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A3-0081/91

R E P O R T

of the Committee on Budgets

on draft supplementary and amending budget No. 1 of the
European Communities for the financial year 1991
(C3-0105/91)

Rapporteurs: Mrs Diemut THEATO and Mr Alain LAMASSOURE

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A Series: Reports - B Series: Motions for Resolutions, Oral Questions - C Series: Documents received from other Institutions (e.g. Consultations)

* = Consultation procedure requiring a single reading

**II = Cooperation procedure (second reading) which requires the votes of a majority of the current Members of Parliament for rejection or amendment

**I = Cooperation procedure (first reading)

*** = Parliamentary assent which requires the votes of a majority of the current Members of Parliament

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On 25 January 1991 the Commission of the European Communities forwarded to the European Parliament preliminary draft supplementary and amending budget No. 1 for the financial year 1991.

At its meeting of 5 February 1991 the Committee on Budgets confirmed the appointment of Mrs Theato and Mr Lamassoure as rapporteurs.

On 18 March 1991 the Council established the draft supplementary and amending budget and forwarded it to Parliament.

At its meeting of 25 March 1991 the Committee on Budgets considered the draft report. At the latter meeting it adopted the motion for a resolution unopposed with 2 abstentions.

The following were present for the vote: von der Vring, chairman; Lamassoure, first vice-chairman and rapporteur; Theato, rapporteur; Cornelissen, second vice-chairman; Welsh, third vice-chairman; Arbeloa Muru, Arias Cañete, Böge, Colom I Naval, Desama, Elles, Goedmakers, Holzfuss, Kellett-Bowman, Klepsch (for Forte), Langes, Lo Giudice, Miranda da Silva, Napoletano (for Colajanni), Onur (for Papoutsis), Pasty and Zavvos.

The report was tabled on 27 March 1991.

The deadline for tabling amendments is 12 noon on Thursday, 11 April 1991.

A

MOTION FOR A RESOLUTION
on draft supplementary and amending budget No. 1
of the European Communities for the financial year 1991

The European Parliament,

- having regard to preliminary draft supplementary and amending budget No. 1/91, submitted by the Commission on 25 January 1991 (SEC(91) 190 final),
 - having regard to draft supplementary and amending budget No. 1/91 established by the Council on 18 March 1991 (C3-0105/91)
 - having regard to the Financial Perspective annexed to the Interinstitutional Agreement of June 1988 (OJ No. L 185, 15.7.1988) and in particular the margin still available in category 5,
 - having regard to the report of the Committee on Budgets (A3-0081/91),
1. Approves, subject to the amendments adopted, draft supplementary and amending budget No. 1/91 and in particular:
 - the increase in administrative appropriations to cover the increase in salaries; however the increase of 37.7 m ECU proposed by the various Institutions has been limited to 33.7 m ECU;
 - the entry and modifications in the budget headings required for the Community guarantee to be granted for loans to Czechoslovakia, Bulgaria, Romania, Hungary and Poland on which Parliament has already delivered its opinion; however, points to the need for rapid progress in setting up a guarantee fund;
 - a new estimate of the balance for the financial year 1990; has amended draft supplementary and amending budget No. 1/91 on the revenue side to allow the refund to Portugal of certain accession compensatory amounts relating to agriculture;
 2. Proposes to increase administrative expenditure by 4.7 m ECU compared to the Council's draft;
 3. Instructs its President to forward the draft budget thus amended and this resolution to the Council and Commission.

EXPLANATORY STATEMENT

1. On 25 January 1991, the Commission submitted preliminary draft supplementary and amending budget No. 1/91, on the basis of which the Council adopted a draft supplementary and amending budget on 18 March 1991.

2. The Commission had in fact already submitted some of the proposals contained in preliminary draft supplementary and amending budget No. 1/91 (notably those concerning administrative expenditure) in the letter amending the preliminary draft budget for 1991, but Parliament judged this to be 'hasty' and chose to refer back to the Commission the entire section dealing with administrative expenditure.

Preliminary draft supplementary and amending budget No. 1/91

3. Preliminary draft supplementary and amending budget No. 1/91 adds the following five new elements to the 1991 budget adopted by Parliament on 13 December 1990:

3.1. A 37.65 m ECU increase in the administrative expenditure of the Institutions (including the European schools) to take account of the 7.7% increase in the remuneration of officials decided on by the Council in December 1990.

3.2. A 2.95 m ECU increase in refunds to Spain and Portugal following the change in the compensation for the United Kingdom.

3.3. The creation of the headings needed to extend the Community guarantee to cover borrowing and lending operations and for the Community credit guarantee for exports to certain countries (Czechoslovakia, Bulgaria, Romania and the USSR), following the legislative decisions taken by the Council in agreement with Parliament.

3.4. The entry of a new estimate of the balance for 1990 in the 1991 budget, up from 1 337.7 m ECU to 2 000 m ECU; it should be stressed that this figure is still only an estimate and that the real figure will not be known until May 1991.

3.5. A correction in the compensation for budgetary imbalances in favour of the UK (an increase of 184 m ECU), which affects the Community's revenue.

The Council decision

4. On 18 March 1991, the Council adopted draft supplementary and amending budget No. 1/91 with a single amendment to the preliminary draft, namely the reduction of administrative expenditure by 8.65 m ECU from 37.65 to 29 m ECU, on the basis not of a different Council evaluation of administrative expenditure nor the lack of a legal base, but of an interpretation of the margin available in category 5. The Council believes that the margin for administrative expenditure does not permit more than its own figure of 29 m ECU to be entered in the budget.

The category 5 margin

5. The margin available for administrative expenditure between the 1991 budget and the ceiling laid down in the Financial Perspective is arrived at by deducting from the total for category 5 the appropriations earmarked for stock disposal and refunds, the latter determined on the basis of the total volume of payment appropriations entered in the budget.

5.1 The Council's approach

When calculating the total volume of refunds for 1991, the Council took into account the maximum laid down for each category of the Financial Perspective contained in the Interinstitutional Agreement, that is, 33 billion ECU for category 1, thus exceeding the guideline of 32.5 billion ECU, and, for category 5, the whole volume of stock disposal (1.378 m ECU), although the sum actually adopted in the 1991 budget, which will remain stable despite the various supplementary and amending budgets, was only some 450 m ECU. The Council thus arrived at a maximum figure for refunds of 354 m ECU, leaving a margin for administrative expenditure of only 28.7 m ECU.

5.2. The Commission's approach

The Commission based its calculations on the real volume of refunds established at this stage in the budgetary procedure, including the variation in the balance fixed in the supplementary and amending budget at an estimated 2 billion, with the result that the Commission's figure for refunds is a total of 344 m ECU, leaving a margin for administrative expenditure of 38.7 m ECU, which covers the 37.7 m ECU requested in supplementary and amending budget No. 1/91.

5.3. The position of Parliament

Your rapporteurs for the 1991 budgets propose a far more pragmatic approach, free of considerations such as the wish to ensure a wider margin for refunds to Spain and Portugal (which influence the Council) or more leeway for administrative expenditure (which influence the Commission).

To comply with the terms of the 1988 Interinstitutional Agreement, the minimum margin for category 5 cannot exceed the volume of expenditure committed for which there is a sound legal basis. This means that the maximum limit for category 1 of the Financial Perspective should be fixed at the level of the agricultural guideline, and the limit for the stock disposal subcategory should be fixed on the basis of the stock disposal which actually appears in the budget.

Nonetheless, at this stage we are still talking about an interim margin, which could be increased, depending on the actual balance for 1990 which will not be known until May.

On the basis of the foregoing, your rapporteurs believe that a margin of over 34 m ECU is legally available for administrative expenditure within category 5.

However, in the light of information obtained from the Administrations of the different Institutions before the vote on the 1991 budget on 13 December 1990, your rapporteurs think that the entry in the budget of 34 m ECU will cover the administrative expenditure arising from the Council's decision to increase officials' salaries in December 1990. They therefore propose to table amendments to the Council's draft supplementary budget No. 1/91 seeking to increase the administrative expenditure decided on by the Council by 5 m ECU.

While fully aware that the Council has not amended Parliament's budget, your rapporteurs believe that there is a need for inter-Institutional solidarity and propose to amend the budget of each Institution in such a way as to spread the 3.65 m ECU reduction on the figure contained in preliminary draft supplementary and amending budget No. 1/91 proportionally between all the Institutions.

Other amendments

6. The rapporteurs believe that supplementary and amending budget No. 1/91 must take account of two further factors which emerged at the beginning of 1991, in accordance with decisions already taken by Parliament :

- 6.1. Following the EP vote of 13 February 1991 on the Commission proposal (COM(90) 599) for a decision concerning the refund to Portugal of the accession compensatory amounts applicable to supplies of common wheat from the other Member States, provision should be made in the supplementary and amending budget for a corresponding entry under 'negative revenue' in Chapter 19 of the statement of revenue.
- 6.2. Following the Council's declaration concerning the possibility of setting up a reserve for guaranteed loans in the context of the Community guarantee for borrowing and lending operations and the increased risk to the Community budget, complementary remarks to this effect should be inserted in Chapter B0-21.

Extract from the Minutes
of the meeting of the Committee on Budgets
of 25 March 1991

Draft supplementary and amending budget No. 1 of the European Communities for the financial year 1991

- Rapporteurs: Mrs THEATO and Mr LAMASSOURE

Mrs Theato and Mr Lamassoure pointed out that Parliament had a duty to adhere to the gentlemen's agreement with the Council and hence not to amend the Council's budget unless the latter so requested.

Mr von der Vring, chairman, asked the representative of the President-in-Office of the Council, Mr Lahire, whether the Council could make such a request.

Mr Lahire, for the Council, expressed the wish that all the institutions should be treated in exactly the same way. Parliament and the Council thus agree that Parliament's amendment to the Council's draft budget does not constitute a violation of the gentlemen's agreement.

On the question of the exact amount for the section of the amendment relating to the Council, the representative of the President of the Council reserved the right to notify the committee at a later date.

The chairman, Mr von der Vring, noted this statement, asked for it to be put on record in the minutes, and requested the Council to notify the committee in writing as soon as possible of the amount to be entered in the Council's budget, while complying with the principle that appropriations allocated to administrative expenditure in supplementary and amending budget No. 1/91 should be distributed proportionally between the Institutions.