COMMITTEES OF PARLIAMENT, EITHER IN 1982 OR MORE RECENTLY, HAS CRITICISED IN A FUNDAMENTAL MANNER THE COMMISSION'S EXECUTION OF THE BUDGET IN AREAS OF DIRECT CONCERN TO THEM.

Mr. President, I sought particularly to rebut the specific criticisms made in the draft resolution. I hope very much that the House will consider the Commission's arguments carefully before taking its decision in the matter.