

EUROPEAN PARLIAMENT

Working Documents

1980 - 1981

15 December 1980

DOCUMENT 1-703/80

REPORT

drawn up on behalf of the Committee on Budgets

on the proposal from the Commission of the European Communities to the Council (Doc. 1-653/80) for a Regulation/compensating Greece for its contribution to the cost of the financial mechanism and the supplementary measures for the United Kingdom

Rapporteur: Mr Pieter DANKERT

By letter of 28 November 1980 the President of the Commission of the European Communities forwarded to the European Parliament the proposal from the Commission to the Council for a Council Regulation (EEC) compensating Greece for its contribution to the cost of the financial mechanism and the supplementary measures for the United Kingdom.

The President of the European Parliament referred this proposal to the Committee on Budgets.

On 10 December 1980 the Committee on Budgets appointed Mr Dankert rapporteur.

It considered the draft report at its meeting of 10 December 1980 and adopted the motion for a resolution unanimously by 21 votes.

Present: Mr Lange, chairman; Mr Notenboom, first vice-chairman; Mr Dankert, rapporteur; Mr Arndt, Mr Beumer (deputizing for Mr Aigner), Mrs Boserup, Mr Brok (deputizing for Mr Ryan), Mr Colla, Mr Forth, Mrs Hoff, Mr Howell, Mr R. Jackson, Mr Lega, Mr Newton Dunn, Mr Nord, Mr Orlandi, Mr Pfennig, Mr Konrad Schön, Mrs Scrivener, Mr Simonnet, Mr J. M. Taylor and Mr Tuckman.

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A

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

MOTION FOR A RESOLUTION

on a proposal from the Commission of the European Communities to the Council for a regulation compensating Greece for its contribution to the cost of the financial mechanism and the supplementary measures for the United Kingdom

The European Parliament,

- having regard to the proposal from the Commission of the European Communities to the Council for a Council Regulation (EEC) compensating Greece for its contribution to the cost of the financial mechanism and the supplementary measures for the United Kingdom (Doc. 1-653/80),
- having regard to the report of the Committee on Budgets (Doc. 1-703/80),
 - a. Whereas the agreement reached by the Council on 29/30 May 1980 that payments be made to the United Kingdom to reduce its net contribution to the 1980 budget requires expenditure outlay in 1981,
 - b. Whereas Greece, which was not party to this agreement, will be contributing to the 1981 budget,
 - c. Whereas paragraph 4 of the agreement of 29/30 May 1980 specifically envisaged that the existing eight other Member States should finance this expenditure.
- 1. Takes note of the Commission's proposal;
- 2. Points out that the 1981 draft budget makes provision for a new Article 491 'Compensatory repayments to Greece' and that the letter of amendment NO. 2 to the draft budget enters appropriations for this new budgetary line;
- 3. Therefore does not consider it necessary for a specific legal basis to be provided for the repayments additional to those already included in Article 127 of the Act of Accession of 28 May 1979, as the budget itself could provide such a basis;
- 4. Requests, in consequence, the Commission to withdraw this proposal.

EXPLANATORY STATEMENT

1. It is perfectly appropriate for Greece to be compensated in full for the financial consequences of the agreement concerning the United Kingdom's contribution to the 1981 budget, given that Greece was not a party to that agreement and given that the agreement should not in any way tilt the budget negatively as regards Greece.
2. Paragraph 4 of the conclusions of Council specifically stated that costs should be borne by the other existing eight Member States, Article 127 of the Act of Accession of 28 May 1979 already providing for part of the refund for the Greek contribution.
3. The financial consequences of this decision will be a total of 7.1 mEUA in the 1981 budget (see Chapter 49). An explanation of the calculation of this amount was provided in Volume 7A of the preliminary draft budget (pages 56 and 57).
4. It should be pointed out that in the draft budget for 1981 the provision has already been made for a new budgetary line, Article 491 'Compensatory repayments to Greece' with a token entry entered against it and with the appropriate amount entered under Chapter 100. Furthermore, the second letter of amendment to the 1981 draft budget enters appropriations for this line.
5. Therefore, the Committee on Budgets has no difficulty in approving the principle of this refund. What is more questionable is whether it is necessary for there to be a separate legal basis for this proposal. In the view of the Committee on Budgets such a draft regulation is not necessary: the legal basis could be provided through the budget itself. The approach adopted by the Commission, which might seem to be one of bureaucratic perfectionism, nonetheless contributes to a move to diminish the political and legal significance of the budget itself.
6. It is therefore proposed that the Commission should withdraw its proposal and that the adoption of the budget should amount to authorisation for the compensating of Greece.

European Communities

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DOCUMENT 1-704/80

REPORT

drawn up on behalf of the Committee on Budgets
on the fixing of the ECSC levy rate and on the
drawing up of the ECSC operating budget for 1981
(Doc. 1-666/80)

Rapporteur: Mrs M. HOFF



By letter of 25 November 1980 the President of the Commission of the European Communities forwarded to the European Parliament the proposal from the Commission on the fixing of the ECSC levy rate and on the drawing up of the ECSC operating budget for 1981.

The President of the European Parliament referred this proposal to the Committee on Budgets as the committee responsible and to the Committee on Economic and Monetary Affairs and the Committee on Social Affairs and Employment for their opinions. On 25 November 1980 the Committee on Budgets appointed Mrs Hoff rapporteur.

The committee considered the draft report at its meetings of 4 and 10 December 1980 and adopted it at the latter meeting by 17 votes to 2 with one abstention.

Present: Mr Lange, chairman; Mr Notenboom and Mr Spinelli, vice-chairmen; Mrs Hoff, rapporteur; Mr Adonnino, Mr Aigner, Mr Baillet, Mrs Boserup, Mr Brok (deputizing for Mr Ryan), Mr Colla, Mr Dankert, Mr Fich, Mr Forth, Mr Gouthier, Mr Langes, Mr Lega, Mr Newton Dunn, Mr Peters (deputizing for Mr Jaltou), Mr J. M. Taylor and Mr Tuckman.

The Committee on Budgets took into account the opinions of the Committee on Economic and Monetary Affairs and the Committee on Social Affairs and Employment. These opinions are attached.

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

MOTION FOR A RESOLUTION

on the fixing of the ECSC levy rate and on the drawing up of the ECSC operating budget for 1981

The European Parliament,

- having regard to the Commission's observations on the fixing of the ECSC levy rate and on the drawing up of the ECSC operating budget for 1981 (Doc. 1-666/80),
- having regard to the report of the Committee on Budgets and to the opinions of the Committee on Economic and Monetary Affairs and the Committee on Social Affairs and Employment,
- having regard to:
 - (a) the long-standing and worsening structural crisis in the iron and steel industry;
 - (b) the Commission's decision to introduce a system of production quotas in accordance with Article 58 of the ECSC Treaty,
 - (c) the continuing high level of resources required for adaptation aids, research aid and interest subsidies as economic and social measures to accompany the necessary conversion and restructuring,

as regards budgetary aspects

1. Notes the Commission's observations with a measure of critical concern;
2. Points out the contrast between the ECSC operating budget under consideration and an investment budget, far more important in terms of size and impact, which amounts to about 5,000 million EUA and is still not subject to adequate parliamentary control;
3. Notes that in the case of the operating budget, there is a substantial gap between the financial requirements as calculated by the Commission and available revenue. Next year the shortfall will amount to 89 million EUA, with the total budget running to only 162 million EUA;
4. Urges the Commission once again to submit to the Council and Parliament an indication of possible ways and means of improving the integration of ECSC and EEC activities.

5. Stresses that in this context the ECSC and the EEC capital budgets must also be taken into consideration;

as regards the rate of levy and other revenue

6. Considers that it is not feasible to raise the rate of levy (0.31%) in the present economic circumstances;
7. Calls yet again for the revenue from customs duties on ECSC products to accrue to that Community to finance its requirements;
8. Calls upon the Commission to negotiate with the Council as in previous years on the payment of special contributions by the Member States in order to finance further aid for conversion in the form of interest rebates;

as regards the expenditure provided for in the operating budget

9. Notes that the available revenue of 162 million EUA is to be contrasted with the Commission's calculation of financial requirements of 249 million EUA, which means substantial cuts in the field of research and in the volume of interest subsidies;
10. Expresses substantial reservations at the Commission's proposals for allocating the resources available for 1981 to the individual activities;
11. Criticizes in this connection the appropriation for research aid in the steel sector which remains unchanged although the need is now greater and calls upon the Commission to concentrate its action more effectively;
12. Requests the Commission to submit without delay its planned restructuring report to allow these measures and their success so far to be fully assessed;
13. Criticizes once again the mixed financing of production and sales aids for coking coal and coke which stands in the way of full parliamentary control and budgetary transparency and censures the Commission for not submitting the proposal called for in its resolution of 24.4.1979;
14. Will deal in more detail with the subject of control of ECSC activities and the Commission's remarks on that subject in connection with the report on the ECSC discharge for the financial year 1978;
15. Decides for its part on an ECSC levy rate of 0.31% for 1981 and calls on the Commission to fix the rate at this level;
16. Charges the Commission to establish the ECSC operating budget for 1981 in accordance with the proposals of the European Parliament.

EXPLANATORY STATEMENTI. The financial activity of the ECSC

The financial activity of the ECSC may be divided into two broad areas:

- borrowing and lending operations,
- the granting of financial aid.

Whereas there are no special provisions limiting the volume of loans and whereas loans form part of the much larger and more important ECSC investment budget, the granting of financial aid comes under the ECSC operating budget which represents only a fraction of the investment budget.

Revenue for this operating budget is limited to income from levies and interest which the Commission (previously the High Authority) may dispose of in accordance with Article 49 of the ECSC Treaty.

The greater part of revenue comes from the levy imposed on coal and steel undertakings on the basis of their production; this levy may not exceed 1% without the assent of the Council. At present the rate of levy is 0.31%.

Parliament regularly delivers its opinion on memorandums from the Commission on fixing the rate of levy and the ECSC operating budget. It should be pointed out in this connection that since the introduction of this procedure (1959) the Commission has with one exception always followed Parliament's wishes.

II. The economic background to the 1981 operating budget

In its introductory remarks to the memorandum on the fixing of the rate of levy and the drawing up of the operating budget the Commission also reviews the present situation and future trends in the economy. According to the Commission the Community's economic situation is essentially characterized by:

- a decline in the growth rate to about 1½% in 1980 primarily as a consequence of the increased price of raw materials and petroleum products,
- a relatively heavy increase in unemployment, partly due to demographic factors,
- a substantial balance of payments deficit for the Community in 1980 (approximately 31,000 million ECU).

The Commission expects the economy to expand again in 1981 but not until the second half of the year.

The Commission's latest production forecasts also seem to be based on this assumption and they form the basis on which are calculated the levy on undertakings and hence the level of revenue. In the case of coal, the Commission expects a production increase of about 15% over the previous year's figures and about 8% in the case of steel.

The situation in the individual sectors

The coalmining sector:

The Commission assumes that coal consumption will remain at about the same level as in the previous year (176 million tonnes) and expects coke consumption to be about 45 million tonnes. At 241-243 million tonnes, total coal production will be somewhat higher than in the previous year owing to productivity increases in the United Kingdom.

In the iron and steel industry, following an initial improvement at the beginning of 1979, raw steel production is again dropping and will probably amount to less than 65% of capacity in 1980, which is even lower than in 1978.

The steel sector is characterized by its well-known structural problems. The Commission has decided to introduce a compulsory system of quarterly production quotas in accordance with Article 58 of the ECSC Treaty. This arrangement is to apply until 30 June 1981.

The Commission hopes by this measure to contribute to market stability and to establishing a satisfactory price level to allow the steel industry to continue its restructuring. The Commission is convinced that such a process of restructuring is taking place and has in its document announced the publication before the end of 1980 of a comprehensive report on that subject and on the attainment of the general targets in the iron and steel industry. It is regrettable that this report will not be available until February 1981. This means that some of the restructuring aid cuts envisaged in the 1981 operating budget cannot be properly assessed.

III. The financial situation of the ECSC

Revenue

The main source of revenue of the ECSC is the levy imposed on the production of coal and steel undertakings. Because of the crisis that has been affecting these sectors for some time, the income from the levy has in the past remained relatively constant. As a consequence of production increases it rose from about 87 million EUA in 1977 to about 100 million EUA in 1978 and 1979 and following the increase of the rate of levy to 0.31% to 116.5 million EUA in the current financial year (estimated).

	Levy rate 0.29%		Estimated (levy rate 0.31%)		
	1977	1978	1979	1980	1981
Revenue from the levy	86.8	100.8	103.2	116.5	120

The long-standing principle of a fixed rate was breached for the first time in many years by last year's slight increase in the rate of levy and this produced an increase in levy revenue of about 10%. In fact the financing of the operating budget raises one particular problem: unless other sources of revenue are created the coal and steel sector is required to pull itself up by its own boot straps as a result of the parafiscal charges imposed upon it.

For years this has been the stumbling block of an operating budget adapted to the requirements of the economic situation. Revenue and necessary expenditure have moved further and further apart and compelled the Commission again and again to bring expenditure down to the level of revenue. All the Commission's attempts to create new own resources whether by transferring the customs duties on ECSC products to the Coal and Steel Community or by creating and transferring resources to a budget item in the general budget of the European Communities for allocation to the ECSC have so far failed. As regards the transfer of revenue from customs duties, the Council has in the years 1978 to 1980 managed no more than to make the same additional special contribution of 28 million EUA intended partially to cover the deficit in the operating budget of the ECSC. As regards the contribution in favour of the ECSC for temporary social measures in connection with restructuring in the iron and steel industry, a token entry is once more all it has been able to manage after the first reading of the general budget of the European Communities for 1981. The provision of resources for this item and the assent of the Council to an appropriate Commission decision continue to fail for lack of unanimity in the Council of Ministers.

These issues give rise to the following considerations:

- It is regrettable that external customs duties on ECSC products continue to be withheld from the Community. It is not clear why the oldest part of the Community, namely the ECSC should remain outside the own resources system set up in 1970.
- Arrangements to solve the problem through the payment of special contributions by the Member States are in no way satisfactory. In fact they do a lot of damage to the financial autonomy of the ECSC.
- The payment of funds from the European Communities' budget which the ECSC is empowered to accept under Article 49 ECSC Treaty as a gift and which in Parliament's opinion requires no special legal basis, can likewise not provide a permanent solution to the budgetary problems of the ECSC.
- A substantial increase in the rate of levy with a view to increasing own resources would not work as it would mean that the crisis-stricken coal and steel industry would be required to help itself with its own resources.

Expenditure

The expenditure side of the ECSC operating budget contains two types of expenditure which can be regarded in practice as compulsory expenditure within the meaning of the General Budget of the European Communities: administrative expenditure and adaptation aid.

Administrative expenditure was originally 18 million EUA (or u.a.) and was for the first time in the 1978 budget with the consent of the Council reduced to 5 million EUA on account of increased operational financial requirements.

Adaptation aids are the consequence of bilateral agreements between the Commission and the governments of the Member States in accordance with Articles 50 and 56 of the ECSC Treaty. Under existing agreements 50% of their costs are refunded to the governments:

- for the payment of tide-over allowances to workers
- for the payment of resettlement allowances to workers
- for the financing of vocational re-training for workers having to change their employment (Article 56 (c))

The other aids are intended for research in the coal and steel sector and in the social field. Not only do they have a long tradition but their legal basis is also to be found in the Treaty (Articles 50 and 55).

Aids in the form of interest subsidies should primarily be used for restructuring and consist of interest subsidies for investment and conversion measures amounting to 3% for a period of 5 years.

Finally, on the basis of a Commission decision¹ there is a figure fixed at 6m EUA for expenditure on aid for coking coal and blast furnace coke.

The Commission's draft operating budget for 1981

Once again this year the Commission had to take account of the available resources in its preliminary estimates of expenditure.

Whereas the quasi-compulsory expenditure referred to above such as administrative expenditure and adaptation aid as well as aid for coking coal and blast furnace coke will be met in full, substantial cuts will be made in aid for research and interest subsidies, by comparison with the estimated needs:

- Research aid is cut by over 50% from 99 m EUA to 44 m EUA with the steel sector being particularly hard hit (19 m EUA as compared with estimated requirements of 54 m EUA),
- Only 32 m EUA can be provided for the last item, i.e. aids in the form of interest subsidies, from what remains (covering 50% of requirements).

This gives a total of 162 m EUA as against total requirements of 249 m EUA. The 1981 ECSC budget is therefore smaller than that of 1979 and exceeds that of 1978 by only 6.5%. A review of the individual categories of expenditure for the last five years gives the following picture:

¹As last amended by decision (ECSC) No. 3058/79 of 19.12.1979, OJ No. L 344, pg. 1.

	expected utilization				
	1977	1978	1979	1980	1981
-Administrative expenditure	18	5	5	5	5
-Adaptation aids	25	60	67	67	75
-Research aids	38.4	41	47	44	44
-Interest subsidies	21.8	40	47	61.5	32
-Aid for coking coal	6	6	6	6	6
-Friuli aid	5	-	-	-	-
	114.2	152	172	183.5	162

The table clearly shows the substantial reduction in the size of the budget after years of successive increases, sometimes exceeding 20%. If account is taken of the Commission's reported increase of over 12% in costs as against 1980, this produces a 26% reduction in real terms of the size of the budget as against the previous year. However, the size of the budget would have been slightly greater than in the previous year if the Commission had not decided to renounce the special contribution paid by the Member States for the last three years amounting to 28 m EUA. Further reference will be made to this in the following section.

On the basis of corresponding Council decisions¹ the Member States special contribution was used by the Commission for aids in the form of interest subsidies for conversion. For comparison, the requirements for 1980 stood at 43 m EUA.

Temporary social aids² in favour of workers in the steel industry should be financed out of the general budget of the European Communities (Chapter 54) and feature once again on the agenda for discussion for the financial year 1981.

IV. Observations by the Committee on Budgets on individual questions relating to the 1981 operating budget

The considerations set out above show that it will in fact be worthwhile to determine 'the extent to which the Community must forego satisfying the requirements which exceed the resources provided by the present rate or conversely how far the rate must be either raised or lowered'³.

Revenue from customs duties

The difference between necessary expenditure and available revenue in an iron and steel industry which for years has been struggling through a crisis underlines all the more emphatically every year the need to transfer revenue derived from customs duties on ECSC products to the Community. The Commission's estimate of such customs duty revenue for 1980 after deducting the cost of refunds to the Member States is approximately 70m EUA. The corresponding Commission draft dates from May 1978 and has not so far been able to clear the hurdle of a unanimous Council decision.

¹Latest decision: 18.3.1980

²See the Commission's revised proposal COM(80) 134 final, 25.3.1980.

³Commission's document p.25.

Even though the extra-budgetary special contributions of the Member States were sufficient to cover part of the deficit on the ECSC operating budget due to this loophole in the own resources system in recent years, and even though such a system is in many respects unsatisfactory, it does nevertheless seem astonishing and regrettable that for the next year the Commission should voluntarily wish to forego these special contributions from the Member States. The Commission justifies this action merely by saying that the increase in resources achieved by this means is not sufficient 'to justify continued recourse to what is in the last analysis an unorthodox and hazardous procedure'.¹

This passage springs from an attitude of resignation which far exceeds the justified resignation with regard to the possibility of raising the rate of the levy. The Commission seems to have given up all hope of financing effective measures from the ECSC budget.

The same impression is created in the following field.

Rate of levy

The Commission considers that it is not possible to reduce the rate of levy below 0.31%. It concedes that those paying the levy might at present wish for a reduction having regard to the relatively heavy pressure on the finances of undertakings in a period of economic difficulty. But it considers that the levy should be maintained in order to carry out a series of essential operational measures which are all in the interest of undertakings and workers in the coal and steel industry. This to some extent contradicts the Commission's remarks referred to above on the special contributions of the Member States. After all the special contributions received so far amount to about $\frac{1}{4}$ of levy revenue and if they were retained the rate of levy could be reduced by about 7 points to 0.24%.

The pros and cons of this argument must be accurately weighed. But in any event the Committee on Budgets is also against any increase in the rate of the levy at present.

Restructuring

The Commission's aide memoire contains a number of contradictions in relation to restructuring.

While the Commission mentions some improvement in the deteriorating financial position of a number of steel firms owing to the effect of restructuring (p.16), stresses the need for further restructuring measures and states that restructuring is taking place even if 'for social and political reasons it tends to be somewhat sporadic' (p.17), it also announces its intention in 1981 to a large extent to abandon

¹ Commission's document p.46

interest subsidies for restructuring in the iron and steel industry (p.36). In the present circumstances it gives priority to the creation of new jobs and proposes to discontinue its aid policy for investment to promote restructuring on the grounds that 'it is no longer possible to provide assistance on a large scale from the inevitably slender cash resources available for the purpose without running the risk of becoming frankly discriminatory in the selection of recipients' (p.47). For these reasons the Commission in the 1981 budget provides for investment aids of no more than 7 m EUA to be granted for investments by ECSC undertakings intended to stabilize coal production.

This U-turn in aid policy is very surprising coming as it does before the Commission submits its comprehensive report announced to the Council before the end of 1980 on restructuring and the attainment of the general targets so that Parliament is as yet unable to assess this policy. It should also be pointed out that during the whole of 1980 the Commission has quite obviously pursued a contrary policy on this subject, if one looks at the forecast out-turn of the ECSC operational budget for 1980 set out in annex B.

As compared with the budget figure, interest relief grants for investments have been increased by 10 m EUA (from 23 to 33 m EUA) whereas interest relief grants for redevelopment have only been financed out of the revenue from the Member States special contributions (28.5 m EUA as against requirements of 43 m EUA).

Further information is required from the Commission on this policy and the changes to it.

Aid to coking coal

The long-standing figure of 6 m EUA for aid to coking coal and metallurgical coke pursuant to Article 95 of the ECSC Treaty raises a special problem which was considered by Parliament last year in the IBRUGGER report on a proposal from the Commission for a decision on coal and coke for the iron and steel industry.

In this report Parliament deals fully with the problem of mixed financing for aid for the production and sale of coking coal and coke for the Community's iron and steel industry. In order to make Community coking coal and coke more competitive than imported coal in intra-Community trade it is subsidized up to a maximum annual quantity of m tons and by a maximum amount of 47 m EUA. The financial requirements are covered by 6m EUA from the ECSC operating budget, 17 m EUA in contributions from the iron and steel industry and then if necessary up to 24 m EUA from the Member States.

In its resolution of 24 April 1979 Parliament criticized such a form of financing from different sources which is almost entirely outside the ECSC budget or the general budget of the Community.

Parliament demanded that these resources should be included in the budget of the European Communities in order to permit parliamentary control and expressed the view that for practical reasons (limited ECSC budget) it was advisable to finance this measure out of the budget of the European Communities particularly as it concerned energy policy.

Subject to these reservations, Parliament approved the Commission's proposal 'by way of exception' until 31 December 1980 and called upon the Commission 'to submit well before the expiry of the new decision and in good time for the 1981 budgetary procedure a revised proposal which provides for uniform financing through the general budget of the European Communities'¹.

The Commission has not met this request. This fact in itself calls for criticism by the European Parliament even though the Commissioner responsible for energy pointed out when this resolution was adopted that he did not think it advisable that the decision should expire at the end of 1980. The date of expiry of the decision was therefore put back until 31.12.1981.

The fact that the decision was put back until the end of 1981 does not in the opinion of the Committee on Budgets mean that the Commission is thereby relieved of its obligation to submit appropriate proposals.

Revenue from interest

The Commission estimates revenue from interest on invested own resources and on loans out of resources other than borrowed resources for 1981 at 40 m EUA, which is almost twice as high as the figure of 23 m EUA. The Commission gives no information on the reasons for this increase.

Accession of Greece

On page 13 of its aide memoire the Commission refers to the accession of Greece on 1 January 1981 but says nothing about the additional revenue or expenditure which this would involve.

Control

The Committee on Budgets notes the Commission's remarks on the control of ECSC activities in Annex E to its aide-mémoire.

¹ Paragraph 13 of the resolution, OJ No C 127, 21.5.1979, p.40

As far as internal control of financial activities is concerned, the Commission stresses the twofold system of control since 1978: ongoing examination of financial activities by the Court of Auditors and control by an auditing company.

This last form of control is in principle to be welcomed because it involves a technically qualified audit going into detail as in a company or with the European Investment Bank. It is however legitimate to ask whether such a dual form of control is necessary and whether it does not hold up Parliamentary control. The view of the Committee on Budgets is that these questions should be looked at more closely by the Committee on Budgetary Control when considering the next discharge report.

V. Conclusions

- The ECSC operating budget for 1981 is, like the budgets for the preceding years, characterized by a yawning gap between necessary expenditure and available revenue. 1981 requirements are only covered up to 65%.
- The Commission's aide memoire on the fixing of the ECSC levy rate and the drawing up of the ECSC operating budget for 1981 is not only unprecedentedly incomplete and wide open to criticism but it is also contradictory:
 - . In 1981 research aid for the steel sector which in the present crisis is relying particularly on technological innovations will cover only 35% of estimated requirements.
 - . Aid in the form of interest relief grants for investment for restructuring is to be completely deleted as far as the steel sector is concerned since there are not sufficient funds available, whereas in 1980 it was raised to 33 m EUA far above the budgets estimate.
 - . At the same time the Commission foregoes the Member State's special contributions amounting previously to 28 m EUA and paid over on the basis of special agreements.
 - . It is nevertheless considered impossible to reduce the rate of levy although no detailed reasons are given.
 - . The need to transfer revenue from customs duties to the ECSC is nowhere reasserted.
 - . There are no proposals for uniform financing of aid for coking coal and coke despite an explicit request from Parliament.
 - . There is no discussion of the effects of the accession of Greece.

OPINION OF THE COMMITTEE ON ECONOMIC AND MONETARY AFFAIRS

Letter from the chairman of the committee to Mr LANGE, chairman of the Committee on Budgets

2 December 1980

Dear Mr Lange,

At its meeting of 1 and 2 December 1980, the Committee on Economic and Monetary Affairs considered the aide-mémoire on the fixing of the ECSC levy rate and on the drawing up of the ECSC operating budget for 1981 (Doc. COM(80) - 623/final).

This budget is characterized by the striking contrast between the modesty of the appropriations on the one hand and, on the other, the volume of the financial requirements connected with the traditional activities of the ECSC as regards in particular aid to investment in modernization and aid to conversion. Moreover, the document fails to deal adequately with a question raised many times in Parliament, namely the social measures which should accompany current restructuring programmes and counter the temporary consequences of the decline in activity.

In these circumstances the Committee on Economic and Monetary Affairs cannot agree to the above proposals and urgently calls for use to be made of the scope offered by the ECSC Treaty with a view to enabling the European iron and steel industry to come through a difficult crisis and to increase its competitiveness.

Please consider this letter as the opinion of the Committee on Economic and Monetary Affairs on the aide-mémoire on the fixing of the ECSC levy rate and on the drawing up of the ECSC operating budget for 1981 .

Yours sincerely,

(sgd) Jacques DELORS

Present:

Mr Delors, chairman; Mr de Ferranti, Mr Macario, and Mr Deleau, vice-chairmen; Mr Balfour, Mr Beazley, Mr Beumer, Mr Bonaccini, Mr Caborn, Mr Delorozoy, Miss Forster, Mr Giavazzi, Mr de Goede, Mr Herman, Sir Brandon Rhys Williams, Mr Tuckman (deputizing for Mr Hopper) and Mr von Wogau.

OPINION OF THE COMMITTEE ON SOCIAL AFFAIRS AND EMPLOYMENT

Letter from the chairman of the committee to Mr LANGE, chairman on the Committee on Budgets

3 December 1980

Dear Mr Lange,

At its meeting of 3 December 1980 in Berlin the Committee on Social Affairs and Employment considered the ECSC operating budget and in particular the proposal from the Commission of the European Communities that the rate of the levy for 1981 should remain unchanged at 0.31%.

Since it would be impossible to increase this rate because of the crisis recently announced in this sector and since it would also be impossible to recommend a reduction in the rate in view of the fact that during this period of crisis expenditure, and above all social expenditure, is more vital than ever, the Committee on Social Affairs and Employment unanimously decided to approve the rate of levy proposed by the Commission of the European Communities.

Yours sincerely,

(sgd) J. W. PETERS

Present:

Mr Peters, vice-chairman and acting chairman; Mr Boyes, Mrs Cassanmagnago Cerretti, Mr Ceravolo, Mrs Clwyd, Mrs Dekker, Mr McCartin, Mrs Nielsen, Mr Prag, Mr Oehler, Mr Taylor, Mr Verhaegen and Mr Wawrzik.