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## **REPORT**

drawn up on behalf of the Committee on Budgets

on the draft general budget of the European Communities  
for the financial year 1986

**SECTION III - Commission**  
(Doc. C 2-100/85)

**PART B: OPINIONS OF THE COMMITTEES**

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PE 101.190/B/fin.

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OPINION

(Rule 101 of the Rules of Procedure)

of the Committee on Agriculture, Fisheries and Food

Draftsman: Mr L. Eyraud

At its meeting of 22/23 April 1985, the Committee on Agriculture, Fisheries and Food appointed Mr Louis Eyraud draftsman of the opinion.

It considered the draft opinion at its meetings of 17/18 September, 14/15 October and 28/29/30 October 1985. At the last meeting it adopted the conclusions by 28 votes to 6 with 2 abstentions.

The following took part in the vote: Mr Tolman, chairman; Mr Eyraud and Mr Graefe Zu Baringdorf, vice-chairmen; Mr Bocklet, Mr Borgo, Mrs Castle, Mr Clinton, Mr Dalsass, Mr Debatisse, Mr Elles (deputizing for Mr Battersby), Mr Gatti, Mr Guarraci, Mr Guermeur (deputizing for Mr Mouchel), Mr Happart, Mr Jepsen, Mr Ligios (deputizing for Mr N. Pisoni), Mr MacSharry, Mr Maffre-Bauge, Mr Maher, Mr McCartin (deputizing for Mr Stavrou), Mrs S. Martin, Mr Morris, Mr Muhlen (deputizing for Mr Marck), Mr Musso, Mr Pasty (deputizing for Mr Fanton), Mr F. Pisoni, Mr Pranchère, Mr Provan, Mr Roelants du Vivier (deputizing for Mr Christensen), Mr Romeos, Mr Rossi, Mr Simmonds, Mr Spath (deputizing for Mr Fruh), Mr Sutra, Mr Taylor (deputizing for Sir Henry Plumb) and Mr Thareau.

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## I. INTRODUCTION

1. The conditions under which the draft general budget of the European Communities for the financial year 1986 is being considered are quite different from those which prevailed during the examination of the 1985 draft budget, on which the opinion of the Committee on Agriculture, Fisheries and Food was drafted by Mr Marck<sup>1</sup>.

The 1985 draft budget was considered in a climate of uncertainty, since the accession negotiations with Spain and Portugal were in progress and an early conclusion to the discussions was not then in prospect.

2. This year the situation is fundamentally different:
  - (a) Spain and Portugal should in principle become members on 1 January 1986. As far as the agricultural sector is concerned, this poses a formidable challenge which will have to be met and mastered.
  - (b) An increase in own resources has also become an accepted fact since the European Council meeting in Fontainebleau (25-26 June 1984), although it is known that raising the VAT ceiling from 1 to 1.4% will allow the Community only a short respite.
  - (c) The principles of budgetary discipline must now be observed, and this may well create difficulties for the agricultural sector if production is not contained in a more equitable and effective manner.
  - (d) The Commission has published a 'green paper' on the prospects for the common agricultural policy (COM(85) 333 final). The effects of this paper may well be seen over the next few marketing years.
3. The Committee on Agriculture, Fisheries and Food will consider in turn
  - the EAGGF Guarantee Section (markets policy less fisheries)
  - the EAGGF Guidance Section (structural policy less fisheries)
  - expenditure in the agricultural sector
  - other expenditure having a direct or indirect link with the common agricultural policy.

## II. GENERAL OBSERVATIONS ON THE EAGGF GUARANTEE SECTION

4. It is worth recalling that the amount of EAGGF Guarantee Section expenditure is dependent on three factors:
  - first, the manner in which the markets policy is established and subsequently implemented;
  - second, the economic state of the markets during the financial year in question; and

<sup>1</sup> Doc. 2-965/84/B

- third, the general political and economic background against which the common agricultural policy is administered. Here, particular importance attaches to relations with third countries and to the rate of the dollar which, quite apart from any other factors, is in itself a major cause of uncertainty.

The budget is no more than a reflection of the intermeshing of these various factors and, in the absence of appropriate political decisions, it is difficult to exercise control over the volume of expenditure. In this context, with a view to the future of the Community, we would do well to ponder the turn of events in the cereals sector during the farm price review for the 1985-86 marketing year.

5. The markets support policy has always taken the lion's share of the Community budget. Although the expenditure earmarked for 1986 shows no departure from this tradition (21.012 m ECU, or 69.5% of the operating appropriations), this percentage has to be seen in its proper perspective and in relation to the Community policies as a whole. It must also be pointed out that the 5.3% increase over the 1985 figure - which is lower than the increase in own resources and the rate of inflation and which includes part of the expenditure arising from the enlargement - is tantamount to asking the European Parliament to give its backing to an unacceptable reduction in the budget.

(a) The true level of expenditure

6. The total allocation of the EAGGF Guarantee Section, which accounts for 69.5% of the Community's operating appropriations, should be assessed in the light of the following considerations:
  - (a) The markets policy is entirely a Community policy and is financed entirely by the Community.
  - (b) The high level of agricultural expenditure in the Community budget is a reflection of the fact that the other policies have been brought within the ambit of Community management to a negligible extent, or not at all. In this respect, the common fisheries policy is something of an exception.
  - (c) While the EAGGF Guarantee Section has a major share of the Community budget, expenditure under the Section represents less than 1.9% of the aggregate of the Member States' budgets and less than 0.6% of the Community's GDP.
  - (d) Specifically agricultural items of revenue (levies, sugar and isoglucose levies) amount to 2 698.7 m ECU.
  - (e) Lastly, certain items of expenditure imputed to the common agricultural policy should be imputed to other policies. They include:
    - ACP sugar (471 m ECU), which comes under the development aid policy,
    - New Zealand butter (138 m ECU), which comes under trade policy,
    - imported beef and veal (600 m ECU), which comes under the same policy,
    - cereal substitute products (850 m ECU), which also comes under trade policy,

- 'accession' compensatory amounts (32 m ECU), which are the outcome of a political decision relating to the accession of Spain and Portugal to the Community,
- MCAs (144 m ECU), which are the consequence of the absence of a genuine economic and monetary union, the EMS being but one step towards its realization, and
- food aid refunds (324 m ECU), which come under the Community's food aid policy and which the Commission has correctly placed in Title 9 of the budget.

The truth of these observations was partially acknowledged by the Council in the course of its deliberations on budgetary discipline.

7. If all these factors are taken into account, it will be realized that the EAGGF Guarantee Section's share of the budget is not 69.5%, but only 57.2%. This latter figure must be borne in mind as a yardstick for assessing the relative importance of the criticisms levelled against the common agricultural policy which, in spite of everything, continues to save jobs and could even help to create them if efforts were redirected towards assisting small and medium-sized farms, notably through the implementation of cooperation support measures.

In addition, the innovations based on the biotechnologies could promote an agriculture that consumed less energy (with a resulting reduction in production costs) and was able to find new outlets, particularly in the industrial sector.

Finally, let us not forget that, owing to its agricultural potential, the Community is well able to provide temporary relief for those areas of the world that continue to be afflicted by famine, provided, of course, that its States are prepared to bear the cost.

(b) An unacceptable reduction in the budget

8. The increase in EAGGF Guarantee Section expenditure amounts to 5.3%, which is lower than the increase in own resources. This suggests that we are no longer concerned with budgetary discipline but with a backward step (at least notionally, but surely it is more serious than that) in budgetary policy. The reasoning behind this regressive attitude, although perfectly clear, is nevertheless absurd: it makes no sense to condemn outright the magnitude of agricultural expenditure and hope to restore a balance between the various budget chapters by juggling figures without bothering to establish whether the attendant policies have a Community content. Apparent budgetary discipline of this kind is merely a pretext for squandering resources elsewhere.

III. ANALYSIS OF EAGGF GUARANTEE SECTION EXPENDITURE

A. GENERAL CONSIDERATIONS

9. The structure of specifically agricultural expenditure may be analysed both by reference to the products concerned and by reference to the nature of the operations undertaken with a view to stabilizing the markets.

Breakdown by sector or product

10. Chapters 10 to 25, which cover the sectors or products currently subject to the common organizations of the market, account for 20.722,5 mECU, broken down as follows:

Sector	m ECU	%
Cereals and rice	3 135.0	15.13
Sugar	1 585.0	7.65
Olive oil	1 074.0	5.18
Oil seeds and protein plants	1 365.0	6.59
Textile plants and silkworms	239.0	1.15
Fruit and vegetables	1 087.5	5.25
Wine	1 115.0	5.38
Tobacco	850.0	4.10
Other sectors or products	53.0	0.26
Milk and milk products	6 553.0	31.62
Beef and veal	2 405.0	11.61
Sheepmeat	465.0	2.24
Pigmeat	219.0	1.06
Eggs and poultry	129.0	0.62
Non-Annex II products	448.0	2.16
Total	20 722.5	100.00

Breakdown of expenditure by economic nature

11. The appropriations allotted to the Guarantee Section can also be broken down according to the economic nature of the various items of expenditure. This would give the following separate headings: export refunds, expenditure on storage, compensatory aid, guidance premiums and 'other measures', a heading combining miscellaneous items of expenditure such as that on market withdrawals, distillation operations or aid to small milk producers.

The heading 'compensatory aid' groups together the subsidies granted on the Community's internal market to ensure that consumer prices are lower than producer prices and competitive with the prices of products imported from third countries. These include production and consumption aid on olive oil, aid for skimmed milk and production aid for fruit and vegetable-based processed products, etc.

The guidance premiums (premiums for the abandonment of milk production, calving premiums to promote the restocking of herds, premiums for suckler cows, etc.) are intended to exert a direct influence on production patterns.

A breakdown of expenditure by economic nature is given in the following table:

	m ECU	%
Export refunds	7 568	36.52
Expenditure on storage	3 250.5	15.68
Compensatory aid	7 925.5	38.24
Guidance premiums	701.0	3.38
Other measures	1 824.5	8.80
Co-responsibility levy	- 547	-2.62
<b>Total</b>	<b>20 722.5</b>	<b>100.00</b>

12. It has been found over several years that expenditure on export refunds has decreased, while that on compensatory aid and storage aid has increased. This is a reflection both of the CAP's extension to new products, notably those of the Mediterranean countries, and of the general growth in output. A breakdown of expenditure by economic nature and by product is given in the table annexed hereto.

#### B. ANALYSIS OF THE MAIN SECTORS

13. An analysis of developments in the main sectors since 1973 reveals the following trends:

- Expenditure in the cereals sector fell from 30% in 1973 to approximately 11% in 1977 before rising to 17.7% in 1981. The share proposed for 1986 is 15.3%. Changes in the appropriations allotted to the sector are determined by price levels on the world market, the relationship between the ECU and the dollar and the growth of imports of substitute products.

It should be noted that although expenditure on cereals is relatively high, levies in the sector are likely to bring in 960 m ECU in 1986, i.e. almost 62% of all levy receipts, or 36% of all revenue of agricultural origin.

- Gross expenditure in the sugar sector, which will amount to about 7.8% in 1986, has tended to fluctuate considerably: approximately 4% in 1973, almost 11% in 1978, 5% in 1980 and 10% in 1982. On the other hand, in 1986 sugar and isoglucose levies will bring in about 1 100 m ECU, i.e. roughly 41% of all revenue of agricultural origin. Over a period of several years, these levies cover expenditure on sugar refunds (excluding export refunds on ACP sugar) and expenditure on storage repayments.
- Expenditure on oil seeds and protein plants will have risen from 2.4% in 1973 to almost 7% in 1986.
- Expenditure on textile plants will have risen from 0.2% in 1973 to 1.2% in 1986 thanks to the inclusion of cotton in 1981.



- Expenditure on fruit and vegetables will have risen from 0.9% in 1973 to 5.6% in 1986.
  - Similarly, expenditure in the wine sector will have risen from 0.3% in 1973 to 5.6% in 1986.
  - Expenditure in the milk sector is likely to account for about 33% of the total if producers' contributions are excluded, and for 30.3% if account is taken of earnings from the co-responsibility levies. The revenue accruing from the co-responsibility levies will represent approximately 2.7% of the total resources allotted to the market organizations and approximately 8.3% of expenditure in the milk sector before co-responsibility. Expenditure in the milk sector accounted for almost 52% of market organization expenditure in 1977 and 1978, after which there was a marked decline: 46.6% in 1979, 43% in 1980, 31% in 1981 and 27.6% in 1982. In the 1986 draft it has risen to 30.3%.
  - Expenditure in the beef and veal sector, which accounted for 0.5% of the total in 1973, rose to 13.2% in 1981 and stands at 11.3% in the 1986 draft.
  - Expenditure in the sheepmeat sector, the market organization for which dates from 1980, has been increased to 2.3%.
  - Expenditure on non-Annex II products, which accounted for 0.8% of the total in 1973, stands at 2.2% in the 1986 draft.
14. We shall now consider each of the chapters covering a specific sector and explain why the appropriations differ from those entered in the 1985 budget.

#### Cereals and rice

The increase in this chapter is due in part to enlargement (+ 103 m ECU), but especially to the additional expenditure on refunds caused by the drop in world prices expressed in ECU, and to heavier public storage expenditure as a result of an average stock level substantially higher than in the previous year.

#### Sugar

This chapter is down by about 7% on the assumption that world prices will harden, which will result in lower refund rates.

#### Olive oil

The increase here is mainly due to the effect of enlargement (estimated at 162 m ECU) and secondarily to the higher prices adopted by the Council on 16 May 1985.

#### Oil seeds and protein plants

The increase in this chapter is due to the accession of Spain and Portugal, the effect of which is estimated at 47 m ECU, to the growth in sunflower production and to a decline in world prices expressed in ECU in the case of colza seeds.

### Textile plants

Despite the assumption of an upturn on the world market, this chapter is up as a result of Spain's accession (22 m ECU) and the higher prices and production ceiling.

### Fruit and vegetables

Despite the enlargement, the impact of which on fruit and vegetables has been estimated at 54 m ECU, this chapter is down. This is because production of tomato-based processed products eligible for aid had involved a massive 7.4 m tonnes of fresh products in 1984, while for 1985 production, for which payments are mainly made in 1986, a production quota of 4.7 m tonnes was introduced.

### Wine

Part of the increase in this sector can be attributed to enlargement (+ 25 m ECU), although this is limited by the fact that distillation will not apply to the new Member States until the 1986-1987 marketing year. Other factors are the increased aid for musts used in enrichment and, in particular, the volume of expenditure on alcohol derived from compulsory distillation, it being assumed that more alcohol will be taken into storage during 1986.

### Milk and milk products

Overall this chapter is down on 1985, but there are movements in both directions.

Refund appropriations are up, mainly because it is assumed that refund rates will rise.

Another factor making for heavier expenditure is the fall in co-responsibility revenue because of the lowering of the levy from 3 to 2% from 1985-1986 onwards and the assumption that the yield will be lower and because it is assumed that the supplementary levy will not be collected in 1986 (deliveries will match quota levels).

Items down are:

- intervention buying/storage of skimmed milk powder because of the fall in stocks and corresponding cuts in the pig and poultry programme.
- butter intervention, largely because no appropriation has been entered for a Christmas butter operation for the winter of 1985-1986 and because aid for consumption will cease from 1985-1986.
- measures to assist small producers, on the assumption that they will be discontinued at the end of the 1985-1986 marketing year.

### Beef and veal

This chapter is down compared with the 1985 budget, mainly because it is assumed that there will be a reduction in quantities exported and quantities bought for intervention.

### Pigmeat

This chapter is up compared with the 1985 budget, when the appropriations were well below the expenditure for 1984. There is therefore a certain compensatory effect. The increase is due to heavier exports and higher refund rates and to an assumption that greater quantities will qualify for private storage aid, both in the Ten and in Spain.

## C. AGRI-MONETARY EXPENDITURE

15. Agri-monetary expenditure traditionally includes 'accession' compensatory amounts (ACAs), whose purpose is gradually to bring the agricultural prices applied in new Member States into line with those applied in the rest of the Community, and monetary compensatory amounts (MCAs), whose purpose is to reduce fluctuations in the exchange rates between Member States' currencies.
16. As far as ACAs are concerned, an appropriation of 32 m ECU has been entered in the budget because of the forthcoming accession of Spain and Portugal.
17. The Council's decisions of 30 March 1984 were followed by a dramatic reduction in MCAs, since expenditure requirements fell from 375.9 m ECU in 1984 to 109 m ECU in 1985. Notwithstanding a certain increase in requirements for 1986 (144 m ECU), there is reason to believe that the Community has made progress in this area, even though the deviant behaviour of one currency could place everything in jeopardy. Nevertheless, the EMS has given proof of its effectiveness and we can only hope that it will be further consolidated.

## D. OTHER EXPENDITURE (Chapter 29)

18. This chapter provides for monetary compensatory measures (113.5 m ECU) to assist German farmers and possibly Dutch farmers, consequent upon the Council's decision of 31 March 1984 to dismantle MCAs. It should be remembered that these compensatory measures are depressive.

The chapter also included an appropriation of 423 m ECU to offset the depreciation in the value of butter and beef and veal stocks. This appropriation was intended to be a reserve which could be used to facilitate the disposal of the products in question on the Community market. However, the Council thought it preferable to reallocate the appropriations to the corresponding chapters.

The Committee on Agriculture, Fisheries and Food has no objections to this reallocation.

#### IV. ANALYSIS OF EAGGF GUIDANCE SECTION EXPENDITURE

19. The appropriations of the EAGGF Guidance Section are broken down as follows:

	Payment appropriations			
	1986 (m ECU)	1986 (%)	1985 (m ECU)	1985 (%)
Projects for the improvement of agricultural structures	182 000	25.83	174 600	29.69
General socio-structural measures	100 205	14.22	90 949	15.46
Measures to assist less-favoured areas	349 794 <sup>1</sup>	49.65	251 517	42.78
Structural measures connected with the common organization of markets	72 587	10.30	71 001	12.07
<b>TOTAL</b>	<b>704 586</b>	<b>100.00</b>	<b>588 067</b>	<b>100.00</b>

<sup>1</sup>including 12 m ECU in Chapter 100

20. The EAGGF Guidance Section fulfils a threefold function:

- (a) it is an essential complement of the prices policy insofar as it helps to raise the living standards of farmers, notably by increasing productivity;
- (b) it helps to mitigate disequilibria on the markets for certain products by implementing specific measures or encouraging the production of foodstuffs which are not in surplus;
- (c) it is, together with the Social Fund and the Regional Development Fund and, before long, the integrated Mediterranean programmes, one of the instruments of the Community's structural policy. It thus helps to reduce regional disparities within the Community.

21. With the appropriations earmarked for it in the Council's draft budget, the EAGGF Guidance Section will not be able fulfil this threefold function in a Community of Twelve. Moreover, the inadequacy of the Section's overall financial endowment is made worse by the unwarranted deletion of certain items and by inconsistencies in a number of other items.

(a) Inadequacy of the overall endowment

22. While the enlargement factor is partially covered in the case of the EAGGF Guarantee Section (+ 567 m ECU), no equivalent provision has been made for the Fund's Guidance Section.

As far as commitment appropriations are concerned, the Commission's preliminary draft (see page A/25 of Volume 7) had provided for an increase of 42% over the 1985 budget (22% if no account is taken of enlargement). The increase proposed by the Council is 19% (from 656 m ECU in 1985 to 784 m ECU in 1986).

The same pattern can be seen in the case of payment appropriations. Compared with the Commission's proposed increase of 37% (31% excluding enlargement), the Council's draft proposes an increase of 11% (from 632 to 704 m ECU).

23. It will thus be seen that the Council not only takes no account of enlargement in its draft, it also fails to make due allowance for the 'cost of the past': the difference between the increase in commitment appropriations and payment appropriations is greater than in the Commission's preliminary draft (19 and 11% as against 42 and 37%). To increase this difference is unreasonable from a general point of view, and politically highly dangerous from the point of view of enlargement. Spain and Portugal have been promised budgetary neutrality. However, this will not be achieved unless a balance between commitments and payments is rapidly restored.

If, however, the gap widens, the patience of the two new Member States will soon be exhausted - with all the risks of a renegotiation of the Treaties that such a situation implies.

(b) Deletions and inconsistencies

24. We have only to compare the Council's draft with the preliminary draft drawn up by the Commission to see that there are inconsistencies in the cuts made by the Council. How is it possible to claim that the goal is to reduce regional disparities if the very appropriations intended to remedy the situation are drastically reduced? A perusal of each budget line would reveal many examples of such cuts, but that would go beyond the bounds of the general presentation which the Committee on Agriculture, Fisheries and Food is endeavouring to provide in this opinion. The reader is invited to refer to the draft amendments and proposed modifications which the committee wishes to table as a matter of urgency with the aim of rectifying a budget which, as it stands, will do little to assist the rural regions of the Community.

25. Nevertheless, it has been noted over the years that, notwithstanding the inadequacy of the funds made available, the accent has been placed on the regional approach of the structures policy, which is all to the good, and on project designed to improve agricultural structures, for which Regulation (EEC) No. 355/77 must take credit<sup>1</sup>.

<sup>1</sup>See report drawn up by Mr Bernard Thareau (Doc. 1-923/83).

26. This regional approach should in future include more specific measures designed to influence types of production. As is recognized, the EAGGF Guidance Section has a role to play in determining production patterns. Since generous incentives should be given for the cultivation of products in short supply and abandonment premiums granted to those cultivating products in surplus, it is to be regretted that the Council has:

- reduced the commitment and payment appropriations proposed by the Commission for cotton producers (Item 3404) and citrus fruit producers (Item 3430)
- reduced the premiums for the abandonment of areas under vines and for the renunciation of rights (Item 3421)
- made no provision to boost the production of sheepmeat.

#### V. THE INTEGRATED MEDITERRANEAN PROGRAMMES

27. Although the integrated Mediterranean programmes (IMPs) are not an integral part of the common agricultural policy, resources needed for structural improvements in the Mediterranean regions will nonetheless be drawn from the EAGGF Guidance Section. The appropriations earmarked for the IMPs for 1986 amount to 230 m ECU in commitments and 93 m ECU in payments. (The Commission's proposals were 260 m ECU and 151 m ECU respectively).

#### VI. EXPENDITURE IN THE AGRICULTURAL SECTOR

28. There are a number of measures and projects which, although not financed by the EAGGF, nevertheless have a bearing on the agricultural sector. These were grouped together by the Commission in Chapter 38 and are as follows:

Veterinary measures	18.63 m ECU
Plant health measures	0.22 " "
FADN	4.00 " "
Research	2.34 " "
CEPFAR/CEJA	0.25 " "
Supervision	9.00 " "
Specific regional measures	27.32 " "

61.76 m ECU

29. These measures are particularly important for the proper functioning of the CAP. Hence the size of the appropriations entered in the budget for the protection of the Community's livestock, supervision of the relevant agricultural regulations and various regional projects not covered by the EAGGF Guidance Section (agricultural surveys and assistance for stockfarming in Italy, slaughter of pigs and processing of pigmeat in the United Kingdom, and agricultural surveys and supervisory services in Greece).

The Committee on Agriculture, Fisheries and Food has decided to reinstate some of the appropriations requested by the Commission.

## VII. FOOD AID

30. In 1986, the Community could export the following quantities of food aid if the Commission's proposals were adopted:

Cereals:	960 000 tonnes <sup>1</sup>
Rice:	69 000 tonnes
Milk powder:	120 000 tonnes
Butteroil:	35 000 tonnes
Sugar:	11 000 tonnes
Vegetable oil:	20 000 tonnes
Other products:	quantities equivalent to 149 800 tonnes of cereals.

However, since the Commission's figure of 630 m ECU for food aid has been reduced by the Council to 507 m ECU, it is perhaps doubtful that these quantities will in fact be exported. It will be for the Committee on Development and Cooperation to deliver an opinion on the matter.

31. For its part, the Committee on Agriculture, Fisheries and Food would draw attention to the following principles:

- (a) The food aid policy must be implemented independently of the common agricultural policy, even if the latter policy has an important part to play. If the Community is unable to supply certain foodstuffs because it does not possess them in sufficient quantities, it must obtain them on the world market.
- (b) Food aid must be adapted to the nutritional habits of the recipients; if need be, the Community must purchase products sought by the developing countries on the world market.
- (c) Food aid is only a provisional solution: the developing countries must be helped to produce the means whereby they can meet their food requirements unaided.
- (d) Food aid must be distributed in such a way that it does not disturb local markets for agricultural products, preventing local producers from developing their crops because of unremunerative prices.

32. The Committee on Agriculture, Fisheries and Food welcomes the fact that the Commission has imputed food aid refunds to the development aid section of the budget, since this should facilitate the management of food aid. The Council has taken a different line, but it would seem that it has still to adopt a final position on the matter.

<sup>1</sup>including 232 337 tonnes of additional food aid, i.e. aid not fixed by formal agreement

## VIII. FINAL CONSIDERATIONS

33. In bringing this appraisal of the CAP budget to a close, it is worth recalling that agricultural expenditure has a balancing effect on the general economy of the Community.
- (a) The link established between Community prices and world prices through the 'levy-refund' system shields food products in Europe from the volatility of the world market, which makes for stability in the European economy.
  - (b) In this period of crisis, the entire economy is bound to benefit from the fact that there has been no excessive decline in employment opportunities in the agricultural sector; at the same time, this implies that we must proceed cautiously with the policy for cutting back production, as events in the milk sector have demonstrated.
  - (c) It should also be borne in mind that the funds disbursed by the EAGGF Guarantee Section help to sustain the investment capacity of the agricultural sector and thereby assist all the European economic sectors, whether they be upstream sectors, such as the farm machinery industry, or downstream sectors, such as the agri-foodstuffs industry.
  - (d) The constructive role played by the agricultural structures measures in reducing regional disparities is plain enough and requires no further demonstration.
  - (e) Finally, it should be remembered that agricultural production is one of the very few natural assets given to Europe and that Europe has a duty to preserve it; if necessary, it should be firmer in asserting its own policies vis-à-vis partners of equal importance such as the United States.
34. Before this opinion is brought to a close, some consideration should be given to the Green Paper.

The Commission is not in the habit of publishing documents which will have no practical effects. The Green Paper is unlikely to be an exception to this rule. Accordingly, there are two possible ways of viewing this publication:

- (a) Either its impact will not be felt until after the 1986 budget has been implemented and the draft budget does not have to attempt to take account of its budgetary implications.

But in that case, has not the Green Paper been issued prematurely or, at any rate, at an inopportune moment?

- (b) Or its effects will be felt during the implementation of the 1986 budget, in which case it would be regrettable that the budget takes no account of it.

Neither the preliminary draft nor the draft mention the implications of the Green Paper. Does this mean that the Commission and the Council would agree with the first assumption?

The European Parliament is entitled to demand precise answers to these questions.



35. Finally, if it is implemented, the Green Paper will sooner or later have budgetary implications for the future of the CAP. The Commission and the Council should state now whether they intend to implement it during the 1986 financial year. If they do intend to do so, it would be regrettable that the budget does not take account of its financial implications.

#### IX. CONCLUSIONS

36. The Committee on Agriculture, Fisheries and Food submits the following conclusions to the Committee on Budgets:

##### The Committee on Agriculture, Fisheries and Food:

1. Points out that the agreement on budgetary discipline is based on unilateral conclusions adopted by the European Council;
2. Expresses its support for measures to contain expenditure as part of a coherent reform of the common agricultural policy, but demands that the nature of such containment be jointly defined by the budgetary authority and the Commission, and repudiates any unilateral decision by the Council in the matter;
3. Regrets that, taking account of inflation, the draft EAGGF budget is smaller than in previous years;
4. Regrets that the resources for certain essential parts of the draft EAGGF budget, such as the Guidance Section, have been reduced;
5. Considers that the artificial limitation of the agricultural budget could lead to a renationalization of the CAP and that this would run counter to the basic principles of the Treaty (Article 39);
6. Congratulates the Commission on having deleted the appropriations for food aid refunds from the EAGGF, Guarantee Section, and entered them in a special chapter; urges the Council to endorse this proposal;
7. Considers it inadmissible that no account has been taken of the financial consequences of enlargement in the draft budget and that no provision has been made for the necessary expenditure;
8. Recalls that the Council, in its enlargement negotiations to include Spain and Portugal, has undertaken that Portugal should be a net beneficiary and Spain should be neutral in its contributions to the budget during the transitional period; demands that the Council should honour its own commitments.
9. Cannot accept a situation in which no appropriations have been set aside for the fixing of prices for the 1986-1987 marketing year and to cover the possibility of unfavourable trends in the monetary and economic situation;

10. Regrets that, within the framework presented to it, the Commission has failed to propose a budget capable of reducing inequalities through a substantial increase in expenditure on structural measures; calls attention to the obligation to finance the IMPs partly through the allocation of additional resources to the various structural funds;
11. Deeply regrets that the draft budget for the EAGGF Guarantee Section disregards the financial consequences that may emerge from the conclusions of the debate on the prospects for the common agricultural policy and deplores the absence of detailed estimates as to the budgetary consequences of the different options put forward in the Commission's Green Paper;
12. Stresses that a reduced budget in the Guarantee Section is incompatible with the aim of limiting production, whether by means of thresholds or quotas;
13. Regrets the fact that the Commission's proposals concerning the EAGGF, Guidance Section, which were already inadequate, have been further reduced by the Council in its draft budget;
14. Regrets that there are no significant measures to encourage production in sectors where there is a shortfall;
15. Regrets the absence of significant proposals concerning forestry policy;
16. Points out that the price paid to producers accounts for only 30% on average of the price paid by the consumer;
17. Considers it essential to open a new budget line for measures to help farmers hit by disasters;
18. Draws attention to the fact that the co-responsibility levy, as originally conceived, was to be used to maintain market balance and seek new outlets; requests that existing and future levies should be managed jointly by the Community and the professional circles concerned and used to finance operations that are clearly defined in advance;
19. Points out, more generally, that failure to comply with the three fundamental principles of the CAP (Community preference, financial solidarity and market unity) referred to by the Commission in its Green Paper, deprives the Community budget of substantial resources and increases expenditure;
20. Considers that the draft 1986 budget, drawn up within the reference framework stipulated by budgetary discipline is inadequate because it follows exactly the pattern of previous budgets; emphasizes that it will, as a result, further exacerbate inequalities between individuals, regions and states;
21. Points out in conclusion that there are few resources in the 1986 draft budget which may be used to give fresh impetus to the various sectors of the common agricultural policy, even though a fundamental debate has begun on the prospects for that policy;

22. Repudiates the frame of reference unilaterally defined by the Council and refuses to accept that the drafting of the budget should be made a means, via a financial regulation, of freeing the Council of Agricultural Ministers of its political responsibility for the common agricultural policy;
23. Stresses, therefore, that the inadequacy of the appropriations allocated to the EAGGF makes it even more necessary to reform the CAP with a view to maintaining employment and reducing social and economic disparities between the regions of the Community.

DRAFT GENERAL BUDGET OF THE EUROPEAN COMMUNITIES  
FOR THE FINANCIAL YEAR 1986

SECTION III COMMISSION (Operating appropriations)  
Titles 1 and 2 EAGGF - Guarantee Section

Chapter	Article	Sector	1986 appropriations	1985 appropriations	Expenditure 1984	1986/85 %
10		Cereals and rice	3050,00	2.367,0	1.682,768	+ 28,86
	100	Refunds on Cereals <sup>1</sup>	1519,0	1.004,0	903,302	+ 51,29
	101	Storage of cereals	1041,00	884,0	355,761	+ 17,76
	102	Other intervention	418,0	407,0	375,930	+ 2,70
	103	Rice	72,0	72,0	47,775	0,0
11		<u>Sugar</u>	1579,0	1.685,0	1.631,468	- 6,29
	110	Refunds on sugar and iso-glucose	1113,0	1.235,0	1.189,959	- 9,88
	111	Intervention for sugar	466,0	450,0	441,509	3,56
12		<u>Olive oil</u>	1074,0	897,0	1.096,365	19,73
	120	Refunds <sup>1</sup>	32,0	27,0	8,148	18,52
	121	Production/ consumption aid	820,0	804,0	976,974	1,99
	122	Specific measures	34,0	21,0	20,895	+ 61,90
	123	Storage	161,0	22,0	66,588	+631,82
	124	Other intervention	27,0	23,0	23,760	17,39
13		<u>Oilseeds and protein</u>	1365,0	1.210,0	871,148	12,81
	130	Oil seeds	1092,0	938,0	655,554	16,42
	131	Protein plants	273,0	272,0	215,594	0,37

<sup>1</sup>These figures do not include food aid refunds

Chapter	Article	Sector	1986 appropriations	1985 appropriations	Expenditure 1984	1986/85 (%)
14		<u>Textile plants and silkworms</u>	239,0	213,0	108,012	+ 12,21
	140	Fibre flax and hemp	31,0	28,5	19,184	+ 8,77
	141	Cotton	207,0	183,5	88,222	+ 12,81
	142	Silkworms	1,0	1,0	0,606	0,0
	149	Other	p.m.	p.m.	0,-	-
15		<u>Fruit and vegetables</u>	1087,5	1.356,0	1.454,554	- 19,80
	150	Fresh fruit and vegetables	489,0	488,0	619,183	+ 0,20
	151	Processed fruit and vegetables	598,5	868,0	835,371	+ 31,05
16		<u>Wine</u>	1115,0	998,0	1.222,585	+ 11,72
	160	Refunds	44,0	35,0	18,624	+ 25,71
	161	Intervention	1071,0	963,0	1.203,961	+ 11,21
17		<u>Tobacco</u>	850,0	841,0	776,422	+ 1,07
	170	Refunds	41,0	42,0	36,503	- 2,38
	171	Premiums	783,0	765,0	711,675	+ 2,35
	172	Storage	26,0	34,0	28,244	+ 23,53
	173	Other intervention	p.m.	p.m.	-	-
18		<u>Other sectors</u>	53,0	54,0	51,471	- 1,85
	180	Seeds	43,0	44,9	42,390	- 4,23
	181	Hops	9,0	9,0	8,384	-
	182	Potatoes	p.m.	p.m.	-	-
	183	Ethyl alcohol	p.m.	p.m.	-	-
	184	Apiculture	p.m.	0,1	0,697	-
	189	Other	1,0	p.m.	-	-

Chapter	Article	Sector	1986 appropriations	1985 appropriations	Expenditure 1984	1986/85 (%)
20		<u>Milk and milk products</u>	6320,0	6.390,0	5.224,687	- 1,10
	200	Refunds <sup>1</sup>	2529,0	2.163,0	1.726,385	+ 16,92
	201	Storage of skimmed milk powder	446,0	652,0	819,461	- 31,60
	202	Aid for skimmed milk	2267,0	2.144,0	1.841,254	+ 5,74
	203	Storage of butter and cream	1126,00	1.460,0	726,511	- 22,88
	204	Other measures (aid for the consumption/utilization of butter)	163,0	282,0	450,065	- 42,20
	205	Storage of cheese	67,0	66,0	60,036	+ 1,52
	206	Measures to expand the market in milk and milk products, long-marketing and conversion premiums	219,0	278,0	242,807	- 21,22
	207	Financial contribution by producers	- 547,0	- 780,0	- 749,221	+ 29,87
	208	Measures to assist small producers	50,0	125,0	107,389	- 60 %
21		<u>Beef and veal</u>	2405,0	2.460,0	2.546,798	- 2,24
	210	Refunds	1099,0	1.148,0	1.392,681	- 4,27
	211	Storage	1096,0	1.079,0	814,501	+ 1,58
	212	Other interventions	210,0	233,0	339,616	- 9,87
22		<u>Sheepmeat and goatmeat</u>	465,0	451,0	433,518	+ 3,10
	220	Refunds	p.m.	p.m.	0,-	
	221	Intervention	465,0	451,0	433,518	+ 3,10

<sup>1</sup> These figures do not include food aid refunds

Chapter	Article	Sector	1986 appropriations	1985 appropriations	Expenditure 1984	1986/85 (%)
23		<u>Pigmeat</u>	219,0	163,0	195,936	+ 34,36
	230	Refunds	163,0	136,0	157,021	+ 19,85
	231	Intervention	56,0	27,0	38,915	+ 107,41
24		<u>Eggs and poultry meat</u>	129,0	124,0	69,812	+ 4,03
	240	Refunds on eggs	38,0	35,0	20,411	+ 8,57
	241	Refunds on poultry meat	91,0	89,0	49,401	+ 2,25
25		<u>Goods obtained by processing agricultural products</u>	448,0	402,0	382,393	+ 11,44
	250	Refunds on whisky	29,0	27,0	26,038	+ 7,41
	251	Products outside Annex II	419,0	375,0	356,355	+ 11,73
27		<u>Accession compensatory amounts</u>	32,0	1,0	0,297	-
28		<u>MCA</u>	144,0	109,0	375,923	+ 32,11
	280	MCA (intra-Community trade)	16,0	- 13,0	- 39,563	+ 223,08
	281	MCA (trade with non-member countries)	128,0	122,0	415,486	+ 4,92
29		<u>Other expenditure</u>	113,5	- 30,0	- 25,463	-
	290	Clearance of previous years' accounts	p.m.	- 150,0	- 25,463	-
	291	Compensation for Germany/Netherlands	113,5	120,0	-	-
				-	-	
100			0	-	-	-
TOTAL EA&GF GUARANTEE SECTION <sup>1</sup>			20.688,0	19.691,0	(18.114,332)	

<sup>1</sup> These figures do not include food aid refunds (324 m ECU for 1986)

## EAGGF GUIDANCE SECTION

## Payment appropriations

Chapter	Article	Sector	1986 appropriations	1985 appropriations	Expenditure 1984	1986/85 (%)
30		<u>Projects for the improvement of agricultural structures</u>	182,0	174,6	164,877	+ 4,24
	300	Individual projects /R. 17/64/EEC)	12,0	10,0	27,091	+ 20,00
	301	Marketing and processing of agricultural products	170,0	164,6	<b>137,786</b>	+ 3,28
31		<u>General socio-structural measures</u>	100,205	90,949	<b>114,497</b>	+ 10,18
	310	Modernization of farms	91,439	<b>85,377</b>	<b>112,500</b>	+ 7,10
	311	Cessation of farming	0,673	0,629	1,079	+ 7,00
	312	Vocational guidance and training	5,092	4,943	0,918	+ 3,01
	313	Aid towards farm management	3,000	-	-	-
32		<u>Measures to assist less-favoured areas</u>	339,794	306,914	307,290	+ 10,71
	320	Mountain and hill farming/less favoured areas	157,0 (1)	148,287	136,418	+ 5,88
	321	Mediterranean	53,0	36,961	54,730	+ 43,39
	322	Italy	35,475	32,084	28,791	+ 10,57
	323	France	15,650	14,559	18,750	+ 7,49
	324	Ireland	22,5	22,198	28,846	+ 1,36
	325	Development of sheep farming in Greenland	p.m.	0,270	0,244	-
	326	UK	9,0	9,687	13,747	- 7,09
	327	Southeastern Belgium	0,4	0,180	-	+122,22
	328	Less-favoured areas, Germany	4,812	4,494	6,115	+ 7,08
	329	Greece	41,956	38,195	19,649	+ 9,85

<sup>1</sup>Including 2 m ECU in Chapter 100



Payment appropriations

Chapter	Article	Sector	1986 appropriations	1985 appropriations	Expenditure 1984	1986/85 (%)
33	330	Special programme for the development Portuguese agriculture	10,0	-	-	-
34		Structural measures connected with the organization of markets	72,587	60,0	60,139	+ 20,98
	340	Producer organizations	4,087	3,954	3,688	+ 3,36
	341	Milk/meat sector	4,0	22,737	39,384	- 82,41
	342	Wine sector	56,0	27,917	17,067	+ 100,59
	343	Fruit sector	8,5	5,392	-	+ 57,64
TOTAL EAGGF GUIDANCE SECTION			704,588	687,740	646,803	+ 2,45

<sup>1</sup>Entered against Chapter 100

Chapter	Article	Sector	1986 appropriations	1985 appropriations	1986/85 %
30		<u>Projects for the improvement of agricultural structures</u>	295,0	242,5	+ 21,65
	300	Individual projects (R. 17/64/EEC)	p.m.	p.m.	-
	301	Marketing and processing of agricultural products	295,00	242,5	+ 21,65
31		<u>General socio-structural measures</u>	100,805	90,949	+ 10,84
	310	Modernization of farms	91,439	85,377	+ 7,10
	311	Cessation of farming	0,673	0,629	+ 7,00
	312	Vocational guidance and training	5,692	4,943	+ 15,15
	313	Aid towards farm management	3,0	-	-
32		<u>Measures to assist less-favoured areas</u>	271,437	251,517	+ 7,92
	320	Mountain and hill farming/less-favoured areas	170,0 (1)	148,287	+ 14,64
	321	Mediterranean	p.m.	p.m.	-
	322	Italy	10,475	9,616	+ 8,93
	323	France	15,650	14,559	+ 7,49
	324	Ireland	22,5	22,198	+ 1,36
	325	Development of sheep farming in Greenland	p.m.	0,270	-
	326	UK	9,0	8,987	+ 0,14
	327	South-eastern Belgium	1,0	1,0	-
	328	Less-favoured areas, Germany	5,355	5,0	+ 7,10
	329	Greece	37,456	41,6	- 9,96

<sup>1</sup>Including 15 million ECU in Chapter 100

## Commitment appropriations

Chapter	Article	Sector	1986 appropriations	1985 appropriations	1986/85 %
33	330	<u>Special programme for the development of Portuguese agriculture</u>	30,0 (1)	-	-
34		<u>Structural measures connected with the organization of markets</u>	86,587	71,0	+ 21,95
	340	Producer organizations	4,087	3,954	+ 3,36
	341	Milk/meat sector	4,0	22,737	- 82,41
	342	Wine sector	70,0	33,917	+ 79,87
	343	Fruit sector	8,5	5,392	+ 57,64
TOTAL EAGGF GUARANTEE SECTION			783,830	655,966	+ 19,49

<sup>1</sup> Entered against Chapter 100

EXPENDITURE DERIVING FROM THE AGRICULTURAL SECTORPayment appropriations

Article	Sector	1986 appropriations	1985 appropriations	Expenditure 1984	1986/85 (%)
380	Campaigns against epidemics	5,133	5,0	5,282	2,66
381	Application and supervision of veterinary directives	13,5	11,148	22,194	21,10
382	Plant health inspection/certification of seeds and plants	0,220	0,230	0,199	- 4,35
383	Farm accountancy data network	4,0	3,5	3,867	14,29
384	Agricultural research	2,345	4,325	0,686	- 45,78
386	CEPFAR/CEJA	0,250	0,250	0,250	0,0
387	Supervision of application of agricultural rules	9,0	8,350	0,099	7,78
389	Specific measures to assist regions	27,321	22,474	23,420	21,57
TOTAL CHAPTER 38		61,769	55,277	56,417	11,74

OPINION

(pursuant to Rule 101 of the Rules of Procedure)

OF THE COMMITTEE ON AGRICULTURE, FISHERIES AND FOOD

Draftsman : Mr J. KLINKENBORG

At its meeting of 23 April 1985, the Committee on Agriculture, Fisheries and Food appointed Mr Klinkenberg draftsman of the opinion on Title 4 (Common Policy on Fisheries and the Sea) of the General Budget of the European Communities for the financial year 1986.

At its meeting of 15 October 1985, the Committee on Agriculture, Fisheries and Food authorized its Subcommittee on Fisheries to examine Mr Klinkenberg's draft opinion and to vote on the conclusions.

At its meeting of 16 October 1985 the subcommittee considered the draft opinion and unanimously adopted an amended version of the conclusions.

The following took part in the vote :

Mr GUERMEUR, Chairman of the Subcommittee on Fisheries; Mr CLINTON, Mr BATTERSBY and Mr GAUTIER, Vice-chairmen of the Subcommittee on Fisheries; Mr KLINKENBORG (draftsman of the opinion, deputizing for Mr Woltjer), Mr EBEL, Mrs JEPSEN (deputizing for Mr Provan), Mr MARCK (deputizing for Mr Giummarra), Mr DE PASQUALE (deputizing for Mr Papapietro) and Mr STAVROU.

I. Introduction

1. In accordance with the practice established in the budgetary procedure for the 1985 budget, the Committee on Agriculture, Fisheries and Food decided as part of the budgetary procedure for the 1986 budget to deliver a separate opinion on Title 4 'Common policy on fisheries and the sea'. This decision was taken above all because the committee sees the common policy on fisheries and the sea as an independent policy rather than an appendage of the common agricultural policy.
2. The draft general budget for 1986 differs from that of earlier years in the following respects:
  - (a) 1986 is the first year in which there are twelve Member States of the Community;
  - (b) the 1986 budget is the first since own resources were increased to 1.4% of the VAT base;
  - (c) the 1986 budget will be the first to be governed by the guidelines for budgetary discipline.

In the Commission's preliminary draft, the proportion of the total budget accounted for by agriculture is to be reduced from 69% in the previous year to 59% in 1986. The Committee on Agriculture, Fisheries and Food and its Subcommittee on Fisheries believe that the common fisheries policy, the second common Community policy, must not be affected by this development.

The call-up rate of VAT is 1.35%; this means that there is only a narrow margin of some 900 million ECU to the new VAT ceiling of 1.4%.

3. From the technical budget point of view, Spanish and Portuguese accession means that the two new Member States will pay a contribution of 3 300 m ECU to Community revenue in 1986. During the transitional phase, however, they will receive financial compensation which will be reduced in proportion to their integration into Community policies. Under the treaty of accession, this compensation amounts to 87% of VAT payments in the first year of membership.

II. Title 4 Common policy on fisheries and the sea

A. Chapter 40: Common organization of the market in fishery products

4. The appropriations for the operation of the common organization of the market in fishery products in 1986 are \_\_\_\_\_ ECU; in its preliminary draft budget the Commission proposed 57.7 m ECU. Given the importance of the common organization of the market in fishery products for trade and processing in the coastal areas in the Community, the cuts made by the Council scarcely seemed justified (Enlargement - new species of fish).
5. The Committee on Agriculture, Fisheries and Food therefore demands that the appropriations under Item 4010 (withdrawal and carry-over premiums for fishery products) should be raised by 11 million ECU. This increases the amount to 50 million ECU, which according to the Commission represents the minimum for operating the intervention system for fishery products.

The other Council cuts are acceptable.

6. The common organization of the market in fishery products forms part of the EAGGF Guarantee Section because under Article 38 of the EEC Treaty fishery products are classified as agricultural products. Nevertheless until such time as a separate fisheries fund has been set up, consideration might be given to transferring the administration of these funds to Directorate-General XIV (fisheries) rather than Directorate-General VI (agriculture). Similarly the staff needed who currently work in DG VI should be made available to DG XIV.

This should be considered and a decision taken as soon as possible, in particular because in the fisheries sector different criteria apply to the implementation of the budget than in agriculture; for example the problem of managing surpluses does not arise in the fisheries sector.

#### B. Chapter 41: Specific measures in the fisheries sector

7. This chapter includes surveillance operations at sea and marine research. These two areas should be set out separately to improve the presentation of the budget. All the measures relating to surveillance at sea could remain in Chapter 41; a new Chapter 44 could be created for marine research under the heading 'Research and studies in the fisheries and maritime resources sector'.
8. Financial participation in inspection and surveillance operations in the maritime waters of Denmark and Ireland (Article 410) came to an end in 1984. No appropriations have been entered for 1986. Nevertheless this article should be retained and made available to other Member States. A token entry should therefore be made.
9. Appropriations for joint research programmes in the fisheries and marine resources sector first appeared in the 1985 budget. The amounts proposed by the Commission in its preliminary draft for 1986 are higher than those in the 1985 budget; this is reasonable as research in this field can lead to a reduction in the problems encountered as a result of the decline in fisheries stocks.

The appropriations requested by the Commission for

- Aquaculture and mari-culture research programmes (Item 4110)
- Research programmes on fishing methods (Item 4111)
- Research programmes on fishery resources (Item 4113)
- Biological studies in the North Atlantic region (Item 4121)
- Biological studies in the Mediterranean (Item 4122)

were drastically cut by the Council.

The Commission relies in these fields on the most recent scientific data which its officials cannot collate without external support.

The Committee on Agriculture, Fisheries and Food therefore wishes the amounts entered by the Council to be increased by an appropriate amount.

10. The resources for control and coordination of surveillance operations by Member States (Article 413) were reduced by the Council from 429 000 ECU to 380 000 ECU.

These resources are used to finance (under Regulation (EEC) No. 2057/82):

- official travel to Community ports by Community inspectors who currently number 13,
  - the printing of the fisheries log-books
11. The Committee on Agriculture, Fisheries and Food draws attention to the small number of Community inspectors compared with the scale of the checks which need to be carried out. Clearly Spanish and Portuguese accession will mean that inspection becomes increasingly important. It is essential not only to extend the powers of Community inspectors but also to increase the number of staff and inspection teams so that the necessary controls can be carried out as efficiently as possible. The Committee therefore proposes the reinstatement of the resources applied for by the Commission of 429 000 ECU.

#### C. Chapter 42: Agreements with third countries

12. The Community has concluded fisheries agreements with a number of countries (including developing countries). The Community also makes a financial contribution to Sweden as part of their joint fisheries agreement to promote salmon farming in the Baltic Sea; the Swedish farming programme is to restock the salmon in the Baltic Sea which are also fished by Community fishermen.
13. Under these fishery agreements, the Community normally pays financial compensation in return for fishing rights for Community vessels in accordance with the rules of the law of the sea. These financial contributions can take the form of fees, measures to train fishermen and development of the fisheries industry in the states concerned. The Commission has been authorized to negotiate with other countries such as Mauritania, Cape Verde Islands, Angola, Sierre Leone, Gambia and Dominica on fisheries agreements. From 1986 the Community will also in accordance with Council decisions bear the costs of certain Spanish and Portuguese fishery agreements.
14. For these reasons, the Committee on Agriculture, Fisheries and Food proposes that 25 million ECU (Council draft: 18 million ECU) should be inserted in Chapter 100 to finance agreements with third countries; these appropriations are provisional.

#### D. Chapter 43: Social measures in the fisheries sector

15. Social policy in the fisheries sector has hitherto been largely a matter for the Member States or fisheries organizations. Clearly, however, balanced competitive conditions can only be created within the Member States if there is greater harmonization of social services in their broadest sense. This is particularly important following enlargement to include two Member States which are heavily engaged in fishing.



16. Among other things training measures are needed to enable fishermen, following the restructuring of the enlarged Community fishing fleet,
  - (a) to convert to modern methods of fishing,
  - (b) to find land-based employment related to fisheries, such as in dockyards, marketing and processing firms,
  - (c) to engage in aquaculture insofar as this is a feasible proposition.
17. The European Parliament has urged that a Community social policy should be introduced in the fisheries sector. The Committee on Agriculture, Fisheries and Food therefore recommends the reinstatement of the modest resources proposed by the Commission (Item 4300 and Article 431).

#### E. Chapters 45 and 46: Structural policy

18. Structural policy in the fisheries sector is covered by two chapters in the budget. Chapter 45 (Measures to improve fisheries structures - adjustment and redeployment of capacity) is part of the general budget while Chapter 46 (Common measures to improve fisheries structures) belongs to the EAGGF Guidance Section.
19. The amounts requested by the Commission under Chapter 45 for the adjustment and redeployment of capacity have been cut by the Council by %, which could threaten the financing for adjustment and redeployment measures. The amounts requested by the Commission should therefore be reinstated in full (Articles 450 and 451).
20. Restructuring measures to adjust the fishing industry to new types of use and maintain production capacity in aquaculture based on Council Regulation (EEC) No. 2908/83 are formulated as multiannual programmes by the Member States and submitted to the Commission for approval. The measures include investments for

modernizing fleets  
the farming of fish, crustaceans and molluscs,  
construction of farms.

The aquaculture sector is particularly important for the economic development of individual regions in France, Greece, Italy, Ireland, Spain and Portugal.

The Committee on Agriculture, Fisheries and Food therefore wishes the appropriations requested by the Commission to be reinstated in full (Article 460).

21. The budget contains other resources for structural measures, for example:
  - (a) Article 301 'EAGGF (Guidance) - marketing and processing of agricultural products' in which payment appropriations of 170 m ECU and commitment appropriations of 295 m ECU have been inserted; some of these resources are earmarked for the construction or modernization of fish processing and marketing facilities. The Committee on Agriculture, Fisheries and Food believes that at least 10% of these resources should be earmarked to finance such investments.

(b) Chapter 50 'Mediterranean programmes'; these programmes also include expenditure in the fisheries sector and aquaculture. The Committee on Agriculture, Fisheries and Food expects to be informed at regular intervals on the outcome of the pilot projects in the sectors of fisheries and aquaculture.

### III. Other budget lines relating to policy on the sea

22. The draft budget contains other budget headings of relevance to European policy on the sea:

#### Article 662: Specific measures for protection of the marine environment

Item 6620: Community participation in the action plan for the  
Mediterranean

Item 6621: Protection of the marine environment

These resources are mainly to be used to cover the operating expenses of the various parties to the Mediterranean action plan and to cover the costs of monitoring pollution in the Mediterranean and carrying out research, with particular reference to preventing pollution by oil and other dangerous substances.

#### Article 735: Shared-cost horizontal projects

Item 7357: Concerted-action research projects in other fields

This item includes resources for a shore-based marine navigational aid system. The basic programme consists of coordinating research activities which are planned or already under way in the Member States and third countries concerned in the field of long-term aid to shipping in coastal areas and entrances to harbours to reduce the potential threat from shipping, to human life, the environment and equipment. Navigational aids for shipping are important both for reasons of safety and to combat pollution. It is to be hoped that such projects to improve the safety of shipping in Community waters, particularly in sea-lanes with a great deal of traffic such as straits or the English Channels will continue.

Item 9602: Specific aid to improve agricultural structures in Portugal

These resources are to finance projects and programmes to improve agricultural structures and fisheries in Portugal. The aim of these measures is to facilitate the necessary introduction of common policies and structures in the agricultural and fisheries sector. The main areas concerned are counselling, development of infrastructures and promoting mergers, research programmes and veterinary medicine, statistical bodies and vocational training and - in the fisheries sector - promotion of cooperatives.

Item 9605: Specific aid for the adjustment of fishing capacity in Spain

The Commission proposal for a Council regulation concerning the conclusion of an agreement in the form of an exchange of letters between the European Economic Community and Spain on the granting of specific financial aid to facilitate and accelerate the adjustment of fishing capacity in Spain (COM(84) 569 final) provides for a reduction in the Spanish fleet for structural reasons of approximately 100 000 grt; the costs appear in the 1985 budget (in Chapter 100) with commitment appropriations of 28.5 m ECU.

For 1986 payments of 14.5 m ECU are provided for and in 1987 payments of 14 m ECU; these measures are then concluded (see also Roberts report - Doc. A2-88/85 with the opinion drafted by Mrs Pery on behalf of the Committee on Agriculture, Fisheries and Food).

#### IV. Staffing problems

23. The Directorate-General XIV for fisheries has to deal with a tremendous amount of work to implement the common fisheries policy with a very limited number of staff. Some of the tasks previously carried out by Directorate-General VI for agriculture have now been transferred to Directorate-General XIV. Spanish and Portuguese accession and the forthcoming negotiations with other third countries will create additional work. Consideration should therefore be given to the following:

- transferring staff to Directorate-General XIV (Fisheries) corresponding to the transfer of duties previously carried out by other directorates-general (mainly Directorate-General VI - Agriculture); these include duties relating to structural policy but also marketing policy;
- an increase in the number of staff to enable Spanish and Portuguese accession to be dealt with effectively and where necessary to enable successful negotiations with third countries.

#### V. Budget problems relating to the common policy on fisheries and the sea

24. When it considered the report drawn up by Mr DAVERN (Doc. 1-990/83) on the communication from the Commission to the Council (COM(83) 501 final) on resources to strengthen the efficiency of the Community structural funds, the European Parliament expressed a desire in principle on 17 November 1983 for a 'European Guidance and Guarantee Fund for fisheries and marine policy'.

25. In the working document by Mrs PERY on the budget aspects of the common policy on fisheries and the sea (PE 94.279/rev.) of 11 January 1985 the question of setting up such a fund is raised again. The Subcommittee on Fisheries will have to consider in close cooperation with the Commission how a separate fund for fisheries and marine policy can be set up.

#### VI. Conclusions

26. The Committee on Agriculture, Fisheries and Food conclusions for the Committee on Budgets are as follows:

##### The Committee on Agriculture, Fisheries and Food,

1. Regrets that the resources requested by the Commission for fisheries and sea policy have been reduced although it is apparent that Spanish and Portuguese accession and the fisheries agreements to be concluded with third countries will create additional work and as a result expenditure;

2. Asks that the common fisheries policy develop quite separately from the Common Agricultural Policy so that the economy measures envisaged for the Common Agricultural Policy do not automatically apply to the fisheries sector;
3. Urges that Directorate-General XIV (Fisheries) should have sole responsibility for administering the resources for the Common Fisheries Policy and that the Commission should provide sufficient staff (by transferring them from other directorates-general or creating new posts as appropriate);
4. Calls on the appropriate committees of the European Parliament to pursue their deliberations on the setting up of a European fund for fisheries and marine policy.
5. Believes it necessary, among other reasons because of Spanish and Portuguese accession, for national and Community bodies monitoring adherence to the rules of the common fisheries policy to be strengthened and for the corps of Community fisheries inspectors to be increased;
6. Calls for a reform of current structural policy in the light of enlargement to include Spain and Portugal as other criteria of structural policy have become important as a result of the accession of these fishing states.

O P I N I O N  
(Rule 101 of the Rules of Procedure)

of the Committee on Economic and Monetary Affairs and Industrial Policy

Draftsman : Ms. J. QUIN

On 26 June 1985 the Committee on Economic and Monetary Affairs and Industrial Policy appointed Ms. J. Quin draftsman of the opinion.

The Committee considered the draft opinion at its meetings on 15/16 October 1985. It adopted the conclusions contained in it unanimously.

The following took part in the vote :

SEAL (Chairman), BEAZLEY (Vice-Chairman), Ms QUIN (Draftsman), BESSE, BEUMER, BONACCINI, CAROSSINO (replacing de March), CERVETTI (replacing Novelli), CHIUSANO, CRYER (replacing Gautier), FALCONER, FRIEDRICH, FILINIS, Ms van HEMELDONCK, HERMAN METTEN, MUHLEN (replacing Franz), Ms T. NIELSEN, Ms OPPENHEIM, PATTERSON, RAFTERY, Ms van ROOY (replacing Starita), SEELER (replacing ROGALLA), VISSER (replacing Wagner), WEDEKIND, de WINTER (replacing de Vries), WIJSSENBEEK (replacing Wolff), von WOGAU

## Conclusions

The Committee on Economic and Monetary Affairs and Industrial Policy requests the responsible Committee on Budgets to include the following points in its motion for a resolution:

1. Regrets the continuing imbalance in the Community budget resulting in grossly insufficient funds for industrial purposes, both to support the development of the new technologies, and also to help in the process of "restructuring" in the more traditional industries;
2. Considers that finance for industrial innovation linked with assistance for industrial "restructuring" is needed to help redress the current imbalance in the Community budget, and to tackle the problems of unemployment and industrial decline;
3. Insists, therefore, on the reinstatement of the deleted Article 772, the importance of which has been emphasized on several occasions by the Parliament;
4. Emphasizes the importance of Article 650 dealing with the contribution to the ECSC for social measures in connection with the restructuring of the steel industry. Expresses concern about the implications of the new budgetary technique whereby only a token entry is now proposed for this purpose, and calls on the Commission to provide up to date information about the current degree of implementation of the programme, how much money is left, and about which measures the Commission intends to take over the coming year;
5. Regrets that the Commission itself appears to have proposed a general across-the-board cut of 25% in the funding for industrially related studies and considers that a more selective approach should have been used.

Calls, in particular, for an increase in the funding for the proposed industrial sectoral studies under Item 7730, funding for which has been reduced below the level at which any worthwhile studies could be carried out.

Considers, however, that it needs to be kept better informed in the future of the results of these studies, probably in the form of a written report;

6. Supports the budgetary posts concerned with strengthening the internal market, but recalls the concern in Parliament's adopted resolution on consolidating the internal market of possible harmful consequences in certain regions of the complete freeing of the internal market. Calls, therefore, for a special budgetary line to fund a detailed study of such impacts, and into whether additional compensatory regional and social measures are needed;
7. Points out that the Community's new approach to technical harmonization and standardization entails greater financial support for the work of CEN and CENELEC, and that it will be vital for the Parliament to monitor progress not just with the Commission, but with the representatives of these organizations as well;
8. Supports the posts in the budget dealing with the need to strengthen small and medium sized enterprises, but calls for their effectiveness to be evaluated. Requests an increase in the budgetary appropriations for item 7731 dealing with industrial redevelopment;
9. Notes that there are a large number of posts concerning the promotion of the new technologies, but that apart from the research programmes such as ESPRIT and RACE, they are of small size. Considers, in view of the large number of programmes, some of which have closely related objectives, that it is essential that the Commission carry out its promise to Parliament to prepare an Annual report on all its activities concerning the new technologies;
10. With regard to a community telecommunications policy calls for more information from the Commission as to what it intends to do during the present budgetary year as regards the joint development of advanced telecommunications infrastructure projects;
11. Considers that the existing programmes to promote biotechnology are inadequate with regard to the task faced, and that a much more ambitious programme is necessary;

12. Supports the Commission's proposals as regards the development of the information market but with regard to Article 756 calls for the Commission to present its formal proposals as soon as possible;
13. Refers to its requirement in its report on the internal market that computers should not be installed at the internal borders of the Community. Notes that the Commission has not followed this request in its CD project, and considers that the respective funds should not be made available;
14. Repeats its request for the budgetization of Community loans in view of their importance as an instrument of sectoral policy;



OPINION

for the Committee on Energy, Research and Technology

Draftsman : Mr J. MALLET

At its meeting of 28 February 1985, the Committee on Energy, Research and Technology appointed Mr MALLET draftsman of the opinion.

At its meeting of 16 October 1985, the Committee considered the draft opinion and adopted the conclusions by 13 votes to 0 with 2 abstentions.

Present : Mr PONIATOWSKI, chairman; Mr SALZER, Mr ADAM and Mr SELIGMAN, vice-chairmen; Mr MALLET, draftsman of the opinion; Mrs BLOCH VON BLOTTNITZ (substitute), Mr CROUX (deputizing for Mr Ciancaglini), Mr ESTGEN, Mr HUTTON (deputizing for Mr Toksvig), Mr KOLOKOTRONIS, Mr LINKOHR, Mrs LIZIN, Mr METTEN (deputizing for Mr Schinzel), Mr MUNCH, Mr RINSCHKE, Mr SPATH, Mr STAES, Mrs VIEHOFF and Mr TURNER.

## I - GENERAL CONSIDERATIONS

### (i) Problems of Community research and interrelated factors

1. The need to improve Europe's performance in the field of technology becomes a little more apparent everyday. The Commission has this year produced a series of documents on the subject, including, for example, its memorandum entitled 'Towards a European Technology Community' and its very recent communication to the Council on the same theme. The European Parliament, for its part, has always vigorously supported such efforts, as witness in particular the part-session which it devoted largely to the new technologies. However, the main problem still remains. The European Technology Community will not become a reality unless the necessary financial resources are made available.

2. Unfortunately, the share of research and technology in the Community's budget, although growing, is still extremely small (about 2.5%).

3. It should be pointed out that the ten Member States of the European Community allocate to multilateral research cooperation (outside the EEC) an overall amount which is four times higher than the corresponding expenditure in the Community context.

### (ii) The share of the preliminary draft budget for 1986 allocated to research and technology

4. The preliminary draft budget for 1986 submitted by the Commission at the beginning of the summer does not represent any significant advance in real terms for research and technology. The Commission itself describes its preliminary draft as a transitional budget (with an increase of only 11% over 1985).

5. We can accept the fact that this is a transitional budget, but we solemnly warn the Commission that from 1987 onwards the research budget will have to grow rapidly and must account for at least 6% of the general budget of the Communities for 1988.

### (iii) Prospects for future years

6. The trend for future years would seem to be much more worrying than the current situation. The Commission's three-year forecasts show that between now and 1987 there will be a two- or three-fold increase in commitment appropriations. This situation is particularly difficult to accept inasmuch as it will create financial management problems for the Commission.

The members of the committee felt that the research budget should be thoroughly overhauled for 1987 and, in particular, that the technology aspect should be highlighted.

### (iv) Submission of the draft budget by the Council

7. On a purely formal level it should be pointed out that, as a result of the tight timetable, the draft budget was submitted at a very late date, giving the Committee on Energy, Research and Technology very little time to deliver its opinion.

8. From a general point of view, those sectors falling within the terms of reference of the Committee on Energy, Research and Technology have escaped relatively unscathed from the Council's attentions. It would appear that the Council intended, in this way, to draw attention to the priority which it too attaches to this field.

9. We could therefore have been less severe in our criticism if the general level of appropriations had not been so low in the preliminary draft budget and had not been reduced still further by the Council.

## II - SPECIFIC CONSIDERATIONS

### (i) The budgetary implications of the accession of Spain and Portugal

10. This problem, which is important because the accession of Spain and Portugal will necessarily lead to an increase in the financing requirement for energy and research policies, has been tackled in very different ways, depending on the sector concerned.

11. First, as regards energy, enlargement has resulted in a 20% overall increase in appropriations in the preliminary draft budget. The impact of enlargement on research appropriations, and in particular on Chapter 73, on the other hand, is lower than 5%. The effect on the Task Force is also minimal.

12. This merely echoes what Mr LONGUET said in his opinion on the accession of Spain and Portugal with regard to the difficulties which the Commission had had in evaluating the scientific and technical potential of the new Member States. It also shows how difficult it will be for the Commission to involve Spain and Portugal rapidly in the research programmes.

### (ii) Coordination between the framework programme for research and the sectors concerned

13. The draftsman has made various cross-checks between budget items and consulted other draftsmen on the budget, including the draftsman for the Committee on the Environment, Public Health and Consumer Protection, and can only express concern at the duplication of certain research work.

It would be difficult to rectify this situation in the context of the 1986 budget, but the Commission must take it into account for 1987.

## III - ANALYSIS OF BUDGET ITEMS BY SECTOR

14. The following sections of the budget fall within the terms of reference of the Committee on Energy, Research and Technology : Chapters 70, 71, 72, 73 and 75 and Articles 770, and 771 of Chapter 77.

### (i) Energy

15. The Council has made an overall reduction of 9% in the payment appropriations entered against Chapter 70 (Expenditure on Energy Policy). The cuts were made mainly in the appropriations for studies (Article 709), energy programming (Article 706), Community technological development programmes and the transport of radioactive materials (Item 7015). No cuts have been made in appropriations for demonstration projects.

16. A more substantial reduction has been made in the commitment appropriations. It would appear that the Council could not endorse the Commission's policy as regards taking the cost of enlargement into consideration. In addition to the cuts made against the items mentioned above, the commitment appropriations for demonstration projects have been reduced from 126 million ECU to 80 million ECU.

17. The level of appropriations for energy policy may be regarded as acceptable only by comparison with the Commission's preliminary draft. In order to comply properly with the European Parliament's resolutions, it would be desirable to evolve a true energy policy corresponding to the European Community's needs.

18. The committee proposes that the entries in the preliminary draft against Items 7000 and 7002 (Eurostock) should be reinstated by way of amendment and that a new line 7004 - interconnection of natural gas networks - should be created (this Item was deleted by the Commission in its preliminary draft). Similarly, it is essential to make an adequate entry against Item 7015 (transport of radioactive materials). The reinstatement of the commitment appropriations for demonstration projects (7021, 7031 and 704) would be conducive to the effective pursuit of these programmes. It has also become clear that it has not been possible to carry through the measures under Articles 705 and 706 and Items 7090 and 7091 (studies) owing to lack of funds.

In short, the low level of financial resources allocated to this Chapter is not compatible with an effective energy policy. The possibilities open to the Commission in this field should therefore be used to the full.

19. Very small cuts have been made against Chapter 71 (Expenditure on Nuclear Safeguards). No amendments are called for but we must nevertheless keep a watchful eye on the number of nuclear safety inspectors, which is still lower than we feel it should be, particularly in view of the accession of Spain and Portugal, which will result in an increase in the number of inspections to be carried out.

(ii) Research

20. The payment appropriations entered against Chapter 73 (Research and Investment) have been reduced by 3%, i.e. from 421 to 412 million ECU. Commitment appropriations, on the other hand, have been cut by 15% - from 474 to 404 million ECU. Almost all of the cuts have been made by way of token entries against new research programmes (Environment, Raw Materials, Transport), for which there is not yet any legal basis.

21. From the point of view of general structure, the framework research programme could be considered satisfactory since it covers all the major fields of research. Nonetheless, the usefulness of the programme is limited by the fact that the appropriations allocated to it are very low in relation to actual requirements.

22. The committee wishes to demonstrate in a symbolic but significant manner the importance which it attaches to the FAST studies and calls for this Article (735) to be interchanged with Article 730, so that it appears at the head of Chapter 73. Similarly, the committee is anxious to demonstrate its support for the new programmes against which only token entries have been made in the draft budget (Items 7323, 7330, 7331 and 7338); it also wishes to demonstrate its readiness to initiate immediate new measures, in particular with reference to Aids (Items 7325 and 7320).

23. Finally, attention should be drawn to the importance attached to programmes already underway (marine navigation aids system, Item 7357) and to the reinstatement of the JRC allocation (for the sole benefit of Item 7374 - Environment). The committee is also sympathetic to the Commission's arguments as regards the upgrading of certain staff and an amendment is being tabled in this connection.

24. The appropriations entered against Chapter 72 (general and preparatory projects in the field of scientific and technological research) have been reduced by about 10%. One of the largest cuts has been made in the appropriation against Article 720 (research projects in the field of technology), which has been reduced from 415 000 ECU to 295 000 ECU. The latter figure should be increased. For the preparation of new research programmes (Article 721), the committee proposes an allocation 200 000 ECU higher than the figure entered by the Commission and accepted by the Council for specific studies of real importance (on the creation of a high technology information centre - 100 000 ECU; space research - 50 000 ECU and marine technology - 50 000 ECU).

(iii) Technology

25. The items involved here are primarily those relating to the ESPRIT (7335) and RACE (7336) programmes. The appropriations entered against these items, which of course are vitally important, are satisfactory. In the case of RACE, however, the payment appropriations are inadequate and an amendment has been tabled to improve this situation.

26. The commitment appropriations entered against the Articles in Chapter 77 (industry and the internal market) have been cut by 25% and the payment appropriations by 21%. These reductions amount to arbitrary budgetary cuts affecting a series of Articles which are vital to the development of the Community's policy on information technologies.

27. Amendments are absolutely essential for all items against which the Council has made cuts.

28. Chapter 75 relates to expenditure in connection with the information market and innovation. The commitment appropriations have been reduced by about 15% and the payment appropriations by more than 12%. The reduction in the appropriations for automatic translation is particularly prejudicial and it is proposed that this should be rectified by way of amendment. Similarly, the appropriations against Articles 756 (information market policy) have been reduced from 1 million to 200 000 ECU. This figure should be partially reinstated. Item 7530 (use of the results of research), which is of vital importance to the Community's policy, also warrants our attention. Other lines must also be reinstated.

29. The draftsman is very anxious to have more detailed information on all the practical activities covered by Chapter 75; such information would shed light on certain aspects of Community research policy.

#### IV - SUPPLEMENTARY BUDGETARY REQUESTS

30. The Committee on Energy, Research and Technology and, in its turn, the European Parliament have delivered favourable opinions on the creation of a parliamentary office for scientific and technological option assessment. An amendment to Article 260 of the European Parliament's budget (allocation 100 000 ECU) will make it possible to provide for measures in the 1986 budget.

31. The Committee on Energy, Research and Technology cannot ignore the budgetary implications of possible European Community participation in the EUREKA project or in other projects of a similar nature. For this reason the committee proposes that a new Chapter (78) should be created entitled 'European Community participation in scientific and technical projects of Community interest - EUREKA and others'. This title, and the fact that the Chapter would be separate from the other research Chapters, would provide an adequate degree of flexibility. The committee prefers only to make a token entry against the new chapter.

O P I N I O N

(Rule 101 of the Rules of Procedure)  
of the Committee on Social Affairs and Employment

Draftsman: Mrs GIANNAKOU-KOUTSIKOU

On 23 April 1985, the Committee on Social Affairs and Employment appointed Mrs GIANNAKOU-KOUTSIKOU draftsman of the opinion.

The Committee considered the draft opinion at its meeting of 15 October 1985. It adopted the draft opinion together with its preliminary draft amendment on the European Social Fund (chapters 60 and 61) on 16 October 1985.

The Committee also adopted a number of amendments on other budgetary lines coming within its terms of reference (chapters 63 and 64), details of which are given in the attached memorandum (Annex I).

The following were present: Mr WELSH, Chairman; Mrs SALISCH, Vice-Chairman; Mr McCARTIN, Vice-Chairman; Mrs GIANNAKOU-KOUTSIKOU, draftsman; Mrs d'ANCONA; Mr BACHY; Mr BROK; Mr CHRISTIANSEN; Mr CIANCAGLINI; Mrs DURY; Mr HINDLEY (deputizing for Mr Dido); Mr HUGHES (deputizing for Mr Peters); Mr GAIBISSO; Mrs LARIVE-GROENENDAAL; Mrs MAIJ-WEGGEN; Mrs MARINARO (deputizing for Mrs Hoffmann); Mr McMAHON (deputizing for Mr Stewart); Mr RAGGIO; Mrs SQUARCIALUPI (deputizing for Mr Alavanos); Mr STEWART-CLARK; Mr TUCKMAN; Mr VGENOPOULOS.

## OPINION

of the Committee on Social Affairs and Employment

Draftsman: Mrs GIANNAKOU-KOUTSIKOU

### THE EUROPEAN SOCIAL FUND

#### General Remarks

1. Despite all the solemn declarations by the Commission, Parliament and Council about the key importance of the Social Fund in the fight against unemployment, we seem to be further off than ever from attaining Parliament's goal of increasing the Fund's resources to "at least 10 % of the overall Community budget"<sup>1</sup> and seeing them "double in real terms over two, rather than five years"<sup>2</sup>! Indeed, the figures speak for themselves: after the modest "peak" reached in 1983, when the ESF represented 6.97 % of the total Community budget in commitment appropriations, in 1984 - the first year of operation of the "new" Fund - this share dropped to 6.74 %, and in 1985 it went down again to 6.56 %<sup>3</sup>!
2. But this is only one side of the coin: if nothing is done to turn the tide in terms of both commitments and, above all, payments trends, the structural funds run a real risk of becoming the main victims of the 1986 and subsequent budgetary exercises. This would make a mockery of Parliament's explicit position in regard to the unacceptability of "any curtailment of the common structural policies, which, even in a particularly difficult financial situation, must remain a vital instrument for relaunching the Community"<sup>4</sup>.

#### Payments crisis

3. In its introduction to the Preliminary Draft Budget for 1986, the Commission states that since 1978 "the volume of commitment appropriations has grown significantly faster than that of payment appropriations. This means that since the operations to which they relate are spread over a period of time, the payment requirements to honour these commitments are rising ever higher". It goes on to

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<sup>1</sup> Resolution on the reform of the ESF, OJ C 161, 20.6.83

<sup>2</sup> Resolution on increasing the effectiveness of the Community's structural funds, OJ C 342, 19.12.83

<sup>3</sup> The corresponding figures for payments are 5.90 %, 4.81 % and 4.96 %

<sup>4</sup> Resolution on Council's responsibility as regards Community budget, OJ C 239, 10.9.84



point out that some 10 300 m ECU in commitments have accumulated of which roughly 8 200 m ECU are for the three structural funds. It is hardly surprising, therefore, that the "payments crisis" is at the centre of the Commission's preoccupations.

4. While Council has been fairly "lenient" in its approach to commitment appropriations, it has been quite ruthless in pruning the Commission's requests for the payment appropriations needed to honour them. Ruthless and even irresponsible, because if the Council had any doubts about the Community's ability to pay, it should not have committed itself in the first place.

#### Consequences for the European Social Fund

5. In the case of the European Social Fund, honouring commitments means providing adequate resources for (a) the automatic payment, in accordance with the new Rules of the ESF, of 50 % in advances for new projects falling under lines 6000, 6001, 6010 and 6011 (and 30 % of those under Article 610)<sup>1</sup>, (b) for final payments relating to prior commitments - which means, in the present instance, those entered into (i) in 1985 and 1984, under the "new" Fund, and (ii) before 1984, under the "old" Fund.
6. What, then, can the Commission do when payment appropriations are not enough to honour commitments in respect of both new and prior commitments? Very little! This is clear from what happened in 1985: in order to honour the Community's obligations in respect of new and prior commitments, the Commission would have needed some 215 m ECU more in payment appropriations than the 1 410 m ECU finally allocated to the ESF for 1985. Given the inescapable statutory requirement regarding the payment of advances, no other course was open to the Commission than to defer until 1986 the settlement of final payments in respect of commitments entered into in 1984!
7. But "borrowing from Peter to pay Paul" is merely putting off the inevitable "day of reckoning", because the payment of outstanding - and ever-mounting - debts cannot be put off indefinitely. Moreover, one must be clearly aware of the consequences for project operators - and especially the smaller ones - of a repeated deferral of final payment. It is totally unacceptable, for instance,

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<sup>1</sup> See Articles 5.1 and 5.2 of Council Regulation (EEC) no. 2950/83 of 17.10.83, OJ L 289, 22.10.83

that the operator of a project carried out in 1984, and for which the final claim was not only submitted but also cleared before the end of 1985, should have to wait until 1986, at the very earliest, before receiving his due. In such cases, it is hardly surprising if those directly concerned, and ultimately the general public, feel that the Community has let them down badly.

#### Justification of the Commission's proposals

8. Not least because of the carry-over of debts from 1985, the "payments crisis" has taken on such dramatic proportions that the amount earmarked for prior commitments in the Preliminary Draft Budget for 1986, is greater than that proposed for advances to launch new projects!
9. The Commission's budgetary proposals for the Social Fund in 1986 - calling for a modest increase in commitment appropriations and a very substantial increase in payment appropriations - are put forward with a view to breaking out of this vicious circle once and for all. Otherwise, there is a real danger that the settlement of outstanding debts will swallow the lion's share of the ESF budget, leaving next to nothing for financing new projects, let alone developing the "common structural policies" to which the Parliament rightly attaches such importance.
10. The Commission has made a desperate attempt to bring the situation fully home to the Budgetary Authority. First of all, by showing that a 7.1 % ceiling on the increase in payment appropriations over those allocated for 1985 - apart from an additional 159 m ECU for Portugal and Spain - would leave very little over (71.4 m ECU, to be exact) to honour prior commitments once the requirements in respect of advances had been met. Secondly, by showing, through the creation of a new line (Article 602) how much more is needed to settle final payment claims for 1984 and 1985. In this way, it can be seen that the appropriations entered against Articles 607, 608, 609 and new line 602, together with the 71.4 m ECU left over after coverage of advances, make up the amount needed to honour prior commitments, i.e. 1 202.9 m ECU, representing 50.14 % of the total payment appropriation requested by the Commission for 1986<sup>1</sup>.

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<sup>1</sup> See Annex II

### The Council's counter-proposals

11. To judge by Council's reaction to these proposals, all the Commission's efforts to get the message across as to the imperative need to clear up the ESF's spiralling backlog of payments seem to have been in vain.
12. While the 10.6 % cut-back in commitments to 2 183 m ECU<sup>1</sup> can be considered regrettable in view of the targets set out in the second paragraph of this opinion, it would make some sense in the context of the present payments crisis if the Council had not, at the same time, ruthlessly slashed (by 39.7 %) payments from the 2 399 m ECU justifiably proposed by the Commission to 1 447 m ECU<sup>2</sup>. After the deduction of approximately 1 070 m ECU to meet the requirements in respect of advances, only 377 m ECU would be left over for settling payments on prior commitments, i.e. just over 31 % of the total amount required!<sup>3</sup> In short, the Council has done nothing towards helping the European Social Fund out of its present crisis; on the contrary, its proposals, if adopted, will only aggravate an already intolerable situation.

### Conclusions

13. The Committee on Social Affairs and Employment:
- (a) Reminds the Budgetary Authority of its repeated declarations about the key role of the European Social Fund in the fight against unemployment and especially youth unemployment;
- (b) Notes, however, that, instead of rising, the Fund's share of the total Community budget, in terms of commitment appropriations, has actually fallen - from 6.97 % in 1983 to 6.56 % in 1985 - and will continue to decline in 1986 if the reductions proposed by the Council are adopted, thus making more remote than ever the chances of achieving Parliament's target of "at least 10 %";
- (c) Deplores this trend all the more in view of the growing gap between resources available to the Fund and the demands made upon them and the fact that, with the accession of Portugal and Spain, the gap will widen even further;

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<sup>1</sup> An 8.6 % increase over the allocation for 1985, but including 'enlargement'

<sup>2</sup> A 2.6 % increase over the allocation for 1985, but including 'enlargement'

<sup>3</sup> See Annex III

- (d) Stresses, however, that if increases in commitment appropriations - however minimal - are not accompanied by a corresponding increase in the payment appropriations needed to honour them, they are tantamount to being empty promises;
- (e) Notes that, in view of the statutory requirement that nearly half of the total commitment appropriations for any given year must be paid out automatically in advances for new projects, Council's repeated failure to provide the European Social Fund with the appropriations required to both cover these advances and to honour prior commitments has forced it to defer the payment of its debts from one year to the next;
- (f) Points out that apart from placing an unacceptable burden on the ESF in the form of an ever-mounting backlog of payments, the effect of such deferrals is that project operators are kept waiting for the settlement of the final payment claims already cleared by the Commission;
- (g) Considers it totally unacceptable, for instance, that the operator of a project carried out in 1984, and for which the final payment claim was submitted, in accordance with the rules, before 31 October 1985 and cleared by the Commission before the end of the same year, should not only have to wait until 1986, at the very earliest, before receiving his due but even be forced, in the meantime, to take out a loan to pay off outstanding debts;
- (h) Stresses that the Commission's budgetary proposals, calling for a modest increase in commitment appropriations and a very substantial increase in payment appropriations, are put forward with a view to find a way out of a crisis which is taking on such dramatic proportions that it threatens not only to jeopardize the future of the ESF but to tarnish the reputation of the European Community itself;
- (i) Stresses, furthermore, that of the 2 399 m ECU requested in payment appropriations, no less than 1 202.9 m ECU are needed to honour final payment obligations in relation to projects carried out (a) in 1984 and 1985, (b) before 1984 (under the "old" Fund), which leaves 1 196.1 m ECU to cover the statutory 50 % in advances for new projects;

- (j) While obviously deploring the Council's proposed cut-back in commitments from 2 441 m ECU to 2 183 m ECU (despite 'enlargement'), is utterly appalled by the decision to reduce the payments figure by almost 40 % from 2 399 m ECU to 1 447 m ECU;
- (k) Urges Council to very seriously reconsider this proposal which, if adopted, would - after due provision had been made for advances - leave some 377 m ECU for settling final payments, i.e. just over 31 % of the total sum required;
- (l) Calls on both arms of the Budgetary Authority to recognize once and for all both its obligation and the imperative need to ensure that all commitments are settled fully and promptly when the time comes to honour them, and requests that it increase the payments earmarked for the ESF for 1986 accordingly;<sup>1</sup>
- (m) Recognises, however, that the grave problems outlined above are by no means confined to the ESF and that they can only effectively be tackled against the overall background of the present uncertain and alarming budgetary situation, within the context of a united approach on the part of all the parliamentary committees and the European Parliament as a whole.

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<sup>1</sup> A detailed breakdown of the draft amendment tabled by the Committee on Social Affairs and Employment is given in Annex IV

M E M O R A N D U M

Re : Other budgetary lines falling within the terms of reference of the Social Affairs Committee

At its meeting of 16 October 1986, the Committee on Social Affairs and Employment also adopted the following amendments in relation to chapters 63<sup>1</sup> and 64<sup>2</sup> of the draft budget for 1986, calling for an overall increase of 6 708 525 ECU in CAs and 6 308 525 ECU in PAs, i.e. the reinstatement of the amounts proposed in the Preliminary Draft Budget.

Art./ Item	Heading	1986 Preliminary Draft Budget		1986 Draft Budget		Social Affairs Committee's Amendments	
		C.A.	P.A.	C.A.	P.A.	C.A.	P.A.
6301*	Education and new information technologies	1 200 000	1 200 000	500 000	500 000	+ 700 000	+ 700 000
6303* (NEW)	Cooperation between universities and industry - Advanced training in new technologies	1 000 000	1 000 000	p.m.	p.m.	+1 000 000	+1 000 000
6330*	Specific measures relating to training	357 000	357 000	350 000	350 000	+ 7 000	+ 7 000
6331*	Measures for training people in the new information technologies	720 000	720 000	517 750	517 750	+ 202 250	+ 202 250
TOTAL CHAPTER 64				1 909 250	1 909 250	+1 909 250	+1 909 250

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1 Education and Vocational Training

2 Employment, Social Protection and Health

\* Non-differentiated appropriations

Art./ Item	Heading	1986 Preliminary Draft Budget		1986 Draft Budget		Social Affairs Committee's Amendments	
		C.A.	P.A.	C.A.	P.A.	C.A.	P.A.
6401*	Cooperation in the field of employment	2 200 000	2 200 000	1 506 150	1 506 150	+ 693 850	+ 693 850
6402*	Work organization and job enrichment	50 225	50 225	p.m.	p.m.	+ 50 225	+ 50 225
641*	European Foundation for the Improvement of Living and Working Conditions	5 200 000	5 200 000	5 000 000	5 000 000	+ 200 000	+ 200 000
6420*	European Trade Union Institute	1 300 000	1 300 000	1 200 000	1 200 000	+ 100 000	+ 100 000
6430*	Tasks entrusted to the institution to promote exchange of young workers	3 300 000	3 300 000	2 571 000	2 571 000	+ 729 000	+ 729 000
6431*	Measures for frontier workers	65 000	65 000	-	-	+ 65 000	+ 65 000
6440*	Measures to achieve equality between men and women	997 200	997 200	900 000	900 000	+ 97 200	+ 97 200
6441*	Measures for the social integration of handicapped persons	2 246 000	2 246 000	2 060 000	2 060 000	+ 186 000	+ 186 000
6442*	Measures for immigrants	315 000	315 000	280 000	280 000	+ 35 000	+ 35 000
6443*	Measures to assist the elderly, including preparation for retirement	78 000	78 000	p.m.	p.m.	+ 78 000	+ 78 000
6444*	Measures to assist the family, including aid to bodies representing families	265 000	265 000	p.m.	p.m.	+ 265 000	+ 265 000
6446* (NEW)	Measures to encourage education and vocational training for young migrants					+ p.m.	+ p.m.
6450*	Administrative Commission on Social Security for Migrant Workers	1 600 000	1 600 000	1 500 000	1 500 000	+ 100 000	+ 100 000
646	Special Community measures to combat poverty	8 000 000	5 000 000	6 000 000	3 500 000	+2 000 000	+1 500 000
6470	Contribution to measures to improve housing for handicapped workers	1 200 000	1 200 000	1 100 000	900 000	+ 100 000	+ 300 000
6471	Contribution to measures to improve housing for immigrants	1 000 000	650 000	900 000	650 000	+ 100 000	-
		TOTAL CHAPTER 64		+4 799 275	+4 399 275		

E U R O P E A N   S O C I A L   F U N D  
PRELIMINARY DRAFT BUDGET FOR 1986 (EUR 12)

giving detailed breakdown of payments into those required for (i) advances, (ii) prior commitments

Ch./ Art./ Item	Heading	Commitment Appropriations	Payment Appropriations		
			Total	Advances	Prior Commitments
60	GENERAL MEASURES				
600	Measures for young people under 25	732 300 000	369 503 000	366 200 000	3 303 000
6000	Less-favoured regions	1 098 450 000	587 607 000	549 200 000	38 407 000
6001	Other regions				
601	Measures for persons 25 and over	195 300 000	116 235 000	97 600 000	18 635 000
6010	Less-favoured regions	292 950 000	141 155 000	146 500 000	- 5 345 000
6011	Other regions				
602	'Reserve'		730 000 000 <sup>1</sup>	-	730 000 000 <sup>1</sup>
	Payments to be made on commitments entered into before 1984:				
607	- former chapter 60	-	185 000 000	-	185 000 000
608	- former chapter 61	-	215 000 000	-	215 000 000
609	- former chapter 62	-	1 500 000	-	1 500 000
	Total chapter 60	2 319 000 000	2 346 000 000	1 159 500 000	1 186 500 000
61	SPECIFIC MEASURES				
610	Specific measures	122 000 000	53 000 000	36 600 000	16 400 000
	TOTAL EUROPEAN SOCIAL FUND	2 441 000 000 <sup>2</sup>	2 399 000 000 <sup>3</sup>	1 196 100 000 <sup>3</sup>	1 202 900 000

<sup>1</sup> i.e. The amount needed over and above the 7.1 % ceiling (which excludes the 159 mECU earmarked for 'enlargement'), to honour commitments under Articles 600, 601 and 610 entered into in 1984 and 1985.

<sup>2</sup> Of which 330 m ECU to cover 'enlargement'

<sup>3</sup> Of which 159 m ECU to cover 'enlargement'



E U R O P E A N S O C I A L F U N D

DRAFT BUDGET FOR 1986 (EUR 10)<sup>1</sup> - COUNCIL'S PROPOSALS

giving detailed breakdown of payments into those earmarked for (i) advances, (ii) prior commitments

Ch./ Art./ Item	Heading	Commitment Appropriations	Payment Appropriations		
			Total	Advances	Prior Commitments
60	GENERAL MEASURES				
600	Measures for young people under 25	654 900 000	398 150 000	327 450 000	70 700 000
6000	Less-favoured regions	982 350 000	614 010 000	491 180 000	122 830 000
6001	Other regions				
601	Measures for persons 25 and over	174 700 000	115 110 000	87 350 000	27 760 000
6010	Less-favoured regions	262 050 000	155 960 000	131 020 000	24 940 000
6011	Other regions				
6040	Special job creation programme for repatriated working people	p.m.	p.m.	p.m.	p.m.
	<u>Payments to be made in commitments entered into before 1984:</u>				
607	- former chapter 60	-	58 030 000	-	58 030 000
608	- former chapter 61	-	67 430 000	-	67 430 000
609	- former chapter 62	-	470 000	-	470 000
	Total chapter 60	2 074 000 000	1 409 160 000	1 037 000 000	372 160 000
61	SPECIFIC MEASURES				
610	Specific measures	109 000 000	37 840 000	32 700 000	5 140 000
	TOTAL EUROPEAN SOCIAL FUND	2 183 000 000	1 447 000 000	1 069 700 000 <sup>2</sup>	377 300 000

<sup>1</sup> Council states that it is prepared to make due provision for Portugal and Spain at second reading

<sup>2</sup> The exact amount required to meet the provisions regarding advances laid down in Article 5 of Council Regulation (EEC) No. 2950/83 of 17.10.83

EUROPEAN SOCIAL FUND

DRAFT BUDGET FOR 1986 (EUR 10)<sup>1</sup> - THE SOCIAL AFFAIRS COMMITTEE'S PROPOSALS

giving detailed breakdown of payments into those earmarked for (i) advances, (ii) prior commitments

Ch./ Art./ Item	Heading	Commitment Appropriations	Payment Appropriations		
			Total	Advances	Prior Commitments
60	GENERAL MEASURES				
600	Measures for young people under 25				
6000	Less-favoured regions	654 900 000	552 850 000	327 450 000	225 400 000
6001	Other regions	982 350 000	882 780 000	491 180 000	391 600 000
601	Measures for persons 25 and over				
6010	Less-favoured regions	174 700 000	175 850 000	87 350 000	88 500 000
6011	Other regions	262 050 000	210 520 000	131 020 000	79 500 000
	Payments to be made in commitments entered into before 1984:				
607	- former chapter 60	-	185 000 000	-	185 000 000
608	- former chapter 61	-	215 000 000	-	215 000 000
609	- former chapter 62	-	1 500 000	-	1 500 000
	Total chapter 60	2 074 000 000		1 037 000 000	
61	SPECIFIC MEASURES				
610	Specific measures	109 000 000	49 100 000	32 700 000	16 400 000
	TOTAL EUROPEAN SOCIAL FUND	2 183 000 000	2 272 600 000	1 069 700 000 <sup>2</sup>	1 202 900 000

<sup>1</sup> Council states that it is prepared to make due provision for Portugal and Spain at second reading

<sup>2</sup> The exact amount required to meet the provisions regarding advances laid down in Article 5 of Council Regulation (EEC) No. 2950/83 of 17.10.83, OJ L 289, 22.10.83

OPINION

(Rule 101 of the Rules of Procedure)

of the Committee on Regional Policy  
and Regional Planning

Draftsman: Mr W. GRIFFITHS

On 22 March 1985 the Committee on Regional Policy and Regional Planning appointed Mr. GRIFFITHS draftsman of the opinion.

The Committee considered the draft opinion at its meeting of 30 October 1985. It adopted the draft opinion at that meeting unanimously.

The following took part in the vote: Mr DE PASQUALE, Chairman ;  
Mr GRIFFITHS, Draftsman ; Mr AVGERINOS ; Mrs BOOT ; Mr HUTTON ;  
Mr LAMBRIAS ; Mr LIGIOS ; Mr MARTIN ; Mr MATTINA ; Mr O'DONNELL ;  
Mr POETSCHKI ; Mr RAMACLE (Deputizing for Mr SAKELLARIOU) ; Mr ROMEO ;  
Mr VERGES ; Mrs VIEHOFF (Deputizing for Mrs GADIOUX).

## I. INTRODUCTION

1. The draftsman has already submitted two working papers to the Committee (PE 100.173, PE 100.785) in which he drew the Committee's attention to the main proposals made by the Commission in the Preliminary Draft and the Council in the Draft Budget for 1986. This opinion should be read in conjunction with these documents. In this document the draftsman has therefore placed greater emphasis on the wider budgetary context within which the Regional Committee's proposals will be considered, and on describing the trends in those economic factors in the regions, such as inflation and unemployment, on which the ERDF might bear. In addition the draftsman, in the light of the Committee's discussions at its meeting of 9 October 1985, has submitted fourteen amendments to the Budget. A primary purpose of this opinion is to justify these amendments which propose increases of 1,000 mECU in payment appropriations and 867.6 mECU in commitment appropriations.

## II. THE BUDGETARY CONTEXT

2. The insufficiency of the Community's own resources was a central element in the preparation of both the 1984 and 1985 Budgets. The decision to raise the own resources VAT limit from 1% to 1.4% has, if only temporarily, loosened this constraint. But this will not mean a trouble-free budgetary procedure in 1986. The Council, in an ill-considered attempt to keep within the "maximum rate" has made savage reductions in the appropriations proposed by the Commission in the Preliminary Draft Budget. The "maximum rate", which for 1986 is 7.1%, has never been very relevant in a Community which is assuming new tasks and it is especially inappropriate in a year in which the Community will receive two new Members whose level of economic development is substantially below the Community average.

3. The appropriations entered in the PDB for the regions have been particularly badly affected:

		<u>Commitments</u>	<u>Payments</u>
		mECU	
<u>Preliminary Draft Budget</u>			
For the "Ten": 1985 level + 5 %	=	2405	
Spain and Portugal	=	1028	
		----	----
Total ERDF		3433	2600
		====	====
<u>Draft Budget</u>			
For the "Ten": 1985 level (no adjustment for inflation and reduced by 19.9 mECU contested by Council)	=	2270	
Spain and Portugal	=	435	
		----	----
		2705 (-728)	1668 (-932)
		====	====

The effect of these cuts, if no remedial action is taken, would be both to weaken substantially the contribution of the ERDF to assisting the least prosperous regions in the "Ten" and to leave so little for the new Member States that they would become "net contributors" to the budget in their first year of membership.

4. The cut in payment appropriations contradicts the decision which Council took in the context of the revision of the Fund Regulation to speed up the rate of payments to recipients of ERDF aid. The accelerated system of advances will be fully applied for the first time in 1986 and the Council cuts will lead to great difficulties.

5. The Council recognises the absurdity of its own actions: in the Explanatory Memorandum to the Draft Budget it states that:

"it is prepared to reconsider the appropriations entered against the ERDF and the ESF at the second reading of the draft budget and to ensure on that occasion that the amounts necessary to comply with the commitments arising out of the accession negotiations in respect of the two new Member States are made available to the countries concerned, taking into account the repetition of the c/a and p/a entered in the 1985 budget for the Ten."

Council thus invites the Parliament to help it correct its own mistakes. The statements made by the President of the Budget Council in Parliament have contained similar pleas.

6. The debate within the Budget Committee has centered on the advisability of taking this course. Some fear that Parliament will step into a trap; Council will use Parliament's amendments to correct the worst of its errors and in so doing will absorb all Parliament's margin of manoeuvre without respecting its essential priorities.

7. The draftsman believes that the Budget Committee and Parliament as a whole should accept the amendments the Regional Committee has proposed (restoring all the payments proposed by the Commission and increasing commitments by 100 mECU). He will stress in the budgetary debate that the ERDF is a major Community instrument as worthy of support as the more fashionable "new policies" and that, unlike many of the "new policies" where money has lain unused because no legal basis for the policy was adopted, it has a good record of using additional finance which Parliament has provided. He also recalls that the Treaty (Article 203, subsection 9) provides for the possibility of both branches of the budgetary authority agreeing to set a new maximum rate.

### III. THE ECONOMIC CONTEXT

8. The ERDF has, as one of its main objectives the expansion of employment in the least prosperous regions. A connection might therefore be expected between the level of unemployment in the regions and the appropriations of the Fund. The table below shows that the rise in unemployment in the Community has not lessened and the latest figures from Eurostat (August 1985) do not offer any evidence of improvement in the course of 1985. The case for a substantial real increase in the ERDF is therefore strong; instead Council proposes a fall in real terms of the order of 5%.

Unemployment Rates  
(Percentage of Civilian Working Population)

	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985 (Aug)</u>
Belgium	9.1	11.1	13	14.3	14.4	13.7
Denmark	6.7	8.9	9.5	10.2	9.8	8.1
Germany	3.4	4.8	6.8	8.4	8.4	8.2
Greece	1.1	1.2	1.4	1.6	1.9	1.6
France	6.4	7.7	8.7	8.8	9.9	9.9
Ireland	8.2	10.2	12.2	14.9	16.5	18.1
Italy	7.2	8	9.7	10.9	11.9	12.6
Luxembourg	0.7	1	1.3	1.6	1.7	1.5
Netherlands	6.2	8.8	11.8	14.3	14.5	13.7
U.K.	6	9.2	10.6	11.6	11.8	12.1
EUR 10	5.7	7.4	9.9	10.1	10.6	10.6

Source:- Eurostat

#### The new Member States

9. Unemployment statistics for Spain and Portugal have not yet been fully harmonised with the rest of the Community. But the Banco de Bilbao (see "Situacion 1985/1") has carried out an exercise applying the "synthetic index" used in the Second Periodic Report on the Regions of Europe (COM(84) final/2) to the regions of Spain and to Portugal. This exercise confirms that there is an unanswerable economic case to be made, in addition to the budgetary considerations already mentioned, for substantial ERDF intervention in Spain and Portugal. Andalucia, Extremadura and Canarias, regions of Spain with a combined population of almost 9 million, are assigned values on the synthetic index below 60 (EUR 12 average is 100) and all the remaining regions are below 100. Portugal, on the same scale is assigned a value of 68.2

#### Inflation Rates

10. The following table gives the inflation rates for the Member States since 1979. Inflation rates are not available for individual regions.

	1979	1980	1981	1982	1983	1984
	%	%	%	%	%	%
Belgium	4	6.6	8.5	7.5	7	6.3
Denmark	10.4	10.7	12	11	7.2	6.6
Germany	4.2	5.5	6	4.8	2.9	2.6
Greece	16.4	21.4	23.2	21.1	19.5	18.1
France	10.9	13.2	12.8	11.2	9.4	7.3
Ireland	14.4	17	19.5	16	9.7	8.3
Italy	15.1	20.2	19.2	17.1	14.9	11.1
Luxembourg	5.8	7.7	7.7	9.7	8.4	6.7
Netherlands	4.3	6.9	6.3	5.4	2.9	3
U.K.	13.6	16.4	11.2	8.3	5.1	5.1
Spain	17.3	16.1	18.6	14.2	12.2	11.3
Portugal	26.6	19.4	21.1	22.6	25.5	28.9
EUR 12	9.9	13	11.7	9.9	7.7	6.5
EUR 10	10	12.8	11.7	9	7.6	6.3

Source:- Eurostat

11. These figures show that inflation rates have been consistently higher than the Community average in Member States such as Italy, Ireland, France and Greece which receive large amounts of ERDF aid. The four Member States mentioned, together with the United Kingdom and Spain and Portugal will absorb between 69.8% and 92.1% of the resources of the ERDF. In the Opinion of the Regional Committee on the 1981 Budget, Mr Von der Vring suggested that "to determine the real fall in the value of the Fund ... the inflation rates must be weighted against the Fund Quota". If this exercise is carried out for example for the 1984 rates of inflation the weighted rate is 9.3%, significantly above the EUR 10 average of 6.3%. The figures above also reveal that the inflation rates in the accession states are also markedly higher than the Community average. Although inflation rate differentials are slightly off-set through devaluations of the high inflation currencies against the ECU, the problem highlighted by Mr Von der Vring remains an important barrier to achieving real increases in the Fund.

12. The Commission has made a proposal for new ranges for the ERDF (COM(85) 331 final). These recommend ranges of 17.95 to 23.93 per cent for Spain and 10.65 to 14.20 per cent for Portugal; a linear reduction of 32% has been applied to the shares of the "Ten". This means that the resources of the Fund in 1986 will have to rise by 47% if the "Ten" are to achieve on average the same nominal amount of aid as in 1985.

#### IV. THE DOUBLING IN REAL TERMS OF THE FUND

13. This objective set by the Commission in 1983, in the context of its document on the reform of the structural funds (COM(83) 501 final) was endorsed by Parliament in its report on that document. Council never formally adopted this objective but at Fontainebleau the Heads of State agreed that

a substantial increase in real terms was required.

14. The following figures show the effort which would be required to achieve the objective for the "Ten" on the basis of the 1983 figures.

Commitment Appropriations

<u>Year</u>	<u>ERDF</u>	<u>(*)</u>	<u>New Total</u>	<u>Inflation Rates</u>	
(83)	2128	+ 132	= 2260	6.2%	
84	2260	+ 115	= 2375	5.1%	(*) amount required to compensate for inflation
85	2375	+ 121	= 2496	5.1%	
86	2496	+ 112	= 2608	4.5%	
87	2608	+ 117	= 2725	4.5%	
88	2725	+ 123	= 2848	4.5%	

Thus to represent the same value in real terms in 1988, the ERDF would have to have a nominal value of 2848 mECU. Doubling, in real terms, would therefore require 5696 mECU. To attain this amount starting from the 1985 level of commitments (2290 mECU) would require increases in the 1986, 87 and 88 Budgets of 35.5% per year. If the process had been seriously begun in 1983 increases of the order of 20% would have been sufficient. These figures do not of course take account of the enlargement of the Community from 10 to 12 Members.

Three year Financial Forecasts

15. Each year in the PDB the Commission gives its forecast of the future shape of the Community budget. It gave the following figures this year for the ERDF and the IMP's.

	<u>mECUs</u>				
	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>
ERDF	2383.2*	2289.9	3433	3600	3780
IMP's	10.0*	140.0	260	260	270

\* actual expenditure

The draftsman considers that the objective of a significant, real increase in the Regional Fund should not be forgotten.

V. INTEGRATED MEDITERRANEAN PROGRAMMES

16. The real level of provision for the ten Member States is even lower than it appears at first-sight when it is recalled that the ERDF, as the other structural funds, is to contribute to the financing of the IMP's in 1986 and subsequent years. The Commission stated that even its PDB figure (which Council cut by 728 mECU in commitments and 932 mECU in payments) did not make any provision for this purpose; the Regional Committee amendment to add 100 mECU to the ERDF in commitments is therefore the minimum required.



17. There is a real danger that the IMP's will fail, through inadequate finance, to attain the objectives set leading to bitter disillusion in the poorer Mediterranean regions.

VI. PAYMENT APPROPRIATIONS - "THE WEIGHT OF THE PAST"

18. The Commission has not helped the clarity of this year's budget discussion on the best way to deal with the high level of payments required by the structural funds in 1986. It created a reserve which it styled "the weight of the past" but which in fact merely contained the amount of payments which exceeded the ERDF appropriation for 1985 increased by the maximum rate of 7.1%. It had no justification other than as a presentational device designed to forestall criticism in Council. Every differentiated line in the budget contains in its payments a component covering payments which flow from commitments entered into in previous years. As the table on the implementation of the budget given below reveals, in recent years the budgetary authority has provided payments which the Commission has not fully used.

Utilisation of the payment appropriations for the ERDF in the years 1981-1984

	<u>Carry-overs</u>	mECU	<u>Cancellations</u>
1981	35.8		0.85
1982	137.8		-
1983	107.3		33.6
1984	129.3		40

19. These figures illustrate that in each year since 1981 the budgetary authority has provided more payment appropriations than the Commission has been able to use in the year for which they were provided (resulting in carry-overs) and in some cases not even in the following year (resulting in cancellations). The full picture for 1984 is given below.

Utilisation of the appropriations for the ERDF in 1984 in mECU

<u>Commitments</u>	Budget	Carry-overs	Total	Commitments	%age of	Carry-overs
	(1)	overs	1+2	entered into	total	to 1985
		from 1983				
	(1)	(2)	(3)	(4)	(5)	(6)
Quota (Ch. 50)	2025	212.1	2327.1	2322.2	99.7	4.9
Non-Quota	115	100.5	126.9	61	48.1	65.9

88.65 mECU was transferred from Chapter 51 to Chapter 50 in the course of 1984.

<u>Payments</u>	Budget 1984	Carry- overs from 1983	Total 1+2	Payments made	%age of total	Carry-overs to 1985
	(1)	(2)	(3)	(4)	(5)	(6)
Quota (Ch. 50)	1312.5	49.4	1361.9	1276.6	93.7	35.9
Non-Quota (Ch. 51)	100	57.9	157.9	6.6	4.2	93.4

All payment appropriations carried over from 1983 under the Quota section were used (49.4 mECU). Of the 76 mECU carried over under the Non-Quota, 18 mECU was transferred to Chapter 50 and 40 mECU was cancelled.

#### VII. STAFF

20. The amendment for an additional 39 staff submitted by the Regional Committee takes no account of the request for 6A, 4B and 5C officials for enlargement made by the Commission in the 1986 exercise: it is designed to fill the gap between the tightly justified request made by the Commission in 1985 for an additional 51 posts to ensure the proper application of the new ERDF Regulation and the 12 posts granted in 1985.

#### VIII. CONCLUSIONS

21. The Regional Committee requests the Committee on Budgets to take the following points into account in drawing up its report on the 1986 Draft Budget.

The Regional Committee,

- (i) Believes that all objective economic data point to the need to expand substantially the financial dimensions of the ERDF and the IMP's in 1986;
- (ii) Condemns therefore the unreasonable reductions made by Council which would mean a cut in real terms in the ERDF contribution for solving regional problems in the "Ten" and a totally inadequate allocation for the new Member States;
- (iii) Notes that Council is itself aware of the incoherence of its position and believes that Parliament should amend the draft budget in such a way as to permit Council to correct its mistakes without, of course, bringing into question the use of Parliament's margin of manoeuvre;
- (iv) Recalls that the Commission's request for additional staff for DG XVI (Regional Affairs) for 1985 was only partially satisfied, and urges that the difference (of 39 posts) be made up in the course of the 1986 budgetary procedure.

The figures in brackets are commitment appropriations.

	x1,000,000's					NEW TOTAL (3 + 4) 5
	Budget 1985 1	Preliminary draft 1986 2	Draft budget 1986 3	Committee amendment 4	NEW TOTAL (3 + 4) 5	
TITLE 5 - APPROPRIATIONS FOR OPERATIONS IN THE REGIONAL DEVELOPMENT AND TRANSPORT SECTORS						
An amendment to increase the staff complement of DG XVI by 39 posts will be presented.						
EUROPEAN REGIONAL DEVELOPMENT FUND						
ERDF - Operations under the revised ERDF Regulation of 1979	1,259,000 (-)	51,000 (-)	670,000 (-)		670,000 (-)	
ERDF - Operations under the 1979 regulation - Reserve		619,000	deletion			
ERDF - Operations under the revised ERDF Regulation of 1984	281,000 (2,174,000)	1,780,000 (3,312,000)	932,000 (2,610,000)	+ 848,000 + (802,000)	1,780,000 (3,412,000)	
Special measures for regions disfavoured by the opening of the internal market				+ p.m. + (p.m.)	p.m. (p.m.)	
ERDF - Specific Community measures	70,000 115,000	150,000 (121,000)	66,000 (95,000)	+ 84,000 + (26,000)	150,000 (121,000)	
Publicisation of Regional Fund participation in infrastructure projects				+ 100 + (100)	100 (100)	
Specific Community Development measures for frontier regions				+ p.m. + (1,000)	p.m. (1,000)	
ERDF TOTAL	1,610,000 (2,289,900)	2,600,000 (3,433,000)	1,668,000 (2,705,000)	+ 932,100 + (829,100)	2,600,100 <sup>(1)</sup> (3,534,100)	
Interest rate subsidies on Community loans	p.m. (p.m.)	p.m. (p.m.)	p.m. (p.m.)		p.m. (p.m.)	
Supplementary measures in favour of the United Kingdom	p.m. (p.m.)	p.m. (p.m.)	- (-)		- (-)	
Regional studies undertaken at the request of the Member States	275 (275)	206.25 (206.25)	216.25 (206.25)		206.25 (206.25)	
Regional studies, undertaken on the Commission's initiative, on the situation and socio-economic changes in the regions	425 (425)	356.25 (356.25)	356.25 (356.25)		356.25 (356.25)	

(1) After the Committee amendments, appropriations for the ERDF will be 3534 mECU in commitments and 2600 in payments representing increases of 54.3% and 61.5% respectively.

x1,000ECU's

Chap. Art. Line	Title	Budget 1985	Preliminary draft 1986	Draft Budget 1986	Committee amendment	NEW TOTAL
		1	2	3	4	(3 + 4) 5
	NEW TITLE					
5410	Preparatory studies and pilot schemes for integrated operations	1,500 (1,500)	1,614 (1,614)	1,500 (1,500)	+ 5,500 +(5,500)	7,000 (7,000)
5411	Community measures in the framework of integrated operations	25,000 (35,000)	11,300 (-)	11,300 (-)		11,300 (-)
5412	NEW TITLE New integrated development operations	- (-)	- (-)	- (-)	+ p.m. +(p.m.)	p.m. (p.m.)
5420	Construction, fitting out and equipment of vocational training centres (Greece)	(7,500) (15,000)	15,000 (15,000)	12,000 (12,000)	+ 3,000 +(3,000)	15,000 (15,000)
5421	Construction, fitting out and equipment of centres for rehabilitation of the mentally disabled	7,500 (15,000)	13,400 (12,000)	12,000 (12,000)	+ 1,400 (-)	13,400 (12,000)
550	Mediterranean prog. - Preparation of integrated programmes	10,000 (20,000)	23,000 (30,000)	8,000 (p.m.)	+ 7,000 +(20,000)	15,000 (20,000)
551	Integrated Mediterranean prog. - Community measures	p.m. (120,000)	128,000 (230,000)	85,000 (230,000)	+ 51,000 +(10,000)	136,000 (240,000)
552	Operating fund - measures under a prog. for develop. & restructuring economies of Med. countries	p.m. (p.m.)	- (-)	deletion	+ p.m. +(p.m.)	p.m. (p.m.)
560	Integrated programme for the U.K.	- (-)	- (-)	deletion		
570	EEC Participation in Greece's Five year Economic and Social development programme (1984 to 1988)	p.m. (p.m.)	- (-)	deletion	+ p.m. +(p.m.)	p.m. (p.m.)
	TOTAL	1,659,750 (2,497,100)	2,792,876.5 (3,722,176.5)	1,798,362.5 (2,961,062.5)	+ 1,000,000 + 867,600	2,798,362.5 (3,828,662.5)

Opinion of the Committee on Transport

The draft general budget of the European Communities for the financial year 1986 was referred to the Committee on Transport for an opinion. At its meeting of 25 April 1985 the committee appointed Mr REMACLE draftsman.

The committee considered the transport budget for 1986 at its meetings of 19 June and 18 July 1985. At its meeting of 27 September 1985, the committee considered the draft opinion and adopted it unanimously.

The following took part in the vote: Mr ANASTASSOPOULOS, chairman; Mr BUTTAFUOCO, vice-chairman; Mr REMACLE, draftsman; Mr EBEL, Mrs FAITH, Mr NEWTON DUNN, Mr ROUX, Mr TOPMANN, Mr VAN DER WAAL and Mr VISSER.

## The Committee on Transport's priorities

1. The Committee on Transport has traditionally given priority in its discussion of the budget to transport infrastructure policy and in particular to funds for providing financial support for transport infrastructure projects with a Community dimension.
2. The committee and, on its recommendation, Parliament have long argued the need for such a policy, and its foundations have been laid against the Council's will thanks to Parliament's budgetary powers<sup>1</sup>. One of the most difficult problems here was that the Council could not be persuaded to adopt the general legal framework proposed by the Commission for financing infrastructure projects out of the Community budget<sup>2</sup>.
3. This problem has now become somewhat less acute. Firstly, during the discussions on the Community budgets for the 1984 and 1985 financial years the Council did not delete in full the appropriations requested by the Commission for Chapter 581 (781) of the preliminary draft, as it had done in previous years, but merely reduced them to varying degrees. Secondly, the Commission has based the 1986 preliminary draft budget not on its original 1976 proposal but on its proposal of 9 August 1983 for a multiannual transport infrastructure programme.<sup>3</sup> While this consolidation is undoubtedly to be welcomed, there are fundamental reasons for maintaining the demand for a general basis for Community financial action relating to transport infrastructure that is not limited in time.
4. The serious problems that faced the 1985 Community budget as a result of own resources being fully used up can for the moment be considered to have been overcome thanks to the increase in own resources that has been decided on.

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<sup>1</sup> cf. the Committee on Transport's opinions during consideration of the budget for the financial years 1982 (Dame Shelagh ROBERTS; PE 73 948/fin.), 1983 (Mrs Mechthild von ALEMANN; PE 79.673/fin.), 1984 (Mr Wilhelm ALBERS; PE 86.185/fin.) and 1985 (Mr Manfred EBEL; PE 91.061/fin.)

<sup>2</sup> Proposal of 5 July 1976 (OJ No. C 207, 2.9.1976, p. 9) amended by the proposals of 3 October 1977 (OJ No. C 294, 18.10.1977, p. 4) and 18 February 1980, (OJ No. C 89, 10.4.1980, p. 4); Parliament approved these proposals on the strength of the NYBORG and BUTTAFUOCO reports (Docs. 377/76, 185/77 and 1-218/80) on 18 November 1976, 4 July 1977 and 11 July 1980.

<sup>3</sup> OJ No. C 36, 10.2.1984, p. 3; Parliament approved this proposal, with various amendments, on 15 December 1983 on the strength of the BAUDIS report (Doc. 1-979/83) (OJ No. C 10, 16.1.1984, p. 83 et seq.)

5. However, limits are placed on the committee's room for manoeuvre by the Community's forthcoming enlargement to include Spain and Portugal, which dictates that the extra funds available for transport infrastructure policy must be earmarked primarily for integrating the new Member States into the Community transport network.
6. In addition to this, the 1986 Community budget ought also to provide for the reserve for trans-Alpine transport infrastructure projects to facilitate transit through Austria which was requested by the Committee on Transport for the 1985 budget but narrowly failed to win approval from Parliament. It would be advisable to provide a corresponding reserve for Yugoslavia in the Community budget, which might be used, for example, to grant interest-rate reductions in connection with EIB loans for transport infrastructure projects in Yugoslavia.
7. Because of the Council's dilatoriness the fundamental problem<sup>4</sup> is that appropriations for financial support for transport infrastructure projects are disbursed too slowly, leading to a build-up of commitments that is not matched by appropriate payments. What is now needed above all is therefore a substantial increase in payment appropriations, with the Council making a prompt decision on the commitment of appropriations so that they can be drawn on at the scheduled time.
8. The committee also has a second priority for the 1986 Community budget because of a one-off project in this area of policy. On 13 March 1984<sup>5</sup> Parliament proposed on the basis of the report by Mr BAUDIS (Doc. 1-1355/83) that 1986 be declared Road Safety Year, and the Council agreed to this request in its resolution of 19 December 1984.<sup>6</sup> There should be no need for any further arguments to show that Parliament should not refuse the appropriations required for this project to be carried out in a suitable manner.
9. As a result of the above, the Committee on Transport is seeking in the 1986 financial year to sustain the momentum of increases in the funds available for the two priority areas. It must be ensured in particular that there is a suitable increase in payment appropriations so that the gap that has opened up in the case of differentiated appropriations, between commitment and payment appropriations is closed again over the next few financial years.

The Commission's preliminary draft budget for the financial year 1986

10. Broadly speaking, the Commission's preliminary draft matches the Committee on Transport's priorities.

<sup>4</sup> See Table 3, p.10

<sup>5</sup> OJ No.C 104, 27.4.1984, p. 38

<sup>6</sup> OJ No.C 341, 21.12.1984, p. 1

11. The Commission is proposing that Community funding for transport infrastructure projects be increased by 33% over the 1985 budget in commitments and slightly over 100% in payments<sup>7</sup>. In its detailed comments on the individual budget headings<sup>8</sup> the Commission declares its political intention of using the total of 120 m ECU requested in commitment appropriations as follows:
- 90 m ECU for projects in the Member States of the Community of the Ten (i.e. the same sum as in the 1985 financial year)
  - 30 m ECU for projects in Spain and Portugal.
12. In addition, the Commission has proposed on its own initiative an article for infrastructure measures to facilitate transit through Austria, though this is only a token entry.
13. The Commission is requesting 1 m ECU for Road Safety Year - in addition to the 20-30 m ECU to be provided by the Member States - which it wishes to use for the following events<sup>9</sup>:

(a) Events to be held in 1986	ECU
- Europe-wide competitions (HGV Driver of the Year, best video game and best local programme on road safety, school competitions)	150 000
- preparation and distribution of leaflets for children and drivers to explain traffic problems at holiday times	150 000
- aid for specific campaigns in the Member States (speed limits, use of safety belts, drinking and driving, children, two-wheelers)	75 000
 (b) Community studies to start in 1986	
- safety of children, handicapped persons, the elderly, pedestrians and two-wheelers	
- study on an impact-test dummy	
- improvements in safety glass and emergency exits for public transport vehicles	
- harmonization of transport infrastructure safety standards	325 000
 (c) Seminars, conferences and exhibitions	
- conferences and seminars organized by national or international institutes and sponsored by the Commission (e.g. seminar on driver behaviour in Amsterdam, ATEC conference in Paris on how to combat dangers on the roads, etc.)	220 000
- exhibitions held at the same time as these conferences or during car shows to highlight examples of safe vehicles and the progress made in road safety	80 000
<b>TOTAL</b>	<b>1 000 000</b>

<sup>7</sup>See payment figures in Table 1, p. 8

<sup>8</sup>1986 preliminary draft, Volume 7, p. B/361

<sup>9</sup>1986 preliminary draft, Volume 7, p. B/365



### The Council's draft

14. In the draft budget it adopted on 18 September, the Council decided to reduce the appropriations requested by the Commission for Chapter 58 by 86% in respect of commitments and 50% in respect of payments.
15. Following the fixing of a 'reference framework' by the Council for the 1986 budget, this result is hardly surprising. Once again the Council has betrayed an unacceptable unwillingness to act in the field of transport. But it is also clear that the Commission and the European Parliament are not bound by this budgetary discipline imposed by the Council.

### Conclusions of the Committee on Transport

16. Community policy on transport infrastructure must be enlarged upon effectively. The committee urges the Commission and Council to ensure that the long-overdue legal basis for this policy is finally adopted. However, the appropriations requested by the Commission in its preliminary draft are inadequate for such expansion. The Committee on Transport therefore advocates the doubling of appropriations in the 1986 preliminary draft budget for the financial support of transport infrastructure projects.
17. In order to permit the Community to carry out appropriate activities during Road Safety Year, the appropriations requested by the Commission in its preliminary draft must be reinstated.
18. With a view to financial support for trans-Alpine transport infrastructure projects that would facilitate transit through Austria, 5 m ECU in commitment appropriations should be provided for now in order to demonstrate that Parliament possesses the political will to solve this problem.

Transport policy and general political considerations call for an identical sum in commitment appropriations to be provided for by way of support for transport infrastructure projects to facilitate transit through Yugoslavia.

19. In its preliminary draft budget, the Commission included an article on transport technologies in Chapter 73 (Research and investment) and entered 5 m ECU in commitment appropriations. This amount was deleted from the Council's draft budget; it should be reinstated.
20. The Committee on Transport instructs the draftsman of this opinion to table the necessary amendments to the 1986 draft budget on its behalf.

Table 1

## Budget appropriations for transport in the last

five financial years

Article	Heading	1982 budget		1983 budget		1984 budget		1985 budget		1986 preliminary draft budget		1986 draft (Council)		1986 recommendation (Committee on Transport)	
		CA	PA	CA	PA	CA	PA	CA	PA	CA	PA	CA	PA	CA	PA
580 (780)	Studies preliminary to financial aid in respect of transport infrastructure	0.9	0.9	0.85	0.85	0.5	0.5	0.3	0.3	0.425	0.425	0.3	0.3	0.425	0.42
581 (781)	Financial support for transport infrastructure projects	p.m.*	p.m.	15	13	80	32	90	34	120	71	15	35	140	142
582 (782)	European Economic Community guarantee for transport infrastructure projects	-	-	p.m.	p.m.	-	-	p.m.	p.m.	p.m.	p.m.	-	-	p.m.	p.m.
583 (783)	Special transport infrastructure projects	-	-	-	-	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.
584.1 (784)	Financial support for trans-Alpine transport infrastructure projects to facilitate transit operations through Austria	-	-	-	-	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	5	p.m.
584.2	Financial support for trans-Alpine transport infrastructure projects to facilitate transit operations through Yugoslavia	-	-	-	-	-	-	-	-	-	-	-	-	5	p.m.
585 (785)	Observation of freight markets	0.6	0.6	0.6	0.6	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
586 (786)	Operation of freight markets	-	-	-	-	-	-	0.45	0.45	0.35	0.35	0.35	0.35	0.35	0.35
587 (787)	1986 - Road Safety Year in the Community	-	-	-	-	-	-	-	-	1	1	0.5	0.5	1	1
589 (789)	Operations in the field of tourism	-	-	-	-	-	-	-	-	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.

\*10 m ECU were entered as a reserve against this heading.

Table 2

1985 budgetary procedure  
appropriations for transport

Chapter 58(78)      Amounts in m ECU      CA = commitment appropriations      PA = payment appropriations

Article	Heading	Commission preliminary draft		Council draft		Parliament 1st reading		Council amended version		Parliament* 2nd reading	
		CA	PA	CA	PA	CA	PA	CA	PA	CA	PA
580 (780)	Studies preliminary to financial aid in respect of transport infrastructure	0.5	0.5	0.3	0.3	0.3	0.3	-	-	0.3	0.3
581 (781)	Financial support for transport infrastructure projects	110	34	p.m. (+30 in Chap. 100)	17 (+ 3 in Chap. 100)	90	34	-	-	90	34
582 (782)	European Economic Community guarantee for transport infrastructure projects	p.m.	p.m.	-	-	p.m.	p.m.	-	-	p.m.	p.m.
583 (783)	Special transport infrastructure projects	p.m.	p.m.	p.m.	p.m.	-	-	-	-	p.m.	p.m.
584 (784)	Financial support for transport infrastructure projects to facilitate transit operations through Austria	p.m.	p.m.	-	-	p.m. (+10 in Chap. 100)	p.m.	rejected	rejected	-	-
585 (785)	Observation of freight markets	0.8	0.8	0.6	0.6	0.8	0.8	-	-	0.8	0.8
586 (786)	Operation of freight markets	0.45	0.45	0.45	0.45	0.45	0.45	-	-	0.45	0.45

\*The rejection of the first draft budget on 13 December 1984 and the resulting new budgetary procedure did not affect transport appropriations.

Table 3

Use of appropriations approved by Parliament since 1982 for  
financial support for transport infrastructure projects

Chapter 581 (781) Amount in m ECU CA = commitment appropriations PA = payment appropriations PA = payment appropriations

Financial year	appropriations approved		Expenditure		Schedule			
	CA	PA	CA	PA	Committee on Transport 1986 recommendation		Committee on Transport 1986 recommendation	
					CA	PA	CA	PA
1982	10 (in Chap. 100)	-	-	-	-	-	-	-
1983	15	13	9.9	2.34	-	-	-	-
1984	80	32	15	5.41	80	-	80	-
1985	90	34	..	..	90	34	90	34
1986					120	71	120	71
1987					-	54	-	54
1988					-	42	-	42
subsequent years					-	89	-	89
	TOTAL				290			

\* Difference between commitments entered into by 31 December 1984 and automatic carry-overs

OPINION

(Rule 101 of the Rules of Procedure)

of the Committee on the Environment, Public Health  
and Consumer Protection

Draftsman: Mrs LENTZ-CORNETTE

On 20 May 1985, the Committee on the Environment, Public Health and Consumer Protection appointed Mrs LENTZ-CORNETTE draftsman.

The committee considered the draft opinion at its meetings of 19 September 1985 and 9 October 1985. On 9 October 1985, it adopted it unanimously.

The following took part in the vote: Mrs WEBER, chairman; Mrs SCHLEICHER, vice-chairman; Mrs LENTZ-CORNETTE, draftsman; Mr ALBER, Mrs BANOTTI, Mr BOMBARD; Mrs JACKSON, Mr MERTENS; Mr MUNTINGH, Mr PARODI, Mrs PEUS, Mrs VAN HEMELDONCK and Mr VITTINGHOFF.

## A. INTRODUCTION:

### THE BUDGET: THE ESSENTIAL INSTRUMENT OF THE COMMUNITY POLICY ON THE ENVIRONMENT, PUBLIC HEALTH AND CONSUMER PROTECTION

1. The effective implementation of any policy presupposes the allocation of adequate resources and their judicious use. There may be other factors involved, but those two are decisive. To date, the European Parliament has repeatedly condemned the inadequacy of the appropriations allocated to the environmental, public health and consumer protection policies. Unfortunately, the draft budget for 1986 offers no new departure in this respect; once again, the Council has proposed a meagre appropriation which could not possibly claim to meet the financial requirements of a policy worthy of the name.

Before moving on to consider figures in detail, the Committee on the Environment, Public Health and Consumer Protection wishes to draw attention to the second condition for the effectiveness of appropriations entered in the budget for the environment, public health and consumers, namely their implementation.

2. These policies are new, they have recently developed in fits and starts, and it is now time to give some thought to the internal coherence of these budgets. The Committee on the Environment, Public Health and Consumer Protection raised this issue when the implementation of the 1983 budget was being considered. It may be summarized as follows:

3. Appropriations allocated to 'environment - health - consumers' are not grouped together. On the one hand, they come under the Commission's Directorate-General for the Environment (DG XI), and on the other, under the Directorate-General for Research (DG XII). In addition, the Dublin Foundation also has powers and responsibilities in the field of the environment.

4. To date, most of the appropriations have been allocated to study and research activities (Title VII, of course, but also Chapter 66). This is perfectly understandable since on the one hand, it is a fairly new field of activity, and on the other, a number of issues are not simple and straightforward (for example, atmospheric pollution).

5. This is a real problem which, it would appear, has not been properly taken into account so far. The examples given in this opinion (see Section B) reveal too many instances of duplication of effort.

In future, greater attention must be paid to ensure that:

- the aims of the research undertaken are determined in accordance with the priorities of the environment, health and consumer protection policies,
- the findings of such research and studies are properly utilized when Commission proposals are drawn up,
- the activities being undertaken in various research centres are publicized so that duplication of effort is avoided.

Finally, the Dublin Foundation's powers and responsibilities in the fields of the environment, health and consumer protection must be specified in greater detail.

6. These issues can and must be resolved in a more satisfactory manner. This would be more easily done if priority was henceforth granted to effective Community action to solve practical problems. Accordingly, while it is true that atmospheric pollution calls for basic research to be continued and, moreover, developed, the causes of pollution of a large number of rivers is already well-known. They have often been investigated and reported in the local press. The legitimacy of Community policy can only be strengthened if its efficiency has an impact on the daily life of the average citizen. In this respect, one question deserves particular attention.

7. Studies financed by the Community have established that between one and two million jobs could be created in the Community if a European policy were implemented of recycling industrial waste or increasing its value to the economy by using it in other manufacturing processes. The Commission proposal announced in May 1984 by Commissioner Narjes following the committee of inquiry's investigation into the dioxin problem in Seveso has still not been published. Nevertheless, in technical and economic terms, the conditions already exist for most waste to be utilized in this way. Against the background of a prolonged economic crisis, and in the face of the timid approach made by various quarters to the Community environmental policy, it is essential to give practical examples to show that the development of this policy can contribute to the solution of basic economic and social problems, whilst at the same time improving the environment.

The essential modernization of Community industry implies in particular the emergence of a 'cleaner' industry. The objectives of the environmental policy must be coordinated with the objectives of other Community policies.

#### B. EXAMPLES OF A LACK OF COHERENCE AND DUPLICATION OF EFFORT

8. There are two different types of examples of duplication of effort and a lack of coherence between the individual items. The first type concerns those affecting specific regions in the Community. Secondly, there is a duplication of effort and a lack of coherence in the case of the various programmes. It must also be said that in many cases, these two types exist side by side without any proper relationship between them, even in one and the same field

9. An example of duplication of effort between programmes may be seen in research and projects in the field of waste. They are carried out under Items 6610, 6632, 7308 (part programme), 7320 (part programme), 7328 (part programme), 7365 and 7374 (part programme). To this list must be added comprehensive studies carried out by the European Foundation for the Improvement of Living and Working Conditions under Article 641. It is not clear, for example, how far research and projects under Chapter 73, with four items, are coordinated nor how far the practical implementation of the two items in Chapter 66 are based on the findings of the research carried out under Chapter 73.

The same is true in the case of atmospheric pollution. This involves Items 6600, 6601, 6612, 6614, 6642, 7328 and 7374, some of which are part programmes and subprogrammes. It is impossible to ascertain whether adequate coordination takes place within Chapters 66 and 73 or whether there is any clear allocation of tasks between the two chapters. An analysis of more than 70 contracts and individual studies demolishes the Commission's claim that short-term studies are carried out under Chapter 66 and long-term research under Chapter 73.

The allocation between Items 6431 and 6431 and between Items 6431 and 6481 in the field of health policy is similarly unclear. The exact criteria for allocating tasks between the various departments responsible remain largely in the dark.

10. In the case of duplication of effort affecting specific regions, it is the lack of coherence between the various programmes for the protection of the Mediterranean which is immediately striking. Council Regulation (EEC) No. 2088/85 of 23 July 1985 on the integrated Mediterranean programmes (OJ No. L 197, 27.7.1985, p. 1 ff.), in which environmental protection plays an independent role carried out under Articles 550 and 551, is a case in point. Studies and projects are also provided for under Item 6620 and Article 665 and in the form of part programmes and individual measures under Items 7328 and 7374. At present, it is not clear how far Articles 550/551 link up with Item 6620 and Article 665, how far research under Items 7328 and 7374 influences or has influenced projects carried out under the other articles or items and how far they link up in each case with the main areas or component parts (e.g. atmospheric pollution, maintaining water purity, waste).

11. As far as the Third World is concerned, it is unclear how Item 7330 (part programme) and Article 946 link up. Here, too, proper coordination between the various departments involved would appear to be essential.

#### C. OBSERVATIONS CONCERNING INCREASES IN APPROPRIATIONS

12. The 1985 budget allocated no more than 0.17% of total expenditure to environmental and consumer protection. Seen against the background of the importance of these policy areas to the general public, within the European Parliament and even at Council of Ministers level, that amount cannot support the Community's claim that environmental policy is a central feature of its activities. Despite the repeated accusations to that effect made over the past few years, there has been no reaction in the form of a tangible increase in appropriations.

It was, therefore, all the more pleasing for the committee to note that in the preliminary draft budget for 1986, the appropriation for these two policy areas had been increased to 93.3 m ECU (as against 52.3 m ECU in 1985) i.e. its share would increase to a still very modest 0.26% of compulsory expenditure. Their pleasure was confounded when the draft budget provided for an increase to no more than 66 m ECU, or 0.2% of total expenditure. And account must also be taken of the fact that even then, 5 m ECU of that total came from a transfer from Chapter 38 to Chapter 66.

When it tabled its amendments, the committee was therefore faced with the need to take into account three factors:

- the Community's claim that it wanted to pursue a more efficient policy,
- the desire to sort out at least some of the confusion, especially in Chapter 66 (see sections A and B of this opinion),
- it must not neglect the concept of budgetary discipline; hence, it must restrict increases in appropriations to priority issues.

In addition, those three factors had to be brought into line with the need to begin a new phase in the environmental policy, as referred to the Stuttgart Declaration of the European Council. This new phase is characterized by the fact that on the one hand, it does not neglect research activities, while on the other, it ascribes greater importance to practical measures to prevent or repair environmental damage. Account had to be taken of the need for more action by switching some appropriations.



The outcome of the voting shows that the committee has succeeded in taking account of all the aspects referred to above, in that its proposals provide for an increase in expenditure to 87.3 m ECU, although that amount is still 6 m ECU below the figure entered in the preliminary draft. Expenditure would then increase by 67% over the 1985 budget. The comparable figures for the preliminary draft and draft budgets are 78% and just 26%.

In addition, the committee's proposals provide in particular for a restructuring of Chapter 66 to meet the new demands, as well as greater budgetary transparency and a more efficient utilization of appropriations.

As regards the public health sphere, we must continue to deplore the extremely low share in total expenditure: 8.3 m ECU in commitments represents 0.03% of the 1985 budget. However, there are virtually no differences between the preliminary draft, the draft budget and the committee's proposals in respect of the 1986 budget which provides for expenditure of some 19 m ECU. There are individual cases differences of opinion as to how that amount should be allocated, but the committee would emphasize its view that its proposals are principally designed to constitute central objectives so that an efficient policy may be pursued, despite the meagre appropriation allocated in the budget.

#### D. CONCLUSIONS

The Committee on the Environment, Public Health and Consumer Protection calls on the committee responsible, the Committee on Budgets, to incorporate the following conclusions in its opinion on the 1986 budget:

As far as the Community's environmental and health policies are concerned, consideration of the draft budget for 1986 leads to the following basic demands:

13. A clear and manifest division must be made between the tasks allocated under Chapters 64 + 66 and 73. The present duplication of effort and lack of coherence must be eliminated.
14. Similarly, better coordination is urgently required within Chapters 66 and 73.
15. The varying periods for indirect (Item 7328) and direct research action (Item 7374) must be aligned.
16. The welcome research in the fields of environmental protection, public health and consumer protection is not an end in itself; its findings must be embodied directly in Community legislation and result in specific projects and programmes being undertaken in the Community.
17. The headings of a large number of budgetary items and articles in Chapter 66 (e.g. 6614, 6630, 665 etc.) must be changed so that their real function is made clear.
18. A number of budgetary items (e.g. 6600, 6630 and 6642, etc.) with very general headings stand in need of further breakdown and more specific headings.
19. Finally, it should be pointed out that the increased expenditure and the implementation of the committee's proposals will necessarily result in a tangible increase in the number of staff employed in DG XI. Appropriate account must be taken of that factor when the Establishment Plan is being discussed.
20. It is anticipated that the Commission will take account of the aforementioned basic demands.

Chap. Art. Item	Heading	Environment Committee 1985 (x 1000)	1985 budget (x 1000)	1986 preliminary draft budget (x 1000)	1986 draft budget (x 1000)	Amendments proposed by draftsman (x 1000)	Amendments tabled by the Committee (x 1000)
		I	II	III	IV	V	VI
	<u>CHAPTER 66 - PROTECTION AND IMPROVEMENT OF THE ENVIRONMENT</u>						
6600	Basic studies on protection of the environment	2280	2280	1370	0	0	0
6601	Pollution measurement, inter- calibration and surveillance systems	100	100	293	2300 + 5000/ 2500 Chap. 100 ex Item 3880	(see Items 6615-6617, 6632) 293	293
6602	Assessment of hazards to man and the environment due to chemical substances	450	450	416	416	416	416
6603	Permanent inventory of sources of information on the environment in the Community	250	250	250		250	250
6610	Aid for the development of 'clean' technologies, which cause little or no pollution and consume fewer natural resources	1625/750*	1625/750*	2200/1750*	1900/1400*	1900/1400*	1900/1400*
6611	Protection of the natural environment in certain sensitive areas of Community interest	1625/1000	1625/1000*	1700/2500*	1700/2100*	1700/2500*	1700/2500*
6612	Implementation of Community rules and regulations governing certain forms of pollution	1100/750	p.m./p.m.*	500	p.m./400*	0	0
6613	Environmental measures which can help to create new jobs	500/500	500/500*	2100/1460*	500/500	500/500 (Chap. 100)	500/500 (Chap. 100)

\* Commitments/Payments  
Where only one figure is shown, the amounts of commitments and payments are identical (non-differentiated appropriations)

Chap. Art. Item	Heading	Environment Committee 1985(x 1000)	1985 Budget (x 1000)	1986 preliminary draft budget (x 1000)	1986 draft budget (x 1000)	Amendments proposed by draftsman (x 1000)	Amendments tabled by the committee (x 1000)
		I	II	III	IV	V	VI
6614	Harmonization of environmental statistics	2800/800 (in Chap. 100)	2800/800*	500/1500*	300/1300*	500/1500*	500/1500*
6615 (new item)	Programmes and projects for the implementation of international conventions for the protection of faunas, flora and threatened habitats excluding Directive 79/409/EEC					300	300
6616 (new item)	Emergency measures to protect threatened species and prevent accidental pollution						2000
6617 (new item)	Financial aid for European environmental protection organizations					300	500
6618 (new item, ex 3880)	Community action for the protection of forests against fire and acid rain	-	p.m.	10000/5000*	5000/2500* (Chap. 100)	5000/2500* (Chap. 100)	5000/2500* (Chap. 100)
6619 (new item)	Environmental measures relating to tourism		640	842	663	842	842
6620	Community participation in the action plan for the Mediterranean	640	900	788	788	1000	1000
6621	Protection of the marine environment	900	400	480	414	414	414
6630	Environmental projects	100	100	-	-	-	-
6631	Operations to combat pollution of the Rhine and other rivers crossing national frontiers	350	350	350	350	2000/500	2000/500
6632	Action to combat pollution by waste products, and recycling measures	200	200	150	150	200	200
6640	Application of legislation relating to pollution and nuisances						

Chap. Art. Item	Heading	Environment Committee 1985 (x 1000)	1985 budget (x 1000)	1986 preliminary draft budget (x 1000)	1986 draft budget (x 1000)	Amendments proposed by draftsman (x 1000)	Amendments tabled by the Committee (x 1000)
		I	II	III	IV	V	VI
6641	Application of legislation relating to pollution by toxic and dangerous chemicals	1960	1960	1625	1625	1925	1925
6642	Application of Community policy relating to atmospheric pollution	1000	700	775	725	825	825
6643	Implementation of the legislation on waste products	100	100	75	75	75	75
665	Direct Community action in regions where the environment is particularly endangered	900	900	1000	900	900	900
6660 (new item)	European Environment Year			2000	3000/1000 (Chap. 100)	8000/2000 (Chap. 100)	8000/2000 (Chap. 100)
6661 (new item)	European Environment Year - Medium-term projects			8000/1000*			
667	<u>CONSUMER PROTECTION AND INFORMATION</u>						
6670	Consumer protection studies	600	600	450	450	450	450
6671	Grant to European consumer organizations	450	450	500	500	500	500
6672	Consumer protection and information measures	450	450	600	450	600	600
6673	Measures required for the application of the Consumer Directives	285	285	214	214	214	214

Chap. Art. Item	Heading	Environment Committee 1985 (x 1000)	1985 Budget (x 1000)	1986 preliminary draft budget (x 1000)	1986 draft budget (x 1000)	Amendments proposed by draftsman (x 1000)	Amendments tabled by the committee (x 1000)
		I	II	III	IV	V	VI
6674	Monitoring operations in relation to the safety of consumer products	1000	1000	1550	1000	1550	1550
6675 (new item)	Market and price monitoring	50	-	200		100	200
6676 (new item)	Critical assessment of the impact of standards on consumers		-	200	100	100	100
668 (new Article)	Animal welfare and protection						
6680 (new item)	Action for the protection of animals in the European Communities					300	100
6681 (new item)	Financial aid for European animal welfare organizations						300
	CHAPTER 66 TOTAL	20 115/16 265	18 665/15 165	39 128/27 838	23 134/20 154	31 154/22 454	33 604/24 904
	<u>RESEARCH INTO ENVIRONMENTAL PROTECTION</u>						
7328	Environment - Sectoral programme 'Environment'	5000/8000*	6577/11500*	23000/7560*	12000/600 (in Chap. 100)	23000/7560 (in Chap. 100)	2300/7560 (in Chap. 100)
7374	Environment - Direct action	27052/24274*	27052/24274*	31165/31363*	30681/30626*	30681/30626	30681/30626
	TOTAL	32052/32274*	33629/35774*	54165/31226*	42681/31226*	53681/38186	53681/38186
	<u>PUBLIC HEALTH</u>						
6480	Radiation protection	550	550	593	593	593	593
6481	Public health studies and measures	400	200	406	227	406	406
6482	Health protection, hygiene and safety at work	1900	1900	1958	2000	2000	2000

Chap. Art. Item	Heading	Environment Committee 1985 (x 1000)	1985 budget (x 1000)	1986 preliminary draft budget (x 1000)	1986 draft budget (x 1000)	Amendments proposed by draftsman (x 1000)	Amendments tabled by the Committee (x 1000)
		I	II	III	IV	V	VI
6483	Grants to international organizations for measures relating to health protection, hygiene and safety at work	40	40	40	40	40	40
6484	Toxicology action programme for health protection	p.m.	-	240	p.m.	240	240
	Article 648 TOTAL	2890	2690	3237	2860	3279	3279
	<u>RESEARCH IN THE FIELD OF PUBLIC HEALTH</u>						
7323 (new item)	Action programme to combat AIDS		-	-	-	500	500
7324	Health and safety: safety and hygiene at work		-	-	-	-	-
7325	Health and safety - Medical research III	3800 p.a.	3870/3800*	630/3500*	630/3500*	630/3500*	630/3500
7326	Health and safety - Biology and health protection;	4900 p.a.	1800/5700*	15200/14160*	15200/14160*	15200/14160*	15200/14160*
7327	Health and safety - Non-ionizing radiation		p.m./p.m.	-/-			
	TOTAL	8700	5670/9500	15830/17660	15830/17660	15830/17660	15830/17660

Chap. Art. Item	Heading	Environment Committee 1985 (x 1000)	1985 budget (x 1000)	1986 preliminary draft budget (x 1000)	1986 draft budget (x 1000)	Amendments proposed by draftsman (x 1000)	Amendments tabled by the Committee (x 1000)
		I	II	III	IV	V	VI
641	<p><u>WITHIN THE TERMS OF REFERENCE OF OTHER COMMITTEES</u></p> <p>European Foundation for the Improvement of Living and Working Conditions</p>	4429/475 (in Chap. 100)	4429	5200	5000	5000 (in Chap. 100)	5000 (in Chap. 100)
946	Ecology in the developing countries	600	300	350 /	p.m.	350	350

	ENVIRONMENTAL AND CONSUMER PROTECTION				PUBLIC HEALTH			% of Section III
	SECTION III TOTAL	Chapter 66	Items 7328 + 7374	Total	Article 648	Items 7323 - 7327	Total	
1. Budget 85	30 168 067 976/ 27 185 240 276*	18 665 000/ 15 165 000*	33 629 000/ 35 774 000*	52 294 000/ 50 939 000*	2 690 000	5 670 000/ 9 500 000*	8 360 000/ 12 190 000*	0.03 0.04
2. Preliminary draft 86	35 789 494 365/ 34 481 091 665*	39 128 000/ 27 838 000*	54 165 000/ 38 923 000*	93 293 000/ 66 761 000*	3 237 000	15 830 000/ 17 660 000*	19 067 000/ 20 890 000*	0.05 0.06
3. Draft 86	33 401 817 410/ 31 240 627 849*	23 134 000/ 20 154 000*	42 681 000/ 31 226 000*	65 815 000/ 51 380 000*	2 860 000	15 830 000/ 17 660 000*	18 690 000/ 20 520 000	0.06 0.07
4. Rapporteur 86	-	31 154 000/ 22 454 000*	53 681 000/ 38 186 000*	54 835 000/ 60 460 000*	3 279 000	15 830 000/ 17 660 000*	19 109 000/ 20 939 000*	-
5. Committee 86	-	33 604 000/ 24 904 000*	53 681 000/ 38 186 000*	87 285 000/ 63 090 000*	3 279 000	15 830 000/ 17 660 000*	19 109 000/ 20 939 000*	-

Increases over the 1985 budget

- expenditure on environmental and consumer protection (in each case, commitments, including Chapter 100)
  - according to the preliminary draft : + 78% (Chap. 66 : + 109%)
  - according to the draft budget : + 26% (Chap. 66 : + 25%)
  - according to the rapporteur : + 62% (Chap. 66 : + 67%)
  - according to the committee's proposals : + 67% (Chap. 66 : + 80%)

- expenditure on public health (in each case commitments, incl. Chap. 100)
  - according to the preliminary draft : + 128%
  - according to the draft budget : + 123%
  - according to the rapporteur : + 129%
  - according to the committee's proposals : + 129%



OPINION

(Rule 101 of the Rules of Procedure)  
of the Committee on Development and Cooperation  
Draftsman: Mr Niall ANDREWS

On 22 May 1985, the Committee on Development and Cooperation appointed Mr Andrews draftsman of the opinion.

The Committee considered the draft opinion at its meetings of 14 October 1985 and 15 October 1985. It adopted the draft opinion on 15 October 1985.

The following took part in the vote: Mrs Focke, Chairman; Mr de Courcy Ling and Mr Wurtz, Vice-Chairmen; Mr Andrews, draftsman; Mr Baget Bozzo, Mr Beyer de Ryke, Mrs Castellina (deputising for Mr Pajetta); Mrs Cinciari Rodano, Mr Cohen, Mrs Daly, Mr Fellermaier, Mr Gerontopoulos (deputising for Mr Vergeer); Mr Guermeur, Mrs Heinrich, Mr Jackson, Ch., Mr Kuijpers, Mr McGowan, Mrs Pery, Mr Price (deputising for Mr Simpson); Mrs Rabbethge, Mr Saby, Mrs Simons, Mr Trivelli, Mr Verbeek.

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## I. Introduction

Owing to time constraints, this opinion will not deal with all aspects of the 1986 Draft Budget falling within the competence of the Committee on Development and Cooperation. Instead it will concentrate on a few specific themes which merit comment.

The Committee on Development and Cooperation is primarily concerned with Title 9 of the Budget, "Cooperation with developing and non-member countries" though certain other lines also come within its competences. In the 1985 Budget, adopted by the European Parliament on 13 June 1985, appropriations entered under Title 9 amounted to 1,284 mECU in commitments and 1,039 mECU in payments, which represented respectively 4.26% and 3.71% of the total budget. In the Commission's preliminary draft budget for 1986 appropriations entered under Title 9 (less Article 928 - food aid refunds) amounted to 1,235 mECU in commitments and 1,320 mECU in payments, being respectively 3.45% and 3.83% of total appropriations in the preliminary draft budget. In the Council's draft budget for 1986, Title 9 fared badly, with commitment appropriations amounting to 1,131 mECU and payment appropriations amounting to 1,071 mECU or 3.39% and 3.43% of the total budget. Thus in absolute terms the commitment appropriations entered under Title 9 in the draft budget have decreased by some 12% even though payment appropriations have increased by roughly 3%. Perhaps more worrying is the fact that appropriations under Title 9 now represent only 3.39% and 3.43% of the total draft budget as opposed to 4.26% and 3.71% of the 1985 Budget. The inference is clear. Council appears to regard development policy as being of less importance in 1986 than in 1985, while other sectors have gained proportionally.

## II. Food aid

In adopting the 1986 draft budget the Council re-entered all appropriations in Chapter 92 with exactly the same figures as in the 1985 draft budget. While the appropriations remain unchanged, the tonnage of food aid involved will obviously depend on current food prices. Furthermore certain anomalies occur owing to certain exceptional circumstances in the 1985 Budget, including, inter alia, the transformation of food aid lines into differentiated appropriations (formerly food aid was non-differentiated). One particular anomaly is that in Item 9202 - additional food aid in cereals,

commitment appropriations amount to only 40.4 mECU while payment appropriations have been fixed at 83 mECU - an impossible situation. In view of the importance of food aid in cereals this committee is proposing an increase in commitment appropriations from 40.4 mECU to 83 mECU. This addition would be partly compensated by a reduction of 30 mECU in Item 9211 - food aid in butter oil, such a decision being in keeping with Parliament's long-standing policy of favouring food aid in cereals which it believes more useful than excessively expensive commodities such as butter oil.

It is proposed that appropriations to cover transport costs be increased from 62.2 mECU to 102.2 mECU as one of the most striking consequences of the recent missions to Ethiopia, Sudan and Chad was the need for food and emergency aid to be transported to points of consumption. Furthermore, owing to changes in the tonnages involved and increased transports costs, the figure of 62.2 mECU from the 1985 Budget, which was even at that time inadequate, is totally insufficient in the situation resulting from the 1986 draft budget. The remarks opposite this article are also being amended to take account of the criticisms expressed in the European Parliament Resolution<sup>(1)</sup> of 16 April 1985 embodying comments forming part of the decision granting a discharge to the Commission in respect of the implementation of the budget of the European Communities for the 1983 financial year.

The Committee on Development and Cooperation has consistently favoured a movement away from food aid towards food projects in place of food aid. It is of vital importance to break the dependence on food aid. It is accordingly proposed to enter 10 mECU in commitment and payment appropriations against Article 929 - food projects in place of food aid.

In the 1986 preliminary draft budget the Commission entered a contingency reserve of 400 m ECU in Chapter 101, of which 165 mECU was to cover the cost of an emergency food aid reserve of 500,000 tonnes of cereal equivalent. This figure would include 60m ECU for transport costs and 29 mECU for refunds under the CAP. This reserve has been eliminated by the Council in its draft budget. After long reflection your draftsman has decided not to reinstate this reserve in Chapter 101 but instead to add a new line under Chapter 100 earmarked for a new Article 928 - Emergency reserve.

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(1) OJ No. C122 of 20.5.1985, p.35

### III. Other amendments proposed by the Committee on Development and Cooperation

Other amendments proposed by the Committee on Development and Cooperation include an increase in Article 936 - aid towards self-sufficiency for refugees and displaced persons. This item, resulting as it did from a European Parliament initiative, has always been regarded as particularly important by the Committee on Development and Cooperation, and there is no denying the fact that refugee numbers continue to be substantial. It is thus proposed to increase appropriations against this line to the 1985 level, i.e. 5 mECU in commitment appropriations and 3 mECU in payment appropriations.

The Committee on Development and Cooperation is proposing the addition of a particularly important amendment; a new Article 953 to cover a programme of positive measures regarding South Africa. This follows from the European Community Ministerial meeting on political cooperation of 10 September 1985, which decided on the following positive measures:

- "- Code of conduct: adaptation, reinforcement and publicity
- Programmes of assistance to non-violent anti-apartheid organisations, particularly to the churches
- Programmes to assist the education of the non-white community, including grants for study at the universities in the countries originating the programmes
- Intensification of contacts with the non-white community in the political, trade union, business, cultural, scientific and sporting sectors, etc.
- Programmes to assist the SADCC and the Front-Line States
- Programme to increase awareness among the citizens of Member States resident in the RSA."<sup>(1)</sup>

These measures will obviously have budgetary consequences. It is accordingly proposed to enter 20 mECU in commitment and 10m ECU in payment appropriations against this line.

In the 1985 Budget and the 1986 preliminary draft budget p.m.s were entered against Article 943 - Community pledge to IFAD. In view of the fact that IFAD is now proposing a special programme of agricultural development for Africa, the Committee on Development and Cooperation feels strongly that the

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(1) Press Release of the Ministerial meeting on Political Cooperation dated 10.9.1985

time has come for the Community to cofinance such projects with IFAD, and is accordingly proposing that 10 mECU in non-differentiated appropriations be made available under Article 943, the purpose of this assistance being specified in the remarks. At the same time the title of this Article is being amended to "cofinancing of projects with IFAD".

The European Parliament has consistently favoured the channelling of development assistance through non-governmental organisations, regarding this as one of the most cost-effective ways of helping developing countries. It accordingly is proposed to increase commitment appropriations entered against item 941 by 5 mECU to 40 mECU. The Committee also has decided to increase payment appropriations by 12 mECU to 30m ECU.

In 1985, as a result of a European Parliament initiative, a new Article 951 - Contribution to financing the purchase of food products by NGOs, was entered in the Budget, with a p.m. This article was retained by the Council in the 1986 draft budget, but once more with a p.m. In view of the great potential value of co-financing food purchases with NGOs the Committee on Development and Cooperation proposed that 7 mECU in commitment appropriations and 4 mECU in payment appropriations be entered against this item.

As a result of European Parliament pressure following the adoption of the Ferrero report on the campaign against hunger in the world, the Council agreed to a special programme to combat hunger in the world, for an initial period of two years. Due to strong pressure from Parliament this programme has been extended on an ad hoc basis in a most unsatisfactory manner. While this opinion is not the appropriate place for a detailed consideration of this problem it should be noted that Council's refusal to enter commitment appropriations against Article 958 would mean that long-term commitments could not be entered into in 1985 - effectively killing this programme. It is accordingly proposed to enter 20 mECU in commitment appropriations against this item, 16m having already been entered as payment appropriations by Council.

Paragraph 5 of Mrs Daly's report on the overseas staff of the European Association for Cooperation calls for the titularisation of EAC overseas staff in the 1986 Budget. An amendment to this effect is accordingly being proposed. Such an amendment would be financially neutral as EAC staff are already paid out of Chapter 98 of the budget.

D.G. VIII (Development) employs much less staff in relationship to funds handled than the international agencies or most government ministries. In the resolution<sup>(1)</sup> of 16 April 1985 embodying comments forming part of the decision granting a discharge to the community in respect of the implementation of the budget of the European Communities for the 1983 financial year (rapporteur: Mr Price) lack of staff, and more particularly technical staff, was regarded as responsible for many of the delays and inadequacies in the implementation of community development policies. In order to remedy this deficiency the committee is proposing the addition of 20 new staff to the establishment plan (12 grade A staff and 8 grade C staff) for the following sectors: food aid and emergency aid, agriculture, technical services, aid evaluation, women's questions, environmental questions. This amendment will not be voted, however, unless the Commission can give a firm assurance that the new staff in question will be affected to D.G. VIII.

In conclusion, the 1986 draft budget is inadequate and unimaginative. It is not comparable with a forward and dynamic Community development policy. Neither can it be transformed into such a policy due to the limited margin available to Parliament. The Committee on Development and Cooperation, while realising that effective use of aid is as important as overall volume, nevertheless deplores the parsimony with which this budget was prepared and can only hope for a totally fresh approach by both Commission and Council to the 1987 development budget.

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(1) OJ No C122 of 20.5.1985, p.35

Chapter Article Item	Title	Budget 1985		1986 Preliminary Draft Budget		1986 Draft Budget		Proposals Committee on Dev. and Cooperation Payments	
		1	2	3	4	5	6	7	8
90	EDF - Cooperation with ACP States	p.m.	p.m.	p.m.	p.m.	-	-	p.m.	p.m.
91	EDF - Cooperation with overseas countries	p.m.	p.m.	p.m.	p.m.			p.m.	p.m.
920	Food aid in cereals								
9200	Food aid in cereals other than rice	188 000 000	138 490 300	141 200 000	118 900 000	188 000 000	138 490 300		
9201	Food aid in rice	33 400 000	16 176 800	40 600 000	46 800 000	33 400 000	16 176 800		
9202	Additional food aid in cereals	40 400 000	83 000 000	38 700 000	29 800 000	40 400 000	83 000 000	+37 600 000	
								30m from	
								Item 9211	
921	Food aid in milk products								
9210	Food aid in milk powder	150 000 000	97 000 000	176 000 000	150 300 000	150 000 000	97 000 000		
9211	Food aid in butter oil	113 000 000	75 300 000	95 200 000	91 300 000	113 000 000	75 300 000	-30 000 000	
								to Item 9202	
922	Food aid in sugar								
9220	Food aid in sugar	3 000 000	1 800 000	5 200 000	5 500 000	3 000 000	1 800 000		
9221	Food aid in sugar for UNRWA	p.m.	p.m.	p.m.	-	p.m.	p.m.		
923	Food aid in vegetable oil/olive oil	10 000 000	8 300 000	26 700 000	22 900 000	10 000 000	8 300 000		
924	Food aid (other commodities)	30 000 000	20 000 000	34 300 000	38 500 000	30 000 000	20 000 000		
925	Food aid transport costs	62 200 000	62 200 000	120 000 000	120 000 000	62 200 000	62 200 000	+40 000 000	+40 000 000
926	Expenditure resulting from Conv. EEC & UNRWA	3 594 800	3 594 800	4 000 000	4 000 000	3 594 800	3 594 800	+ 405 200	+ 405 200
927	Other expenditure associated with food aid								
9270	Exceptional measures for implem. food aid	800 000	800 000	800 000	800 000	800 000	800 000		



Chapter Article Item	Title	Budget 1985		1986 Preliminary Draft Budget		1986 Draft Budget		Proposals Committee on Dev. and Cooperation	
		Commitments 1	Payments 2	Commitments 3	Payments 4	Commitments 5	Payments 6	Commitments 7	Payments 8
9271	Control of supply & delivery of food aid	1 200 000	1 200 000	1 200 000	1 200 000	1 200 000	1 200 000		
928	Emergency reserve								p.m.
(new)								165m Ch.100	165m Ch.100
929	Food projects in place of food aid								
		p.m.		p.m.		p.m.		p.m.	+10 000 000
	Total	635 594 800	507 861 900	683 900 000	630 000 000	635 594 800	507 861 900		
930	Financial and technical cooperation with								
	Latin America & Asian developing countries	268 000 000	130 000 000	320 000 000	220 000 000	275 000 000	180 000 000	+ 5 000 000	+30 000 000
931	Promotion of trade relations with LA/ADC	6 500 000	5 500 000	10 000 000	7 500 000	6 730 750	5 695 250		
932	Measures to encourage regional or sub-reg.								
	integration between LA/ADCs	850 000	850 000	900 000	900 000	850 000	850 000	+50 000	+50 000
933	Cooperation with Latin America and Asian								
	developing countries on energy	3 000 000	1 800 000	4 300 000	2 455 000	3 000 000	1 800 000		
9340	Visits from experts, further training etc.	1 900 000	2 000 000	2 200 000	2 000 000	1 900 000	1 600 000	+ 300 000	+ 400 000
	in favour of Latin America & Asian dcs								
9341	Training at Commission for nations of non-	100 000	100 000	110 000	110 000	100 000	100 000		
	member countries								
936	Aid towards self-sufficiency for refugees								
	& displaced persons	5 000 000	3 000 000	4 000 000	2 750 000	4 000 000	2 750 000	+1 000 000	+ 250 000
937	Stabex for least dev. Latin Am. & Asian								
(new)	countries (new)								
	Total	285 350 000	142 250 000	341 510 000	235 715 000	291 580 750	192 795 250		

Chapter Article Item	Title	Budget 1985		1986 Preliminary Draft Budget		1986 Draft Budget		Proposals Committee on Dev. and Cooperation	
		1 Commitments	2 Payments	3 Commitments	4 Payments	5 Commitments	6 Payments	7 Commitments	8 Payments
940	Expenditure on organization of seminar on Community's GSP system	100 000	100 000	185 000	185 000	103 550	103 550		
941	Community contribution towards schemes concerning dcs carried out by NGOs	35 000 000	30 000 000	37 500 000	18 000 000	35 000 000	18 000 000	+5 000 000	+12 000 000
942	Advisory Committee on Development Policies	p.m.	p.m.	200 000	200 000	-	-		
943	Co-financing of projects with IFAD	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	+10 000 000	+10 000 000
944	Evaluation of results of Community aid and follow-up measures								
945	Cooperation Arab countries at regional level	1 000 000	1 000 000	2 000 000	2 000 000	1 500 000	1 500 000	+ 500 000	+ 500 000
946	Ecology in the developing countries	300 000	300 000	300 000	300 000	300 000	300 000		
947	Aid for running of training institutes for nationals of developing countries	300 000	300 000	350 000	350 000	p.m.	p.m.	+ 350 000	+ 350 000
948	Statistical measures connected with implem. & monitoring of programmes in DDCs	500 000	500 000	950 000	950 000	750 000	750 000		
949	Expenditure on renegotiation of Lomé Conv.	p.m.	p.m.	p.m.	p.m.	-	-		
	Total	37 200 000	32 200 000	42 785 000	23 285 000	38 753 550	21 753 550		
950	Aid to disaster victims in developing and other non-member countries	18 500 000	18 500 000	18 500 000	18 500 000	18 500 000	18 500 000		
951	Contribution to financing the purchase of food products by NGOs	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	+7 000 000	+4 000 000
952	Special aid for Lebanon	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.		

Chapter Article Item	Title	Budget 1985		1986 Preliminary Draft Budget		1986 Draft Budget		Proposals Committee on Dev. and Cooperation Payments	
		1	2	3	4	5	6	7	8
953 (new)	Programme of positive measures regarding South Africa decided at Ministerial meeting on Political Cooperation of 10.9.85								
956 (new)	Special programme of aid to the least developed countries	-	-	-	-	-	-	p.m.	p.m.
958	Special programme to combat hunger in world	29 000 000	14 000 000	-	16 000 000	-	16 000 000	+20 000 000	+10 000 000
959	Supplementary aid to UNRWA	17 000 000	17 000 000	17 000 000	17 000 000	17 000 000	17 000 000		
	Total	64 500 000	49 500 000	35 500 000	51 500 000	35 500 000	51 500 000		
Ch.96	Cooperation with Mediterranean countries								
	Total	236 900 000	248 627 700	96 746 000	316 704 300	81 446 000	238 035 800		
970	Common Fund								
9700	Financing of buffer stocks	p.m.	p.m.	p.m.	p.m.	-	-	p.m.	p.m.
9701	Financing of measures for the structural improvement of world market	p.m.	p.m.	p.m.	p.m.	-	-	p.m.	p.m.
971	International Jute Agreement			900 000	900 000	p.m.	p.m.		
	Total	p.m.	p.m.	900 000	900 000	p.m.	p.m.		
980	EEC subsidy for the operation of the EAC								
9800	Operating expenses of the EAC headquarters	3 090 000	3 090 000	3 243 000	3 243 000	3 200 000	3 200 000		
981	Commission delegations in southern Mediterranean countries								
	Total	5 150 000	5 150 000	5 480 000	5 480 000	5 300 000	5 300 000		

Chapter Article Item	Title	Budget 1985		1986 Preliminary Draft Budget		1986 Draft Budget		Proposals Committee on Dev. and Cooperation Payments	
		Commitments 1	Payments 2	Commitments 3	Payments 4	Commitments 5	Payments 6	Commitments 7	Payments 8
982	Commission delegations in the ACP countries and OCT	50 000 000	50 000 000	54 500 000	54 500 000	52 500 000	52 500 000		
Ch. 98	Total	58 240 000	58 240 000	63 223 000	63 223 000	61 000 000	61 000 000		
990	Operations under Commercial & Economic Co-op eration Agreements with non-member countries	3 000 000	3 000 000	4 500 000	4 500 000	3 000 000	3 000 000		
991	Community aid for private agriculture sector in Poland	2 000 000	2 000 000						
Ch. 99	Total	5 000 000	5 000 000	4 500 000	4 500 000	3 000 000	3 000 000		
Title 9	Total	1 284 284.0	1 039 186.1	1 235 046.0	1 320 327.3	1 130 875.1	1 070 946.5	+127 205 200	+117 955 200
Ch. 100	Provisional appropriations							+165 000 000	+165 000 000
Ch. 101	Contingency Reserve	5 000 000	5 000 000	400 000 000	400 000 000	5 000 000	5 000 000		
	Total	5 000 000	5 000 000	400 000 000	400 000 000	5 000 000	5 000 000		

In addition, amendments to the staff tables,

-Titularisation of 356 overseas staff of the European Association for Cooperation

-Addition of 20 new posts for D.6. VIII (12 grade A, 8 grade C)

