



European Communities

EUROPEAN PARLIAMENT

WORKING DOCUMENTS

English Edition

1985-86

7 MAY 1985

SERIES A

DOCUMENT A2-30/85

REPORT

drawn up on behalf of the Committee on Budgets
on the new draft general budget of the European
Communities for the financial year 1985

Rapporteur: Mr O. FICH

On 13 December 1984 the European Parliament rejected the draft budget of the Communities for 1985.

On 23 April 1985 the Council adopted a new draft budget for 1985, which was forwarded to Parliament on 29 April.

At its meetings of 24 April and 6 May the Committee on Budgets delivered its opinion on the draft amendments and proposed modifications to the new draft budget.

At the latter meeting the committee adopted the following motion for a resolution by 12 votes to 4.

Present: Mr COT, chairman; Mr RYAN, first vice-chairman; Mr FICH, rapporteur; Mr BARDONG, Mr BROK (deputizing for Mr MIZZAU), Sir Fred CATHERWOOD, Mr CHRISTODOULOU, Mr CORNELISSEN, Mr CURRY, Mr DANKERT, Mrs DURY (deputizing for Mrs FUILLET), Mr EBEL (deputizing for Mr LANGES), Mrs HOFF, Mr MacSHARRY (deputizing for Mr MALAUD), Mr PASTY, Mr PFENNIG, Mr PITT, Mrs SCRIVENER, Mr TOMLINSON, Mr VON DER VRING and Mr DE VRIES (deputizing for Mr LOUWES).

The explanatory statement will be presented orally by the rapporteur.

The present report was tabled on 6 May 1985.

The deadline for the tabling of amendments to this report will appear in the draft agenda for the part-session at which it will be debated.

The Committee on Budgets hereby submits to the European Parliament the following motion for a resolution:

MOTION FOR A RESOLUTION

on the new draft general budget of the European Communities for the financial year 1985

The European Parliament,

- having regard to its resolution of 13 April 1984 on the guidelines for the budgetary policy of the Communities for 1985 (OJ No. C 127 of 14 May 1984),
- having regard to the preliminary draft budget for 1985 (COM(84) 200),
- having regard to Letters of Amendment Nos. 1 and 2 to the preliminary draft budget (Doc. COM(84) 545 and COM(84) 611),
- having regard to the draft budget for 1985 (Doc. 2-700/84),
- having regard to Letter of Amendment No. 1 to the draft budget, adopted by the Council on 8 November 1984,
- having regard to the draft budget as amended and modified by the European Parliament at its first reading on 14 November 1984 and having regard to its resolution of the same date on the draft budget (OJ No. C 337 of 17 December 1984),
- having regard to the decisions adopted by the Council on 29 November 1984 (Doc.2-1150/84) at its second reading of the draft budget for 1985,
- having regard to its resolution of 13 December 1984 rejecting the draft budget for 1985 (OJ No. C 12 of 14 January 1985),
- having regard to Letter of Amendment No. 3 to the preliminary draft budget for 1985 (COM(85) 130),

- having regard to the new draft budget for 1985 established by the Council on 23 April 1985 and forwarded to Parliament on 29 April 1985 (Doc. C 2-25/84),
 - having regard to its amendments and proposed modifications to the new draft budget for 1984,
 - having regard to the report of its Committee on Budgets (Doc. A2-30/85),
 - whereas it rejected the 1985 draft budget by 321 votes to 3 with 16 abstentions on the grounds that it did not cover 12 months of revenue and expenditure,
1. Notes the fact that in its new draft budget for 1985 the Council has increased appropriations for the EAGGF Guarantee Section by 1,955 million ECU so that, on the basis of current agricultural legislation, it will cover all 12 months of the financial year and asserts the imperative that agricultural legislation be amended in order to ensure that supply is more in line with demand and that the consequent savings are available for non-compulsory expenditure;
 2. Takes the view that the Council's decisions on agricultural prices and related measures for the 1985/1986 marketing year should be accompanied by appropriate financing proposals;
 3. Supports the Commission's proposed 232 million ECU increase in the estimates of traditional own resources;
 4. Stresses that, for reasons of clarity and budgetary truth, the deficit to be carried over from the financial year 1984 to the financial year 1985 should be entered in the budget immediately; points out that this deficit is principally due to the Council's refusal to take the Commission's revised estimates for traditional own resources into account in the 1984 supplementary budget in order to permit a reduction in the advances granted by the Member States to the Communities in 1984;
 5. Reaffirms that expenditure policy is the most appropriate instrument for solving the problem of budgetary imbalances and that compensation for the United Kingdom and the Federal Republic of Germany by way of an abatement on their payments of own resources to the Communities is at variance with the Community solidarity created by the 1970 decision on own resources, which has the force of a treaty;

6. Has therefore deleted those entries in the statement of revenue which anticipate the adoption and ratification by the national parliaments of modifications to the system of own resources;
7. Nevertheless keeps open (pm) those lines in the statement of expenditure which, when the necessary financing is definitely available, will permit the implementation - with effect from 1985 - of structural programmes to rectify the budgetary imbalances which are unacceptable to certain Member States;
8. Has entered in the draft budget the necessary appropriations - estimated by the Commission at 140 million ECU - for launching the integrated Mediterranean programmes in 1985;
9. Insists that an extra effort be made in the campaign against hunger in the world and has therefore increased food aid appropriations and the corresponding tonnages to the limit of the resources available;
10. As regards the other budgetary fields confirms - subject to a number of technical modifications - the attached resolution of 14 November 1984 on the 1985 draft budget;
11. Instructs its President to forward this resolution and the amendments and proposed modifications adopted by Parliament to the Council and Commission.

RESOLUTION

on the Draft general budget of the European Communities for the financial year 1985 (Section III - Commission)

The European Parliament,

- having regard to the preliminary draft budget (COM(84) 200) and the draft budget for 1985 (Doc. 2-700/84),
- having regard to letter of amendment No.1 to the draft budget adopted by the Council on 8 December 1984,
- having regard to its resolution on the guidelines for the budgetary policy of the Communities for 1985 (1) (OJ C 127 of 14.5.1984),
- having regard to the report of the Committee on Budgets (Doc. 965/84),
- having regard to the views it has previously expressed on budgetary matters, and in particular on:
 - new own resources (2),
 - measures to cover budgetary requirements pending the entry into force of an increase in own resources (3),
 - budgetary imbalances (4),
 - draft supplementary and amending budget No. 1 for 1984 (5),
- and having regard to the reports on previous budgets,

PRIORITIES

1. Draws attention to its guidelines on budgetary policy for the financial years 1983, 1984 and 1985, for the benefit of the fight against unemployment and against hunger in the world;

(1) Resolution of 13.4.84, (OJ No. C 127 of 14.5.84)

(2) Doc. 2-799/84

(3) Doc. 2-705/84

(4) Resolution of 12.3.84 (OJ No. C 104 of 16.4.84)

(5) Doc. 2-798/84

2. (a) Takes the view that the degree of effort committed to the social field is important but that it is at the same time necessary to find other ways of improving job opportunities; considers that a substantial extra effort should be made to encourage productive investment which will generate employment, for example, in the new technology sectors;
- (b) Draws attention, in this connection, to the fact that the European Council, meeting on 19 and 20 March 1984 in Brussels and 25 and 26 June 1984 in Fontainebleau, included the following among its priority objectives for the Community:
 - the promotion of productive investment;
 - the development of scientific and technological potential;
 - the strengthening of the internal market; and
 - the protection and promotion of employment, in particular for young people;
3. Stresses that a marked improvement in the environment is essential in response to the urgent demands of the general public; believes that such an improvement could be achieved, for example, by promoting the new technologies;
4. Reaffirms that in the matter of aid to developing countries, and in particular the fight against hunger in the world, top priority should be given to projects which are consistent with the strategy of self-reliance and take account of such factors as training, participation and the basic requirements of the people;
5. Stresses that these objectives must be pursued with determination but that the necessary budgetary stringency must be observed; has therefore restricted the increase in payment appropriations to roughly 400 million ECU in respect of measures other than agricultural guarantees and the special arrangements in favour of the United Kingdom and the FRG;

BUDGETARY CONSTRAINTS FOR 1985

6. Notes that the estimates of the resources available to the Community in 1985 show only a slight increase over the 1984 figures (+ 5.38%), which is virtually the same as the rate of inflation (+ 5%); notes, however, that the present ceiling for own resources accruing from VAT is now being modified;
7. Points out that the Fontainebleau agreement, which sets the new maximum rate of VAT for own resources at 1.4% from 1 January 1986, leaves the Community's overall resources too limited to solve the problems currently facing the Member States of the Community in their various spheres of activity and believes that the date for new own resources should be brought forward into the 1985 financial year;
8. Stresses that the lack of internal discipline in the Council and the lack of coherence in its decisions in a number of fields have led to a state of affairs in which the Community is faced with the possible collapse of its common agricultural policy, and have served to perpetuate imbalances in the budget, a situation that certain Member States find unacceptable;

9. Enters, for its part, an appropriation in the draft budget designed to facilitate the accession of Spain and Portugal to the Community and invites the Council to expedite its work on the enlargement of the Community; calls on the Commission to submit a report at the beginning of 1985 on the budgetary consequences of the accession of these two countries;
10. Takes the view that the Commission's incomplete implementation of the mandate of 30 May 1980 and the Council's inability to follow up the Commission's proposals in this area have contributed equally to the present crisis in the Community; appeals urgently to the Commission and Council, therefore, to join Parliament in redoubling their efforts to bring about structural changes in relation to the development of Community policies, with due regard to the Community's financial independence;
11. Welcomes the fact that the European Councils of Stuttgart and Fontainebleau also instructed the Council and Commission to work towards this end, but deplores the fact that in the financial and budgetary sector the Council created serious obstacles to the revitalization of the Community with its draft budget for 1985, in particular by jeopardizing the Community's financial independence;

GENERAL POSITION ON THE 1985 DRAFT BUDGET

12. Cannot accept a draft budget which calls into question such basic budgetary rules as the principle of annuality (Article 202 of the EEC Treaty) by failing to cover the whole financial year in a number of areas of expenditure, including the agricultural guarantee sector, and by leaving out of account financial operations already agreed in principle, such as measures in favour of the United Kingdom and the Federal Republic;
13. Considers that a draft budget showing an overall reduction of approx. 2% compared with the 1984 budget, including supplementary budget 1/84, is unacceptable; furthermore, the rate of inflation is running at approx. 5%; notes also that, by making random cuts in many fields, the Council has reduced non-compulsory expenditure by an average of 20% in real terms and by more than 50% in the case of appropriations for certain structural sectors such as information, innovation and specific development measures;
14. Reaffirms its view that situations which are unacceptable to certain Member States in the budgetary field can be rectified on a lasting basis only by structural modifications in the development of Community policies and that short-term remedial action is acceptable only in the form of special measures in structural policy sectors; therefore makes provision in the draft budget for special measures in the sectors of employment, transport, urban renewal and energy in favour of the United Kingdom and, also, in favour of the Federal Republic of Germany, and confirms the amount agreed upon by the European Council at Fontainebleau;

15. Appeals to the Council to play its part, during the present budgetary procedure, in resolving the problems relating to the classification of expenditure which were temporarily shelved during the negotiations leading to the joint declaration of 30 June 1982; these problems concern certain appropriations for the EAGGF Guarantee Section, the appropriations for the EAGGF Guidance Section and the fisheries and marine policy (with the exception of the common organization of the market) and various items of expenditure relating to food aid;
16. Cannot accept the Council's proposed classification of a number of new entries as compulsory expenditure - 2070 (milk superlevy), 291 (compensation in favour of Germany), 292 (special destocking measures), 313 (aid for the management of agricultural holdings), 314 (forestry), 3273 (transport of means of production to the Greek islands), 424 (Greenland fishing agreement) and 9602 (agricultural structures in Portugal) - or the modifications to the classification of administrative expenditure;
17. Points out that the joint declaration of 30 June 1982 forbids the creation of new compulsory expenditure by way of legislation;
18. Notes that the agreements contained in the joint declaration of 30 June 1982 concerning the utilization of appropriations pending the adoption by the Council of an additional legal basis have not been complied with and that despite these agreements a number of entries in the budget have not been implemented or have not been implemented in the manner laid down in the budget;
19. Deplores the fact that the Council is still systematically underestimating certain items of expenditure to which it has already committed itself; has the hope that Parliament will use its margin for manoeuvre in the field of non-compulsory expenditure to reinstate the necessary appropriations; hopes that such attempts by the Council to determine in advance how the European Parliament uses its margin for manoeuvre in non-compulsory expenditure will also be considered in the discussions on budgetary discipline and the review of the joint declaration of 30 June 1982;
20. Points out that under Articles 5, 199 and 203(10) of the Treaty the Council and the Member States are required to place at the Communities' disposal the resources necessary to finance expenditure duly entered in the budget of the Communities; stresses that this requirement applies as much to agricultural expenditure as to other structural expenditure, particularly if such outgoings take the form of payments corresponding to commitments already entered into (and amounting, according to the Commission, to 3,200 million ECU (1));
21. Welcomes the fact that, by withdrawing its proposal on the financing of the 1984 deficit, the Commission has finally come round to Parliament's view that the financing of the Community budget on the basis of an intergovernmental agreement is unacceptable; as regards measures to cover the financial requirements for 1985, enjoins the Council to follow Parliament's opinion, which provides for a framework regulation for advances on the Community's own resources;

(1) Preliminary draft budget for 1985 - Volume 7, page A/7

22. is convinced of the need for budgetary stringency in 1985 as well; has therefore resorted as often as possible to compensatory reductions in sectors of less immediate importance in order to give effect to its budgetary priorities; has increased the appropriations in the relevant sectors and confined the proposed increase in appropriations to the amount available within the current limit of own resources except for the special measures in favour of the United Kingdom and the Federal Republic of Germany and an extra reserve for the agricultural guarantee sector, which can be financed only if additional revenue is placed at the Community's disposal.

POSITION ON INDIVIDUAL BUDGET SECTORS

23. Approves the revenue estimates entered in the draft budget;
24. Reinstates, however, the preliminary draft budget as regards the entry of interest (50 m ECU) which accrues on the Commission's accounts in the Member States and should, according to the Commission and Parliament, be considered as own resources;
25. Considers that the practice of entering revenue as 'negative expenditure' is contrary to basic budgetary rules and introduces an unnecessary complication which is detrimental to budgetary transparency; has therefore amended the nomenclature in order to transfer this revenue to the statement of revenue and has created budget lines to receive as revenue the amount from the financial contribution of dairy producers and from the superlevy in the milk sector which cannot be collected in 1984 and which is estimated to be 23,5 m ECU;
26. Maintains, as regards the Commission's operating appropriations, the same restrictive line applied to the other institutions; has therefore increased the establishment plan only in cases where the reductions made by the Council might seriously undermine the normal operation of the institution or the implementation of policies of priority importance for Parliament; expects the Commission to create these new posts in the sectors indicated by Parliament;
27. Increases the reserve for EAGGF Guarantee appropriations by 1,315 million ECU in order that the budget may cover the whole 1985 financial year;
28. Notes that the storage arrangements currently used by the Commission and Council is, in many respects, extremely expensive and inefficient; has transferred 10% of the appropriations in question to Chapter 100; requests the Commission in this connection to produce a report on the cost of the storage policy;
29. Regrets the sharp reduction in appropriations for the EAGGF Guidance Section, particularly for measures of a regional nature; amends the draft budget in such a way as to concentrate appropriations on the least-favoured regions of the Community and on the sections of the agricultural population hardest hit by the adaptation of the pricing policy to market conditions;

30. Considers that the common fisheries policy should come to be seen in the context of a full-scale common sea policy and that the latter should be developed independently of savings to be implemented in the agricultural sector;
31. Emphasises that in the regional sector the draft budget falls far short of the objectives set by the Commission and Parliament (doubling within 5 years) and indeed those set by the European Council at Fontainebleau (significant increase in real terms in respect of the integrated Mediterranean programmes); intends to safeguard the development of the regional policy in the future by entering commitment appropriations for the most promising measures in the fight against unemployment, for the new Regional Fund, the integrated programmes and the enlargement of the Community; expects to receive a letter of amendment prior to the second reading of the draft budget in which the Council assumes the financial responsibility for the five-year development programme for Greece;
32. Deplores the fact that once again the Council has, in the draft budget, failed to take account of the priorities indicated by Parliament for transport policy, particularly as regards support for transport infrastructure measures; therefore reinstates part of the appropriations requested by the Commission;
33. Considers that, even in the present situation in which the exhaustion of Community own resources is creating particularly acute financial difficulties, social policy should be allocated a larger share of Community expenditure; urges the Commission and Council to respect the new fund regulation, particularly as regards the finance to be made available for new measures; is opposed to the reduction in the advances which may be granted for fund operations under Articles 600 and 601 (young people and disadvantaged people on the labour market);
34. Has increased the appropriations in the education and cultural affairs sector; considers that in this sector, the present financial endowment of which is extremely limited, a more precise distribution of tasks is necessary between the various national, European and international bodies concerned;
35. Stresses the vital role which may be played by a policy for the protection of the environment, consumers and public health in the economic, social and research fields; therefore reinstates the appropriations requested by the Commission for basic research and for measures in this sector which are likely to promote job creation;
36. Notes with satisfaction that the Council, in its draft budget, has maintained the demonstration projects in the new energy sources sector; requests an additional effort for investment in solid fuel production;
37. Considers that the financial resources allocated by the Council to research are not sufficient to enable the Community to develop its own potential in the new technologies and effectively to combat unemployment and hunger in the world; deplores in particular the fact that the Council has again left Parliament with the responsibility of providing programmes such as ESPRIT with adequate appropriations to enable them to play their part in the revival of the Community, as envisaged by the European Council and all the Community institutions;

38. Points out that the Council's draft budget may lead to the abandonment, for want of funds, of essential measures in the Community's industrial sector, which is already at a severe disadvantage in relation to international competitors; therefore maintains the priority it assigned to Article 772 concerning the European industrial area and declares itself in favour of the continuation of Community measures benefiting small and medium-sized undertakings (SMU);
39. Believes that the basic regulations governing refunds to Member States of expenses arising from the collection of own resources should be revised, in particular to make sure that these refunds correspond within a 10% to the expenses actually incurred; does not, however, wish to anticipate results of such a review in the 1985 budget;
40. Underlines the need:
- to concentrate food aid on the products which the recipient countries need most,
 - and to integrate such food aid into development projects, in particular projects aimed at increasing and improving local food production;
41. With this aim in mind, enters a substantial amount in the budget for measures to replace supplies of food aid, such as incentives to local food production and for the special programme to combat hunger in the world;
42. Continues to attach great importance to aid to non-associated developing countries, including aid in trade relations and in the energy sector, and in which and to central America should also be entered, as announced by the Commission at the San José conference on 28 and 29 September 1984 and confirmed by the Council;
43. Considers that the reduction in the Community's contribution to measures for developing countries carried out by non-governmental organizations (NGO) conflicts with the desire to improve the effectiveness of development aid; considers by the same token that sufficient appropriations should be entered in the budget for the evaluation of results of Community aid (Article 944);
44. Is in favour of pilot projects designed to improve the Community's relations with the countries in the Mediterranean Basin, in particular so as to supplement traditional bilateral forms of cooperation with cooperation projects of a regional and multilateral nature with the whole of the Mediterranean area; requests that special attention be given to measures designed to facilitate the accession of Spain and Portugal to the Community and provides for additional appropriations for this purpose;

