

EUROPEAN PARLIAMENT

Working Documents

1980 - 1981

3 November 1980

DOCUMENT 1-540/80/ANNEX II

ANNEX

to the report drawn up by Mr Pietro ADONNINO
(Doc. 1-540/80) on behalf of the
Committee on Budgets

FIVE WORKING DOCUMENTS

relating to the draft general budget
of the European Communities for the
financial year 1981 (Doc. 1-465/80)

EUROPEAN PARLIAMENT

COMMITTEE ON BUDGETS

WORKING DOCUMENT No. 1
ON THE 1981 BUDGET

Presentation of the preliminary draft budget

Rapporteur: Mr P. ADONNINO

4.9.1980

The preliminary draft budget for 1981 was adopted by the Commission on 9 July 1980. It was presented to Parliament by the Commissioner for budgets on 10 July and forwarded to the Assembly on 14 July.

The adoption of the draft budget by the Council is scheduled for 23 September.

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1. AS IN PREVIOUS YEARS, THE 1981 BUDGET IS BEING CONSIDERED IN A DIFFICULT ECONOMIC AND FINANCIAL CONTEXT BECAUSE OF:

- the low economic growth in the Member States,
- the climate of budgetary austerity prevailing in the national administrations.

2. In addition to these general problems there are certain problems specific to the 1981 financial year:

- the imminent exhaustion of the Community's own resources,
- the budgetary solution to the problem of the United Kingdom's contribution,
- the financial arrangements applicable to Greece.

3. Lastly, the debate on the 1981 budget is bound to be influenced by two major issues which will be tackled during this financial year:

- bringing the cost of the common agricultural policy under control,
- the 'structural changes' needed to avoid 'unacceptable situations' arising for a Member State (mandate given to the Commission by the Council on 30 May 1980).

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4. FACED WITH THIS SITUATION THE COMMISSION ADOPTED ON 9 JULY A PRELIMINARY DRAFT BUDGET WHICH CAN BE DESCRIBED AS RESTRICTIVE.

5. At first sight the appropriations proposed by the Commission reveal a marked increase over 1980:

- commitment appropriations amount to 21,700 m EUA, i.e. an increase of 25% over 1980,
- payment appropriations amount to 20,000 m EUA, i.e. an increase of

28% over 1980.

6. The reality behind these figures, however, is very different, when the following three factors are taken into account:

(a) Measures in favour of the United Kingdom

7. The preliminary draft budget for 1981 includes appropriations of the order of 1,600 m EUA for the United Kingdom, although the measures envisaged¹ may also be linked to the structural policies of the Community.

8. If this amount is deducted from the total appropriation for 1981, the percentage increase in the preliminary draft budget compared with the 1980 budget drops from 25% to 16.3% for commitment appropriations and from 28% to 17.7% for payment appropriations.

(b) Average inflation rate forecast for 1981

9. The Commission forecasts an annual inflation rate of the order of 10% for 1981. This brings the real increase in appropriations for 1981 compared with 1980 down to 6.3% for commitments and 7.7% for payments.

(c) Low level of the 1980 base

10. Owing to the particular circumstances of its adoption, the 1980 budget showed a much smaller increase than in previous years (an increase of 21.4% in commitment appropriations and 3.5% in payment appropriations over 1979). As a result, the effective level of increase in appropriations for 1981 compared with 1980 is even smaller than it appears.

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¹ These measures are:

- financial mechanisms (Chapter 41).....	469 m EUA
- compensation for EMS interest rate subsidies (Art. 571)	44.7 m EUA
- supplementary measures (Art. 580).....	1,074.7 m EUA
	<u>1,588.4 m EUA</u>

11. Lastly, it should be pointed out that the appropriations for the 1981 budget will, for the first time, be used to finance expenditure in ten Member States instead of nine.

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12. ALTHOUGH IT IS LIMITED IN REAL TERMS, THE EXPENDITURE PROPOSED BY THE COMMISSION NEVERTHELESS REPRESENTS THE MAXIMUM THAT CAN BE ENVISAGED ON ACCOUNT OF THE IMMINENT EXHAUSTION OF THE COMMUNITY'S OWN RESOURCES.

13. The total revenue which the Community will have available in 1981 at a VAT rate of 1% is calculated to be 20,613 m EUA. The Commission is proposing a total of 20,051 m EUA in payment appropriations, corresponding to a VAT rate of 0.95%. The surplus is therefore 562 m EUA. Thus, for the 1981 financial year the Community would have a 'reserve' equivalent to only about 3% of total appropriations.

14. However, the situation is uncertain because of several factors which may influence the result either way:

- the appropriations proposed by the Commission naturally make no allowance for the increase in agricultural prices (and therefore for additional EAGGF expenditure) for the 1981/82 marketing year;
- it is probable that the appropriations in the 1981 budget will be augmented by carry-overs from the 1980 financial year - and it is possible that resources may be swelled by the carry-over of any surplus from the 1980 financial year;¹
- one cannot rule out the possibility that net revenue, particularly from VAT, may turn out to be higher or even lower than estimated.

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¹ This was the case for the 1980 financial year where resources were considerably augmented by the carry-over of a surplus of 460 m EUA from the 1979 financial year.

15. THESE BUDGETARY DIFFICULTIES EXPLAIN WHY THE COMMISSION HAS BEEN OBLIGED TO BE SEVERE IN ITS ALLOCATION OF APPROPRIATIONS TO THE VARIOUS POLICIES, CONSEQUENTLY - ALLOWING FOR THE INFLATION RATE OF 10% USED BY THE COMMISSION:- THIS ALLOCATION IS AS FOLLOWS:

- in the agricultural sector, the increase proposed by the Commission is limited to 14% i.e. 4% in real terms,
- in the social sector, the increase in commitment appropriations is 10.88%, which in real terms represents virtual stagnation,
- in the regional sector, the planned increase in commitment appropriations is 37.3%; however, after deducting the increase due to the allocation earmarked for Greece, the increase proposed for the Nine drops to 18%, or 8% in real terms,
- in the research/energy/industry/transport sector, payment appropriations are down by 0.8% (i.e. a drop of 10% in real terms) and commitment appropriations are up by only 12.7% (an increase of less than 3% in real terms),
- in the development sector, the increase proposed is of the order of 18% for both payment and commitment appropriations, which represents an increase of around 8% in real terms.

It should also be pointed out that the 1981 budget will have to finance the activities of ten Member States instead of nine in 1980.

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16. Above all, the Commission does not intend to finance any new projects in the 1981 financial year.

17. TO THESE GENERAL REMARKS CAN BE ADDED A BRIEF ANALYSIS OF EACH OF THE MAIN SECTORS OF EXPENDITURE UNDER THE PRELIMINARY DRAFT BUDGET ¹

Agriculture

18. The total appropriations entered in the preliminary draft budget for the agricultural sector is 13,740 m EUA in commitments and 13,514 m EUA in payments (which represents a nominal increase of 14% over 1980).

¹See tables in annex

19. The proportion earmarked for agriculture (Guidance and Guarantee Sections and miscellaneous) as a percentage of the total appropriations in the preliminary draft budget for 1981 is:

- 63% in payments (as against 65% in the 1980 budget)
- 67% in commitments (as against 76% in the 1980 budget).

(a) appropriations for the Guarantee Section of the EAGGF amount to 12,941 m EUA

20. Expenditure on milk and milk products alone amounts to 5,095 m EUA, or 39% of the EAGGF, Guarantee Section, which is a drop of 60 m EUA compared with 1980.

21. The rates of co-responsibility levy adopted by the Commission are as follows:

- normal levy: 2% until April 1981
1.5% from April 1981
- supplementary levy: 1.5% from April 1981

22. The Commission estimates that these levies will raise approximately 509 m EUA (as against 223 m EUA in 1980), which will reduce net expenditure in the dairy sector to 4,586 m EUA.

(b) for the Guidance Section of the EAGGF, 694 m EUA has been earmarked in commitment appropriations and 500 m EUA in payment appropriations (i.e. 3 to 4% of total spending on agriculture).

23. These appropriations constitute a significant increase (a nominal increase of some 50%) over 1980. However, leaving aside carry-overs¹ from previous years (very high in this sector), the actual increase is only of the order of 7%, in other words a stagnation in real terms.

¹ 182 m EUA in commitment appropriations carried over from 1979 to 1980, i.e. 39% of the appropriations voted;
213 m EUA in payment appropriations carried over from 1979 to 1980, i.e. 66% of the appropriations voted.

Social Fund

24. The appropriations earmarked for the Social Fund are:

- 1,000 m EUA in commitments (a nominal increase of 10% over 1980)
- 710 m EUA in payments (a nominal increase of 89% over 1980).

25. On the Commission's own admission, these appropriations fall well short of the level needed to cover applications for assistance and the sharp rise in payment appropriations is in fact merely a means of making up the delays which have arisen in previous years in the rate of utilization of appropriations.

26. The bulk of the aid from the Social Fund is concentrated on workers in crisis-hit regions (395 m EUA in commitments, i.e. 39.5% of total commitment appropriations) and on aid for young people (372 m EUA in commitments, i.e. 37.2% of total commitment appropriations).

Regional Fund

27. The allocation for 1981 proposed by the Commission is:

- 1,600 m EUA in commitments (a nominal increase of 37% over 1980)
- 770 m EUA in payments (a nominal increase of 91% over 1980)

It was pointed out above that the real rate of increase in the appropriations for the Nine was of the order of only 7%,¹ in other words well below the rate of increase in previous years (in commitment appropriations).

28. The apparent sharp rise in payment appropriations is also due to the delays which need to be made up.²

29. In this sector, as in the social sector, the Commission has presented its proposals for appropriations as 'minimum figures which can under no circumstances be reduced any further'.

¹ Commitment appropriations for 1981: 1,600 m EUA (1,368 m EUA for the Nine and 232 m EUA for Greece). Appropriations for 1980 for the Nine: 1,165 m EUA, i.e. a nominal increase of 17% (7% in real terms) from 1980 to 1981.

² 339 m EUA was carried over from 1979 to 1980, i.e. 84% of the appropriations authorized for 1979.

Research/energy/industry/transport

30. The Commission points out that, in view of the current situation concerning the formulation of Community programmes in these sectors, it is mainly here that it has had to make economies. It therefore proposes not to finance any new measures.

31. The total appropriations entered for existing projects are:

- 500 m EUA in commitments (a nominal increase of 12.76% over 1980)
- 376 m EUA in payments (a nominal decrease of 0.8% over 1980)

32. A drastic reduction in payment appropriations is made in the field of energy policy (down from 77.1 m EUA in 1980 to 48.5 m EUA in 1981).

33. The percentage of the total budget earmarked for these various policies has fallen compared with 1980 to :

- 2.3% in commitments (as against 2.6% in 1980)
- 1.9% in payments (as against 2.4% in 1980)

Development cooperation

34. The appropriations entered are:

- 958.7 m EUA in commitments
- 748.8 m EUA in payments

or an average nominal increase of 18% compared with 1980. Here also both payment and commitment appropriations have fallen as a percentage of the budget as a whole (commitments down from 4.64% in 1980 to 4.41% in 1981, payments down from 4.09% in 1980 to 3.73% in 1981).

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35. IN ADDITION TO DETAILS OF THE APPROPRIATIONS PROPOSED, CERTAIN MATTERS OF BUDGETARY PRINCIPLE MUST BE MENTIONED.

Classification

36. The differences of opinion between the institutions concerning the classification (compulsory/non-compulsory expenditure) of certain budget headings are growing. They involve some twelve headings, the main ones being:

- EAGGF/Guidance Section (Title 8)
- Food aid (Chapter 92)

- Cooperation with certain third countries/financial protocols
(Chapter 96)
- EMS interest rate rebates (Article 570)

37. It is likely that, for the financial year 1981, expenditure in respect of the financial mechanism and supplementary measures in favour of the United Kingdom will be added to this list.

38. It should be noted however that the Commission has finally agreed, under pressure from Parliament, to classify expenditure on food aid (Chapter 92) as non-compulsory, although this does not include cereals aid, which is covered by an international agreement.

Budgetization

39. The situation is as follows in the two areas concerned (borrowing and lending operations and EDF) :

- (a) As regards the budgetization of borrowing and lending operations, the Commission has repeated the proposal embodied in the 1980 budget but rejected by the Council.

It should be recalled that this budgetization (which relates to budget lines for each operation and not the present guarantee which has been included in the first part of the budget in previous years) basically involves the inclusion of borrowing and lending operations in Part II of the budget. For the 1981 budget, the Commission has devoted a separate volume (Volume VIII) to this Part II of the budget. It is worth emphasizing the particularly clear and comprehensive nature of this form of budgetization proposed by the Commission, which appears (subject to minor changes) to meet the wishes expressed by Parliament.

It should be noted, however, that the problem of amending the 'financial' regulation to bring it into line has still to be solved.

- (b) Similarly, as regards the budgetization of the EDF, the Commission has adopted the same position as for the 1980 budget:

- the appropriations for the EDF are not entered in the general budget although two lines are 'set aside' for them;
- an explanatory document on the financing of the EDF is appended to the preliminary draft budget (this document indicates that

the appropriations earmarked for 1981 are 950 m EUA in commitments and 300 m EUA in payments).

Entry of appropriations for new policies

40. The Commission refers in its general introduction to the preliminary draft budget (Volume 7 A, page 97) to the approach it has followed in this field since 1979:

- appropriations are entered on a budget line only where a basic regulation exists or is likely to be adopted before the beginning of the financial year;
- the Commission makes a token entry and enters appropriations under Chapter 100 if the proposal for a regulation is likely to be adopted during the financial year;
- the Commission makes a token entry if its proposal for a regulation is not yet ready for submission or if the amount cannot yet be calculated.

41. However, the Commission adds that because of the constraints peculiar to the 1981 budget it has applied this approach very restrictively and has not entered appropriations if there is no legal basis. This explains the presence of numerous token entries in fields such as energy, industrial policy, transport, environment, etc.

42. OVER AND ABOVE THESE QUESTIONS OF BUDGETARY PRINCIPLE THERE ARE CERTAIN SPECIFIC PROBLEMS WHICH NEED TO BE EXAMINED SEPARATELY.

Non-compulsory expenditure and Parliament's margin

43. Under the classification adopted by the Commission (not accepted in its entirety by Parliament), the total non-compulsory expenditure entered for 1981 is :

- 5,088 m EUA in commitment appropriations and
- 3,555 m EUA in payment appropriations¹

44. The maximum statistical rate of increase in NCE for 1981 over NCE in 1980 was fixed, as we know, at 12.2%; however, the increase in NCE in the preliminary draft budget for 1981 is 22% in commitment appropriations and 38.6% in payment appropriations.

¹ Non-compulsory expenditure accounts for the following proportion of the total budget:

- 23.4% of commitment appropriations
- 17.7% of payment appropriations

45. The preliminary draft budget is therefore based on the hypothesis of a 'new maximum rate' being fixed.

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46. Still according to the Commission's classification of NCE, Parliament's minimum margin would be 254 m EUA in commitment appropriations and 156 m EUA in payment appropriations.

The maximum 'margin' would be 509 m EUA in commitment appropriations and 313 m EUA in payment appropriations¹.

Creation of new own resources

47. The preliminary draft budget for 1981 adds nothing new as regards the creation of new own resources.

48. It should be pointed out that, as early as 1978, the Commission published a green paper on this problem, but neither the Council nor Parliament has yet given an opinion on this document; however, the Committee on Budgets is currently considering it in the context of the report by Mr Spinelli.

49. It should also be recalled that following pressure by Parliament the Commissioner for budgets undertook to present specific proposals in this field before the end of the 1980 financial year.

50. The Commission points out in the preliminary draft budget (Volume 7 page 12) that it will not present for the time being any specific proposals on own resources until the report on Community financing, which is scheduled for June 1981, has been completed.

51. The problem of own resources is therefore linked, as regards both timing and substance, to the more general one of re-establishing a balance in Community expenditure.

¹ It should be recalled that this margin is the amount of NCE which Parliament is entitled to add by amendment to the draft budget; the minimum margin is equivalent to half of the maximum rate (i.e. 6.1%) and the maximum margin is equivalent to the whole of this rate (i.e. 12.2%). This maximum margin would be even higher should the rate in the draft budget be negative. Thus the actual margin available will depend on the decisions taken by the Council in drawing up the draft budget.

Measures in favour of the United Kingdom

52. The preliminary draft budget for 1981 expresses in terms of appropriations the exact impact of the measures in favour of the UK adopted by the Council on 30 May 1980.

53. We should recall that these measures involve both the extension of the financial mechanism and the adoption of 'supplementary measures' in favour of the United Kingdom¹.

54. Their implications for the preliminary draft budget for 1981 is as follows:

- financial mechanism: 469 m EUA under the 1980 financial year
- supplementary measures: 1,074 m EUA of which
 - . 974 under the 1980 financial year
 - . 100 as an advance on the 1981 financial year

55. The Commission classifies these two types of expenditure as compulsory.

56. If we add to these appropriations the 44.7 m EUA which will also be paid to the United Kingdom in 1981 in the form of repayments for its non-participation in the EMS interest rate rebate system, we arrive at a total repayment to the United Kingdom of the order of 1,600 m EUA (8% of the budget in payment appropriations).

Financial implications of Greece's accession

57. The Act of Accession of 28 May 1979 provides, at the budgetary level, for certain transitional derogations in favour of Greece:

- customs duties : Greek tariffs will not be aligned with the Common Customs Tariff until 1986. In the meantime, Greece will pay to the Community only that part of its customs revenue which corresponds to the Community tariff;

¹The regulations covering these two measures have been put before the Council, which will be unable to adopt them until it has obtained the opinion of Parliament, due to be delivered at the September part-session.

- VAT/GNP : Greece will not apply the sixth VAT directive until 1984. In the meantime, it will pay a financial contribution based on its share of GNP. However, a large percentage of this contribution will be refunded to it at the rate of 70% in 1981, 50% in 1982 and so on. There will be no reimbursement as from 1986.

The purpose of these derogations is to avoid Greece appearing to be a 'net contributor' to the Community budget.

58. In practice, it is estimated that the 1981 budget should provide a net balance in favour of Greece of the order of 80 m EUA. This net gain could be as much as 220 m EUA in 1982.

59. It is clear from the preliminary draft budget for 1981 that Greece will pay into the budget, under the heading of own resources, around 368 m EUA, i.e. 1.8% of the total revenue from the Member States.

However, it will receive some 134 m EUA of these 368 m EUA in the form of repayments. Its actual payments therefore will amount to 234 m EUA, or 1.2% of the revenue from the Member States.

THE BUDGET FOR 1981 COMPARED WITH THE BUDGET FOR 1980
APPROPRIATIONS FOR COMMITMENTS

Sector (Title, Chapter, Article)	EUA					
	1980 BUDGET	PRELIMINARY DRAFT 1981	CHANGE			
	1	X	2	X	3	X
AGRICULTURE						
EAGGF Guarantee (Titles 6 and 7)	11.485.510.000	66,31	12.981.467.000	59,55	+ 1.455.957.000	+ 12,66
EAGGF Guidance (80-85)	447.680.000	2,58	669.400.000	3,08	+ 221.720.000	+ 49,53
Fisheries (86-89)	50.070.000	0,28	114.364.000	0,53	+ 64.294.000	+ 128,41
Agriculture (31)	12.266.000	0,07	14.899.000	0,07	+ 2.633.000	+ 21,47
Total	11.995.526.000	69,26	13.740.130.000	63,23	+ 1.744.604.000	+ 14,54
SOCIAL						
Social Fund (50-53)	909.500.000	5,25	1.000.000.000	4,60	+ 90.500.000	+ 9,95
ECSC contributions (54)	p.m.	-	p.m.	-	-	-
Disasters (59)	5.000.000	0,02	6.000.000	0,03	+ 1.000.000	+ 20,-
Miscellaneous (30 and 35)	18.160.000	0,10	28.163.000	0,13	+ 10.003.000	+ 55,08
Total	932.660.000	5,38	1.034.163.000	4,76	+ 101.503.000	+ 10,85
REGIONAL						
Regional Fund (55, 56)	1.165.000.000	6,72	1.600.000.000	7,36	+ 435.000.000	+ 37,34
Suppl. measures UK (58)	p.m.	-	1.074.700.000	4,95	+ 1.074.700.000	-
Interest subsidies (570)	200.000.000	1,15	200.000.000	0,92	-	-
Total	1.365.000.000	7,88	2.874.700.000	13,23	+ 1.509.700.000	+ 110,60
RESEARCH, ENERGY, INDUSTRY, TRANSPORT						
Energy policy (32)	100.000.000	0,57	143.000.000	0,66	+ 43.000.000	+ 43,-
Research and Investment (33)	312.918.000	1,80	313.773.000	1,44	+ 855.000	+ 0,27
Industrial policy (370-375)	12.077.000	0,06	18.150.000	0,08	+ 6.073.000	+ 50,29
Transport policy (378, 379)	1.100.000	0,-	1.430.000	0,01	+ 330.000	+ 30,-
Miscellaneous (34, 36, 39)	17.337.000	0,10	23.664.000	0,11	+ 6.327.000	+ 36,49
Total	443.432.000	2,56	509.017.000	2,30	+ 56.585.000	+ 12,76
DEVELOPMENT COOPERATION						
Food aid (92)	395.544.000	2,28	391.498.000	1,80	- 5.046.000	- 1,28
Non-associated DCs (93)	145.275.000	0,83	209.000.000	0,96	+ 64.075.000	+ 44,11
Disasters (95)	43.000.000	0,24	10.000.000	0,05	- 33.000.000	- 76,74
Coop. with third countries (96)	178.245.000	1,02	278.178.705	1,28	+ 99.933.705	+ 56,07
Miscellaneous (94, 97, 99)	41.919.600	0,24	70.697.500	0,33	+ 28.777.900	+ 68,65
Total	803.983.600	4,64	958.724.205	4,41	+ 154.740.605	+ 19,26
Staff (Title 1)						
Admin. (Title 2 excl. 254, 272, 273 and 28, 29)	421.313.300	2,43	471.908.400	2,17	+ 50.595.100	+ 12,01
Information (254, 272, 273)	135.398.100	0,78	185.719.500	0,85	+ 50.321.400	+ 37,17
Aid subsidies (28, 29)	10.202.500	0,05	14.045.000	0,06	+ 3.842.500	+ 37,64
Total	51.160.900	0,29	59.858.200	0,28	+ 8.697.300	+ 17,-
Reserves (101, 102)						
Reserves (101, 102)	5.000.000	0,02	6.000.000	0,03	+ 1.000.000	+ 20,-
Repayments to Member States (40)						
(Incl. special repayments to Greece (49) and UK (571))	834.523.000	4,81	1.053.418.438	4,85	+ 218.895.438	+ 26,23
Financial mechanism (41)	p.m.	-	469.000.000	2,16	+ 469.000.000	-
COMMISSION TOTAL						
	16.998.199.400	98,15	21.367.683.743	98,32	+ 4.369.484.343	+ 25,71
OTHER INSTITUTIONS						
	320.695.861	1,85	364.123.205	1,68	+ 43.427.344	+ 13,54
GRAND TOTAL						
	17.318.895.261	100,-	21.731.806.948	100,-	+ 4.412.911.687	+ 25,48

EUROPEAN PARLIAMENT

DRAFT 1981 BUDGET

BUDGETARY COOPERATION PROCEDURE ⁽¹⁾

Rapporteur's reflections
on the general guidelines for the 1981 budget

2. Problems of substance

Rapporteur: Mr ADONNINO

(1) In application of the resolution annexed to the Treaty of 22 April 1970 and the interinstitutional agreement of 10 November 1971.

18 September 1980

The purpose of this document, in the context of the budgetary cooperation procedure laid out in the inter-institutional agreement of 10 November 1971, is to inform Council of the first reflections of the rapporteur on procedure and on the general guidelines for the 1981 budget - reflections based principally on an analysis of the preliminary draft budget drawn up by the Commission.

I.

1. The 1981 budgetary procedure takes place under conditions which appear even more difficult than those concerning the 1980 budget.

The major problems which have yet to be resolved are as follows:

- the containment of agricultural expenditure;
- the budgetisation of borrowing and lending activities and of the EDF;
- the development of structural policies;
- certain questions of budgetary principle.

2. To these problems should be added specific supplementary difficulties of the 1981 financial year concerning:

- the running out of existing own resources;
- the cost of measures designed to redress the financial situation in one Member State;
- the accession of a tenth Member State to the Community;
- uncertainties on measures to be taken to rebalance policies and the finances of the Community.

3. Parliament has drawn Council's attention to these problems on various occasions, going as far as the rejection of the draft budget for 1980.

4. In these conditions the rapporteur must, as firmly as possible, inform Council of what he considers to be the two fundamental problems for the 1981 budget:

- a correct agricultural policy necessitates the limiting of the uncontrolled growth of agricultural expenditure. Supplementary economies must be achieved in this sector, notably through the containment of surplus production. Furthermore the financing of increases in prices for the 1981/82 agricultural year must be achieved through savings made in the agricultural sector itself;
- the combined use of economies and of the margin of own resources left within the 1% VAT ceiling should enable the financial effort in favour of structural expenditure designed principally to promote convergence of the economies of the Member States to be sustained. In this context the rapporteur believes that the rate of 0.95% of VAT proposed by the Commission is fully justified.

5. The rapporteur wishes to draw the attention of Council as well to the fact that certain ad hoc and provisional measures - within the limits of revenue arising within the 1% VAT ceiling - could be used to permit a not insignificant growth in the totality of these resources. These measures should be examined subsequently by the Budgetary Authority and by the Commission but can be summarised as follows:

- putting at the disposal of the Commission - in a form to be decided - financial interest on the revenues in the Community's account held by the treasuries of the Member States;
- keeping for the Community's disposal appropriations voted but not utilised during previous financial years as well as the remaining balances from own resources;
- suspending exceptional and provisionally all or part of the reimbursements for Member States of the costs of collecting own resources.

6. This possible increase in resources should be earmarked exclusively for the financing of structural expenditure.

II.

EXAMINATION OF THE GENERAL CONTENT OF THE PRELIMINARY DRAFT BUDGET INDICATES CLEARLY THAT THE COMMISSION IS RESIGNED TO THE FACT THAT THE PRELIMINARY DRAFT BUDGET FOR 1981 IS TO BE A TRANSITIONAL BUDGET AND LARGELY STATIC IN NATURE. INDEED, THE COMMISSION ITSELF REFERS TO IT IN THESE TERMS.

7. In the face of the persistence, indeed aggravation, of the economic and financial difficulties of the Member States on the one hand and the need to consider at an early date the strengthening and reorganization of Community finances on the other, the Commission's main concern in its budgetary proposals for 1981 has been to provide for the management of current business with due regard to the restrictions imposed by the financial provisions. It has therefore abandoned any thought of building up existing policies or launching new ones.

IT SEEMS TO THE RAPPORTEUR THAT PARLIAMENT OUGHT NOT TO ENDORSE SUCH A STATIC APPROACH. WHILST RECOGNIZING THE DIFFICULTIES AND PROBLEMS WITH WHICH THE COMMUNITY WILL HAVE TO GRAPPLE NEXT YEAR, IT CONSIDERS THAT THE 1981 BUDGET MUST PERMIT A DYNAMIC TRANSITION TOWARDS THE FUTURE.

8. This analysis is based on four considerations :

- (a) in a period of recession public finance - whether regional, national or Community - plainly has a role to play in maintaining or reviving economic activity, particularly in the investment sector;
- (b) increases in Community expenditure no longer have any direct effect on the balance of the national budgets now that the Community's resources are collected directly on the basis of general economic activity rather from the financial contributions of the Member States;
- (c) the budget is the main instrument of the Community's development; it is not an accounting document which merely records the financial consequences of decisions taken previously. On the contrary, it provides the best opportunity and means of strengthening or launching common policies, thus lending substance to the political will of the different institutions;
- (d) finally (and this applies particularly to the 1981 financial year), the Community budget also provides an opportunity to draw the lessons from the difficulties encountered in previous years and to prepare the ground for the implementation of the reforms that have proved necessary.

9. HOW, SPECIFICALLY, CAN WE TRANSLATE INTO BUDGETARY TERMS THE MAIN ELEMENTS OF THIS DYNAMIC TRANSITION THAT IS TO BE THE HALLMARK OF THE 1981 FINANCIAL YEAR? WE CAN DO SO BY ENSURING THAT THE BUDGETARY POLICY PURSUED BY THE INSTITUTIONS IS BASED ON FOUR PRINCIPLES:

- improving the effectiveness of expenditure;
- concentrating efforts on a certain number of priority objectives;
- developing or launching policies vital to the Community;
- preparing for the implementation in the course of the financial year of the rebalancing of the policies and finances of the Member States.

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Each of these objectives calls for special comment:

Improving the effectiveness of expenditure

10. Experience has shown that the Community has not given sufficient thought to the economic and financial return on the measures it has undertaken.

To remedy this situation it is necessary to:

- (a) improve the day-to-day management of certain instruments, and especially the EAGGF, Guarantee Section. It has become plain, particularly during the first half-year of 1980, that appreciable economies could be achieved through more meticulous and more rigorous management. It is now necessary to indicate the extent and nature of the measures to be taken to achieve these economies. This effort should be undertaken by the Commission which can count on the full support of Parliament;
- (b) evaluate as precisely and systematically as possible the real impact of expenditure on certain common policies: research, Social Fund, Regional Fund, cooperation. It is important that the Commission should as quickly as possible develop an adequate system of cost-benefit analysis and for it to draw, together with the Budgetary Authority, the appropriate conclusions from it. Furthermore it should be noted that certain Community activities costing little (competition policy, harmonisation of legislations, opening up of markets, etc.) involve considerable benefits for all Member States even if they are not easily to be assessed in a cost-benefit analysis;

- (c) attain as quickly as possible in the sectors concerned - in particular as regards regional measures - the 'effectiveness threshold' below which problems cannot be solved and expenditure remains only marginally productive.

In this connection account should be taken of the conclusions reached by the McDougall working party.

Concentration of effort

11. Diversification of the Community's activities has led to some fundamental priorities being obscured and efforts dispersed, something which is particularly apparent in the context of the budget. To arrest this trend it is necessary to:

- (a) identify clearly policies that can be conducted by the Community more effectively and/or at lower cost than by the Member States and to concentrate effort on them. This should become - or should again become - the fundamental criterion of all Community activity;
- (b) give special priority to structural measures designed to attack the root causes of problems, and to avoid a proliferation of superficial and ad hoc measures;
- (c) give preference to specifically Community policies aimed at solving problems encountered in all the Member States and no longer to support disparate or incompatible national policies, except in cases where exceptional and temporary assistance has to be rendered to a Member State in special difficulty.

Development of vital policies

12. The uncertainties and difficulties being experienced at present should not prevent policies that are vital for the Community from being pursued in 1981; any slackening of effort here would in any case jeopardize the success of the reforms on which decisions will have to be taken during the financial year.

13. In particular, it will be essential to maintain the normal progression of multiannual commitments so as to avoid any protracted slowing down of Community activity in these fundamental sectors.

14. Similarly, these difficulties and these problems should not prevent new policies the desirability of which is unanimously recognized from being launched in 1981. Here again all the necessary financial commitments should be covered by the 1981 budget.

15. It should be pointed out in this connection that, technically, the exhaustion of resources available at present essentially restricts the growth of payments to be charged during the 1981 financial year but has only a very minor bearing on the growth of commitment appropriations, the bulk of which will not give rise to payments until subsequent financial years, in other words when it will have been possible to find a solution to the overall problem of Community financing.

Preparing for the reforms envisaged

16. Consideration of the 1981 budget should also be used as an opportunity to embark on inter-institutional discussions on the reforms on which decisions will have to be taken during the financial year and particularly measures designed to re-establish a balance in the budget.

17. Parliament intends to take an active part in their elaboration and adoption, if need be by recourse to the legislative conciliation procedure. However, this will be a fundamental debate, preparations for which must be made as far ahead as possible. The matter will therefore have to be considered already this year in the context of the budgetary dialogue.

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THOSE ARE THE BASIC POINTS ON WHICH PARLIAMENT OUGHT TO CONCENTRATE ITS DEBATES AND THE BUDGETARY POLICY FOR 1981. SUCH AN APPROACH - PROVIDED IT IS SHARED BY THE OTHER INSTITUTIONS - WOULD PERMIT US TO OVERCOME PRESENT DIFFICULTIES, DRAW FROM THEM ALL THE APPROPRIATE LESSONS, ENSURE CONTINUITY OF ACTION AND PREPARE FOR THE FUTURE. THE APPROACH WOULD RECONCILE THE TWO EXIGENCIES OF TRANSITION AND DYNAMISM, THE COMBINATION OF WHICH WOULD SEEM TO SERVE THE INTERESTS OF THE COMMUNITY.

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III.

AS WELL AS PERMITTING CONSIDERATION OF THESE QUESTIONS OF A POLITICAL NATURE, THE ADOPTION OF THE 1981 BUDGET MUST ALSO PROVIDE AN OPPORTUNITY TO TACKLE - AND, IF POSSIBLE, SETTLE - CERTAIN INTER-INSTITUTIONAL DIFFERENCES AS REGARDS THE APPLICATION OF BUDGETARY PRINCIPLES OR MECHANISMS.

18. Since 1979 Parliament has followed a consistent and duly substantiated line on these questions:

- the budget must provide a clear basis on which the budgetary authority can take unambiguous decisions. In this connection the problems of the classification of expenditure and the application of the maximum rate must be settled;
- the budget is the necessary basis of all Community activities and therefore of all its expenditure. Both borrowing and lending operations and the EDF must therefore be fully integrated in it;
- as a general rule the budget provides a sufficient basis for the utilization of appropriations. The problems connected with legal bases and the management committees must neither impede nor modify such utilization.

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It is worthwhile summarizing briefly Parliament's position on these different points.

Classification of expenditure

19. Interpretation of the concept of compulsory and non-compulsory expenditure has proved very difficult, as Parliament had foreseen when the Treaties were amended.

The Assembly has nevertheless sought to apply the system in a reasonable and logical manner and has on many occasions expressed regret that the Council was unwilling to enter into a genuine dialogue on the divergences that emerged.

20. Parliament considers that the concept of non-compulsory expenditure should be applied in a restrictive manner, so as to leave the budgetary authority considerable freedom of action and leave it the possibility each year of assessing the desirability and amount of the expenditure envisaged. It is certainly in the interest of the Community, especially in a period when resources are limited, to preserve such a flexibility.

For the 1981 budget Parliament will again take steps to arrive at an agreement with the Council on the classification of all budget lines, whether old or new, so as to remove all possible ambiguity.

Application of the maximum rate

21. The essential purpose of the maximum rate of increase in non-compulsory expenditure is to restrict the growth in the overall volume of the Community's expenditure, from year to year and hence of the revenue it has to raise. Parliament has therefore always taken the view that it could not be applied rigidly to commitment appropriations, which are no more than multiannual programme authorizations. The Assembly has, however, accepted that the rate could provide the budgetary authority with a useful reference in assessing the desirable annual rate of increase in commitment appropriations.

Budgetization of borrowing and lending

22. It is quite unjustifiable that the Council, which has been pressed by the Assembly on this matter since 1975, should still have come to no decision.

The arrangements for budgetization proposed by the Commission in 1979 and revived in the preliminary draft budget for 1981 are acceptable and ought to be supported subject to certain changes.

In any event the necessary revision of the Financial Regulation must not serve as a pretext for delaying this budgetization beyond the 1981 budget.

Budgetization of the European Development Fund

23. It is unfortunate that it has proved impossible to secure the budgetization of the EDF in time for the entry into force of the new Lomé Convention, although Parliament has noted with satisfaction the assurances in that connection by the Commission and the Council with respect to the future Convention.

In the meantime it is essential to support the proposals put forward by the Commission in its preliminary draft budget for 1981, supplementing them if necessary.

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In the meantime it is essential to support the proposals put forward by the Commission in its preliminary draft budget for 1981, supplementing them if necessary.

Legal basis

24. Parliament takes the view that, as a rule, the adoption of the budget constitutes in itself an authorization to implement the expenditure, since otherwise the Budgetary Authority's decisions would appear to be bereft of all significance.

25. The need for precise legislation before any budget line is opened appears to be founded neither in law nor in logic. The legal framework should certainly be provided for the development of large-scale measures, but the Budgetary Authority is entitled to furnish the Commission with the financial resources necessary for the launching of new policies. As the policies get underway, the need for an appropriate legal framework may well emerge.

26. Similarly, Parliament has always opposed the practice of fixing expenditure by way of regulation, since it usurps the powers of the Budgetary Authority and is not consonant with the need for an overall view of Community finances and for a balanced budget, objectives which can only be achieved in the context of the vote on the annual budget.

EUROPEAN PARLIAMENT

COMMITTEE ON BUDGETS

WORKING DOCUMENT No. 3
ON THE 1981 BUDGET

Classification of Expenditure

Rapporteur: Mr ADONNINO

22.9.1980

This document tabulates the varying classifications of certain budgetary items by the Commission, Council and Parliament.

The rapporteur feels that this table could provide a basis for ad hoc discussions between the institutions so that these differences might be settled if possible during the 1981 budgetary procedure.

DIFFERING CLASSIFICATIONS (CE/NCE) BY THE COMMISSION,
COUNCIL AND PARLIAMENT

- * The Commission's view is taken from the table annexed to Volume 4 of the 1981 preliminary draft budget
 ** The Council's view has been deduced from the attitude it took in the last budget debates
 *** Parliament's view has been deduced from the Committee on Budget's working document of 26.9.1979 (PE 59.463)

Budget nomenclature	Heading	Classification according to			Appropriations in round figures (MEUA) (1981 PDB)	Remarks
		Commission	Council	Parliament		
<u>Chapter 10</u>	Expenditure relating to Members of the Commission	CE	CE	NCE	4.1	Parliament considers that salaries & allowances of Members should be classified as non-compulsory as are those of staff
<u>Article 112</u>	Staff pensions and severance grants	CE	CE	NCE	35.4	
<u>Items</u> 1210 1220 1230	Various allowances (Members)	CE	CE	NCE	0.4	(See Chapter 10)
<u>Article 125</u>	Allowances for staff assigned non-active status, retired in the interests of the service etc.	CE	CE	NCE	7.6	
<u>Article 129</u>	Provision for adjustments to remunerations	CE	--	NCE	0.6	
<u>Article 298</u>	EEC contribution to administrative expenditure connected with international agreements	CE	CE	NCE	1.4	Parliament considers that these appropriations can be determined during the annual budgetary procedure
<u>Article 410</u>	Financial mechanism	CE	CE	?	469	Parliament has yet to take a final decision
<u>Article 570</u>	Interest rate on subsidies on loans linked to the EMS	CE	CE	NCE	200	Parliament affirms the non-compulsory nature of this expenditure in its opinion of 25.4.1979 to the Council
<u>Article 580</u>	Supplementary measures in favour of the United Kingdom	CE	CE	NCE	1,074.7	Parliament affirms the non-compulsory nature of this expenditure in its opinion of 18.9.1980 to the Council

Budget nomenclature	Heading	Classification according to			Appropriations in round figures (MEUA)		Remarks
		Commission	Council	Parliament	(1981 PDB)		
<u>Chapter 96</u>	Cooperation with non-Member countries	CE	CE	NCE	C	264.1	Parliament classifies <u>all</u> this expenditure as non-compulsory as the international agreements do not provide for the <u>annual</u> fixing of appropriations
					P	207.2	
Item 9601	Portugal: aid to prepare for accession	NCE	CE	NCE	C	90	
					P	50	
Article 963	Special aid for Turkey	NCE	CE	NCE	C	35	
					P	35	
Article 967	Cooperation with the Arab countries	NCE	CE	NCE	C	1	
					P	1	
<u>Chapter 97</u>	Commodities	CE	CE	NCE		token entry	(See chapter 96)
<u>Chapter 100</u>	Provisional appropriations	CE/NCE	CE/NCE	NCE	C	108.7	Parliament regards all appropriations under Chapter 100 as a reserve to be used at the discretion of the budgetary authority, and therefore non-compulsory
					P	83.2	

EUROPEAN PARLIAMENT

COMMITTEE ON BUDGETS

WORKING DOCUMENT No. 4
ON THE 1981 BUDGET

Community loans and their current volume

Rapporteur: Mr ADONNINO

2.10.1980

What is the current volume of Community loans?

The Community has 5 distinct borrowing mechanisms and the volume of its financial activities increases considerably each year. At present, the Community's annual borrowing and lending capacity can be estimated approximately at almost 7,000 m EUA broken down as follows:

- ECSC	1,000 m EUA
- Balance of payments	2,000 m EUA
- Euratom	250 m EUA
- NCI	500 m EUA
- EIB	3,000 m EUA

Although these different mechanisms operate in very different ways, they all share the same objective of financing by borrowing - rather than through fiscal revenue - various Community policies (industrial, iron and steel, energy, regional, monetary ...) which are more or less integrated.

Need for parliamentary control of borrowing

The present volume of borrowing, the high rate of growth and the essential nature of the activities thus financed very quickly led Parliament to seek some form of democratic control over these financial operations.

As early as 1975 (when Euratom loans were introduced), Parliament felt that this control should be exercised through the inclusion of borrowing and lending operations in the annual budget.

There ensued a very long period of negotiations with the Commission and the Council on this subject, particularly during the discussions on the annual budgets and on the amendments to the Financial Regulation.

Parliament has won the Commission round to its point of view but the Council has always postponed any decision on this subject.

In its resolution on the draft 1980 budget Parliament made this budgetization an essential condition for the adoption of the budget. Before it was finally adopted (June 1980), the Council undertook to consider this matter in the very near future to find the appropriate solutions. This request by Parliament and the undertaking given by the Council were essential features of the inter-institutional meeting of 23 September 1980.

What form of budgetization?

Briefly, Parliament and the Commission request the creation of a capital budget, distinct from but forming an integral part of the general budget of the Communities.

The purpose of this capital budget would be to:

- authorize annual borrowing and lending operations within ceilings fixed by the basic regulations,
- set out clearly the extent of Community borrowing,
- provide a guarantee from the Community budget for the Community's creditors.

How are the budgetary rules laid down in the Treaty and in the Financial Regulation to be applied to this capital budget?

This problem does in fact require a review of the Financial Regulation which the Council has twice failed to consider in spite of the insistence of the Commission and Parliament (in 1976 and 1978).

The main question is clearly to determine which of the Council or Parliament is to have the last word on the adoption of this capital budget.

Can this problem be settled (and if so how) in the adoption of the 1981 budget?

It should be recalled that the budgetization of loans was one of the reasons Parliament rejected the 1980 budget; at that time the Council had undertaken to define its position on this question within six months and to open the conciliation procedure which Parliament had been requesting since 1975. The rapporteur of the 1981 budget proposes the following alternative:

- (a) either the Council takes a favourable decision during the budgetary procedure following informal cooperation meetings leading to a detailed solution to the problem in question, a decision which would have to lead to the incorporation of the capital budget section proposed by the Commission in the preliminary draft 1981 budget. This part would then become operational after the amendment to the Financial Regulation which the Council would undertake to adopt not later than 31 March 1981.
- (b) or, should the Council once more delay a solution to this problem, Parliament should use its right to the last word and adopt the 1981 budget including a capital budget in the form proposed by the Commission - while declaring itself prepared to open negotiations with the Council on the practical implications of this budgetization, that is to say on the review of the Financial Regulation.

I. BACKGROUND

This background can be summarized as follows:

- budgetization was requested for the first time by Parliament when Euratom loans were created¹. In its resolution of 19 June 1975 (OJ C 157/35) Parliament
 - '3. Considers that, in line with the relevant legal rules, an entry should be made in the annual budget to cover Community borrowings and lendings, which should be subject to the budgetary procedure applicable to all Community revenue and expenditure, and that the Commission must therefore be empowered by the budgetary authorities to borrow funds and to approve loans of sums to be accurately defined and set out in the budgetary documents;'
- during the adoption of the 1976/77/78/79 and 1980 budgets, Parliament introduced on first and second reading (except for the second readings of the 1979 and 1980 budget) a limited and sometimes incomplete form of budgetization;
- within the framework of the 'inter-institutional dialogue of 1976/77/78 on certain budgetary questions'², Parliament made clear its position on the question of budgetization and attempted - without success - to open a dialogue with the Council on this point;
- during the general review of the Financial Regulation (1976/1977) the question of budgetization was excluded from the final agreement; this question was taken up again during the second amendment to the Financial Regulation (March 1979) but it was decided to postpone discussion on this point once more; a third amendment to the Financial Regulation was then made (May 1979) without this point being raised.

¹ The opinion of the Committee on Budgets was the origin of this request: the committee wished to see borrowing and lending authorized in the budget and the creation of a capital budget for which it put forward a specific proposal (PE 40.927)

² Reports of the working party of the Committee on Budgets chaired by Mr Cointat

Present situation: the Council must consider the question of budgetization in the very near future since it has to reach a decision on

- the new 1980 draft budget,
- the (second) amendment, still outstanding, to the Financial Regulation¹.

∩ It should be noted that the Council has always considered the amendment of the Financial Regulation as a prior condition for budgetization.∩

II. POSITIONS OF THE VARIOUS INSTITUTIONS

These positions have obviously changed between 1975 and 1980. However, these changes can be summarized as follows:

- in 1975 Parliament set out the principle whereby the budget should authorize annual borrowing/lending operations - and that these operations should be included separately in a capital budget annexed to the general budget;
- the Commission has gradually come into line with this proposal and included it in its amended proposal for a general review of the Financial Regulation (10 March 1977) - and then in its new proposal (still outstanding) of 15 June 1978. It also included it, in increasingly detailed form (in the preliminary draft budgets for 1977/78/79 and 80);
- the Council has never accepted any change in the Financial Regulation on this point but it has progressively tolerated a more restricted form of budgetization, particularly in the adoption of the 1979 budget.

¹ On 12 December 1979, the Council undertook to complete, within six months, consideration of the Commission's proposal on the amendment of the Financial Regulation (on the subject of budgetization of loans) with a view to reaching a common position

a) Position of Parliament and the Commission

Parliament's present position is set out in detail in the report on the 'inter-institutional dialogue' of 1978¹. The budgetization of borrowing/lending should have the following aims and effects:

1. to give a clear overall view of the Community's borrowing/lending policy and of the extent of its debts,
2. to give annual authorization for recourse to borrowing/lending,
3. to fix the amount of operations thus authorized, within the framework of the regulations in force and in the light of real needs,
4. to serve as a guarantee for those lending funds to the Community,
5. to inform the budgetary authority - during the financial year - of the main operations planned or carried out,
6. to allow subsequent verification - within the framework of the discharge - of the legality and sound management of these operations.

Parliament agrees with the Commission on the technical details of this budgetization as set out in the proposal for an amendment to the Financial Regulation of 15 June 1978 and the preliminary draft budget for 1980:

1. the ordinary budget (part I) sets out borrowing (under revenue) and lending (under expenditure) for the sole purpose of providing a guarantee; a token entry and appropriate remark are included;
2. the capital budget (part II) lays down the authorized amounts of borrowing (title 1) and lending (title 2) for each of the existing mechanisms². It also sets out the annual repayments to or by the Community for previous operations.

b) Position of the Council

The Council has never explicitly stated the reasons why it has so far opposed the form of budgetization proposed by Parliament and the Commission. It is only very recently that its specialized bodies appear to have seriously embarked on consideration of this matter.

¹ PE 53.574 fin. - working document by Lord Bruce of Donington

² That is to say, in 1980, Community loans (support for the balance of payments of Member States) - Euratom loans - NCI loans (promotion of investment).

However, in the 1979 budget, it accepted a token entry for borrowing in the budget, the sole purpose of this entry being to allow the Community guarantee to operate; it also accepted the inclusion of an Annex III purely for information setting out operations carried out in preceding years.

COMMITTEE ON BUDGETS

WORKING DOCUMENT

on the 1981 budget

Information notes on certain budgetary lines

Rapporteur: Mr ADOANNINO

6.10.1980

1981 BUDGET

Community Establishment Plans

Summary¹

Permanent posts and temporary posts

	1980 ²	1981 PDB ²	Increase	
			Absolute	Percent
EP ³	2,329	2,909	+ 580	24
Council	1,599	1,869	+ 270	17
Economic and Social Committee	334	396	+ 62	19
Commission	8,885	9,351	+ 466	5
Publications Office	265	265 ⁴	?	?
Commission Research	2,724	2,756	+ 32	1
Court of Justice	363	485	+ 122	34
Court of Auditors	255	287	+ 32	13
Total	16,754	18,074	+1320	

¹These figures are based on the preliminary drafts of the Institutions and as regards the Commission on the following documents:
COM (80) 250-FR, No. IX/1436/80, IX/1042/80 (Parts I and II)

²Including temporary posts

³Including political groups

⁴Any requests for extra staff not yet available

Commission Establishment Plan

(excluding Research)

1981

Permanent posts	8,996
Temporary posts	355
	<u>9,351</u>
Publications Office	265
Auxiliary staff (4.6.1980)	68
Interim staff (4.6.1980)	96
Local staff (1980: 606)	506 approx.
	<u>10,286</u>
	=====

With these figures, Commission staff will, for the first time, in 1981, pass the 10,000 mark.

These figures do not include the ancillary institutions:

- European Association for Cooperation (EAC)	403 ¹
- Foundation for the Improvement of Living and Working Conditions	31
- Centre for the Development of Vocational Training	36
	<u>470</u>
	===

¹The staff of the EAC are as follows:

43 Delegates)	
192 Advisers)	
72 Technical staff)	Overseas
45 Special contracts)	
52 Headquarters staff)	
<u>403</u>		(21 of these employees are Commission officials)

1981 BUDGET - COMMISSION

Breakdown of requests for staff

Permanent Posts

Category	Special requests	Greeks	Miscellaneous
A	42	32	49
B	44	36	14
C	37	62	66
D			95
L/A		30	54
	123	160	278 = <u>561</u>

Temporary Posts

1980	450
Establishment of 140 Greek temporary staff	-146
Cabinet (Greeks)	+ 13
Telematics and data- processing	+ 38
1981	<u>355</u> ===

¹Creation of posts for local staff (100),
Conversion of temporary staff posts (Greeks) (146)
Establishment of EAC employees (32)

(a) Specific requests for posts

Area	Cat. A	Cat. B	Cat. C	Total	Page of Doc. IX/1042/80
External Relations (Application of Article 115)	1	1		2	9
Competition	2			2	13
General agricultural policy	2	2	2	6	17
Food aid, aid to) developing countries) and Lomé II)	4	4	6	14	19
Computer Centre	12	20	13	45	25
Fisheries policy		2	2	4	33
Regional policy		1	1	2	35
Telematics (+)	7	3	4	14	36
GATT	11	14	13	38	50
Information programme(+)	15	1	8	24	53
Total	54 ==	48 ==	49 ==	151 ===	
Of which Permanent Posts	32	44	37	113	
Temporary Posts (+)	22	4	12	38	

(b) Requests for posts for Greek accession

Directorate-General or Department	Cat. A	Cat. B	Cat. C	Cat. D	Total	Page of Part II
Secretariat	1	2	6		9	2
Legal service	2		2		4	7
Statistical Office	4	9	7		20	8
Customs Union	4	3	2		9	13
ECPS	2	2	3		8	20
DG I	5	4	4		13	27
DG II	2	2	2		6	30
DG III	4	3	5		12	32
DG IV	5		3		8	37
DG V	5	5	5		15	44
DG VI	13	12	12		37	51
DG VII	2	3	2		7	70
DG VIII	2	1	1		4	73
DG IX	1	7	18	15	41	75
DG X - PP	3	3	4		10	86
DG XII	2		1		3	88
DG XIII	2	1	3		6	93
DG XIV	2	1	1		4	98
DG XV	2	1	1		4	100
DG XVI	2	3	3		8	104
DG XVII	2	2	2		6	107
DG XVIII	1	1	1		3	111
DG XIX	2	2	2		6	115
DG XX	2	2	2		6	117
Security		1	1		2	121
TOTAL	72	71	93	15	251	
BREAKDOWN OF BUDGETARY REQUESTS:						
1980	25	15	15	10	65	
1981	32	36	52		120	
1982	15	20	26	5	66	
	72	71	93	15	251	

(c) Conversion of posts (page 30 of Part I)

10 A 5 to A 4
20 A 6 to A 5
20 LA5 to LA4
40 B 2 to B 1
77 C 2 to C 1
41 C 3 to C 2
5 D 2 to D 1

TITLES 1 and 2 (except staff)

Expenditure under Titles 1 and 2 increased annually by some 20% over the period 1976-78 and had sometimes even grown by much greater amounts in previous years. In 1979 the increase was about 11.6% and in 1980 10%.

In the preliminary draft budget for 1981 the rate of increase has accelerated again, this time to 19% over the 1980 level.

During the 1980 budgetary procedure the European Parliament showed that it was very concerned to rationalize this part of the budget by adopting amendments to reduce the appropriations proposed by the Council for a number of items.

Moreover, at the end of the 1980 budgetary procedure the Commission agreed to reduce the administrative appropriations to make it easier for the Council to accept Parliament's amendments at the final reading¹.

These signs that the Commission's proposals are somewhat 'inflated' lend weight to general arguments concerning the avoidance of waste and reducing as far as possible non-operational expenditure given the potential exhaustion of the current supply of own resources. The succession of cuts in 1980 does not seem to have had the harmful consequences predicted by the Commission at the beginning of the budgetary procedure.

Summary of appropriations (m EUA) - non-differentiated appropriations

<u>TITLE I</u>	1 Initial appropriations	2 Final appropriations	3 Appropriations committed and/ or paid	4 % 3/2	5 Amounts still to be paid	6 Cancelled
1977	248,245	290,671	262,668	90	3,198	28,003
1978	385,354	389,337	347,325	89	2,979	41,983
1979	409,563	408,112	385,363	94	5,514	22,749
1980	421,313					
PDB 1981	471,908					
DB 1981	450,387					
<u>TITLE II</u>						
1977	114,495	136,315	128,529	94.4	21,451	7,862
1978	159,175	186,536	174,408	93.5	26,791	12,127
1979	171,649	205,045	197,626	96.4	25,585	7,280
1980	189,634					
PDB 1981	255,504					
DB 1981	222,408					

¹ 2.03 m EUA in payment appropriations, 11.03 m EUA in commitment appropriations

1981 Budget

Classification:

EP : NCE
Comm. + Council :
10, 1210, 1220,
1230 : CE

Chapter 10 and
Items 1210, 1220, 1230, 1300, 2400

Chapter 10 et seq

Emoluments of Members of the
Commission

1. Legal basis and description

The Council regulation of 25.7.1967, as last amended on 20.1.1976, lays down the emoluments to which Members of the Commission are entitled.

In addition, Members of the Commission may claim repayments of certain representation expenses chargeable to Item 2400 and are entitled to an official car with driver, furnishings for their office, etc.

2. Summary of appropriations (m EUA) - non-differentiated appropriations

Chapter 10 + items 1210, 1220 1230, 1300 and 2400	1 Initial appropriations	2 Final appropriations	3 Appropriations committed and/ or paid	4 % 3/2	5 Amounts still to be paid	6 Cancelled
1977	3.559	3.462	3.194	92.3	0.100	0.268
1978	4.195	4.334	4.008	92.5	0.057	0.326
1979	4.176	4.236	4.052	95.7	0.094	0.040
1980	3.630					
PDB 1981	5.342					
DB 1981	5.278*					

* item 1300 : - 0.040 m EUA
item 2400 : - 0.024 m EUA

3. Parliamentary initiatives

Report by the Committee on Budgetary Control on representation and mission expenses (Doc. 1-537/79) and report on expenditure on items 1300 and 2400 for the first quarter of 1980 (Doc. 1-334/80) (rapporteur: Mr Key).

4. Remarks

- Increase in appropriations of 43.7% (1,726 m EUA) on the 1980 level largely due to:
 - the arrival of a 14th Commissioner (1/13th of 1980 appropriations = 303,615 EUA);
 - installation allowances, travel and removal expenses for Members of the Commission taking up duty and those leaving the Institution : + 410,000 EUA (Items 1210, 1220 and 1230);
 - transitional allowances for Commissioners leaving the Institution : + 656,000 EUA (Articles 1 and 2);
 - provisional appropriations for possible adjustments to Members' emoluments: 141,000 EUA (Article 109).

- Representation expenses:
 - there is still no clear distinction between expenses covered by the fixed allowance (Item 1003) and those reimbursed on the production of documentary evidence (Item 2400);
 - after falling sharply in 1979, Item 2400 has risen substantially again (+ 54.5% over 1979 expenditure);
 - the remark to Item 2400 no longer refers to the Staff Regulations of Officials.

- Mission expenses (Item 1300)
 - despite the fact that the report covering the period January to April 1980 seemed to suggest a reduction in 1980 and 1981, the appropriations are increasing: + 13.4% on 1980.

- Transitional allowance (Article 102) : this allowance is paid to outgoing Members of the Commission for three years to compensate for any loss of income following their period of service. The proposed appropriation of 683,000 EUA represents 40% of the basic salaries, expatriation allowances and family allowances for which it is supposed to compensate.

Classification: Chapter 11 et seq
 EP : NCE Staff remuneration
 Counc. + Comm.: 112,
 125 + 129 : CE

1. Legal basis and presentation

The Staff Regulations of Officials and Conditions of Employment of other Servants of the European Communities.

This covers the total remuneration of all staff: officials, temporary, auxiliary, local and interim staff, special advisers and trainees, with the exception of services provided under special contract, e.g. external staff of the Data Processing Centre (Chapter 21).

2. Summary of appropriations (m EUA - non-differentiated appropriations)

Chapters 11 to 19*	1 Initial appropriations	2 Final appropriations	3 Appropriations committed and/ or paid	4 % 3/2	5 Amounts still to be paid	6 Cancelled
1977	244.853	287.449	259.714	90.2	3.128	27,735
1978	382.114	385.332	343.644	88.7	2.979	41.660
1979	405.693	404.240	381.532	94.4	5.514	22.709
1980	417.683					
PDB 1981	466.566					
DB 1981						

* Except lines 1210, 1220, 1230 and 1300 which concern Members of the Commission

3. Specific parliamentary initiatives

During the 1980 budgetary procedure and when giving a discharge for the 1978 budget Parliament urged the need for a revision of certain rules or their application (e.g. persons treated as dependent children and co-ordination of the recruitment procedures of the institutions) and more accurate estimates of the appropriations required (e.g. Article 124 'temporary allowances').

4. Remarks

4.1. Over-estimation of appropriations

- Almost universal in the period 1977 to 1979
- For 1981 the following appropriations have risen very substantially compared with 1980:
 - . Article 112 : total + 16%
 - retirement pensions : + 21.1% (1120)
 - invalidity pensions : + 24.6% (1121)
 - . Article 114 : annual leave travel expenses : + 32.7% (1141)
 - fixed entertainment allowances: + 21.4% (1143)
 - allowances for shift work or standby duty : + 34.2% (1147)
 - . Article 115 : overtime : + 17.32%
 - . Article 117 : supplementary services : total + 41.8%
 - . Chapter 12, in particular : travel expenses (1211) and removal expenses (1230) on taking up duty or leaving the institution : + 176% and + 25% respectively
 - . The provisional appropriations to cover the costs of any adjustments to remuneration : Article 119 + 99.89%, Article 129 : + 96.9%.
- However, there has been a sizeable reduction in :
 - . Article 125 : allowances for staff assigned non-active status, retired or dismissed : -9.7%
 - . Item 1111 : auxiliary interpreters : -78.7%
 - . Item 1122 : local staff : -5.5%

4.2. It should be noted that the preliminary draft budget was drawn up on the assumption that a joint interpreting service would be created, a factor which accounts for certain movements of appropriations.

4.3. Chapter 19 'Building loans for staff' is new : it involves a contribution from the Commission to supplement the existing resources available from the ECSC.

4.4. The Commission has not seen fit to follow up the comments made by the Court of Auditors on the 1978 budget in respect of

- the number and remuneration of overtime hours worked by drivers
- inadequate management of missions
- excessively broad interpretation of the concept of international organization when granting expatriation allowances.

4.5. In the case of the 1979 financial year the Court of Auditors makes a number of comments, which, although they are directed primarily at the Ispra Joint Research Centre, may also apply more generally, viz:

- the criteria for granting bonuses or allowances for inventions, exceptional services or arduous work;
- the determination of weightings for certain allowances and transfers of remuneration;
- the granting of installation allowances where officials have not had to change their place of residence.

Chapter 20

Investments in immovable property, rental
of buildings and associated expenditure1. Legal basis and description

- Commission's freedom to manage its internal affairs
- Accommodation for Commission departments.

2. Summary of appropriations (m EUA) - non-differentiated appropriations

Chapter 20*	1 Initial appropriations	2 Final appropriations	3 Appropriations committed and/or paid	4 % 3/2	5 Amounts still to be paid	6 Cancelled
1977	33.220	35.131	33.473	95.3	1.537	1.659
1978	41.681	44.326	43.528	98.2	2.376	2.544
1979	47.113	49.822	49.414	99.2	3.126	0.408
1980	51.273					
PDB 1981	66.183					
DB 1981	61.998					

* For 1977 to 1979, Chapters 20 and 21

3. Specific initiatives of the European Parliament

During the 1980 budgetary procedure Parliament reduced the appropriations shown against a number of articles (200, 202 and 205), partly by transferring appropriations to Chapter 100, and supported the proposal to construct a building in Tokyo.

4. Remarks

- The increase in appropriations is very large compared to the rise in rents themselves (+ 9.5%) in the case of the following articles:

203	Cleaning and maintenance	+ 37.0%
204	Fitting out of premises	+ 93.9%
205	Security and surveillance	+ 43.8%
209	Other expenditure	+ 36.1%
- The Commission has not followed its previous practice of giving a breakdown of this expenditure for each building. It has, however, provided a list of extensions, transfers and other changes planned for 1981.

- The Commission seems to have abandoned its plans to acquire buildings. In 1980 an appropriation of 3 m EUA was entered in Chapter 100. No new requests have been made. The proposals for a building in Tokyo, which were rejected by the Council in 1980, have, however, been included once again.
- The situation on the Brussels property market would seem to favour a policy of acquiring buildings.
- Many of the recommendations made by the Court of Auditors in its special report on the Institutions' accommodation policy have not been followed up.

Classification:

Chapter 21

NCE

Chapter 21

Expenditure relating to the Data Processing Centre

1. Legal basis and description

The expenditure stems from the Commission's freedom to manage its internal affairs. It covers data processing work and equipment in the Data Processing Centre and in other departments of the Commission or outside service bureaux, excluding part of the expenditure entailed in operating the EURONET system.

2. Summary of appropriations: non-differentiated appropriations
(thousand EUA)2.1 Proposed appropriations

Article	Heading	PDB	DB
210	Operations at the Data Processing Centre	10,600	
	+ Chapter 100	1,800	
	+ revenue re-utilized	382.5	
211	Data processing network	5,000	
212	Operations in respect of the EURONET network	420	
213	Analysis and programming (outside)	3,250	
	+ Chapter 100	1,800	
214	CIRCE (documentary research)	3,100	
215	Applications in respect of statistics, economic and financial affairs	3,400	
216	Applications in respect of financial instruments	2,750	
217	Applications in administrative and other fields	5,000	
	+ revenue re-utilized	220	
	Total	37,722.5	
	1 of which		
	- Chapter 21	33,520	
	- Chapter 100	3,600	
	- revenue re-utilized	602.5	

2.2. Use of appropriations

Chapter 21*	1 Initial appropriations	2 Final appropriations	3 Appropriations committed and/ or paid	4 % 3/2	5 Amounts still to be paid	6 Cancelled
1975	3.704	3.954	3.447	87.1		
1976	4.310	4.361	4.237	97.1		
1977	5.810	8.595	8.465	98.5	3.350	0.116
1978	7.748	14.248	13.485	94.6	2.306	-0.013***
1979	11.293	18.080	17.914	99.1	1.823	0.166
1980	16.675**					
PDB 1981	37.120**					
DB 1981	20.000					

* For 1977 to 1979 Article 224

** Including Chapter 100

*** 0.005 on this line and -0.018 on appropriations carried forward from 1977

3. Specific parliamentary initiatives

The Committee on Budgetary Control is investigating the Centre's operating problems. An interim report was adopted by the European Parliament on 11 July 1980. The final report will be issued once the report requested from the Court of Auditors has been received.

4. Remarks

4.1. Budgetary presentation

- The presentation has been completely changed. A distinction has been introduced between equipment at the Centre and equipment allocated to certain groups of users and between the central configurations and the associated network of terminals and mini-computers.
- Expenditure in respect of the Siemens central configuration is still charged to Item 3621: Three-year plans in the field of scientific and technical information and information management. The total appropriation entered against this item is 1.9 m EUA, of which 0.8 m to 1 m EUA is for the computer.
- This form of presentation may give rise to confusion: it is based both on the location of equipment and on the users, although these two criteria do not necessarily coincide.

4.2. Volume of appropriations

- A very rapid increase in appropriations: 2.25 times those entered in the 1980 budget, despite the following factors:
 - the Centre has developed almost no new major applications since 1976;
 - as the process of conversion has been practically completed there is no expenditure in respect of this in 1981 (11.25 m EUA for 1978-1979);
 - compensation offered by the manufacturer and/or recovery of the costs of the conversion of programmes not accepted cancel out part of the expenditure on increasing the capacity of the equipment;
 - the prices of data processing equipment are constantly falling.

From the management point of view it is worth noting that

- the configuration and the software of the Data Processing Centre do not seem to be either the best technically or the least expensive on the market;
- the increasing use of outside service bureaux is proving to be more expensive than doing the work internally;
- decentralized data processing is generally considered to be an alternative to a centralized system not an addition, as the Commission seems to want.
- There are doubts about whether the Commission departments can cope in one year with the large number of proposed new applications, some involving new equipment.
- The transfer costs (estimated at 2.3 m EUA) seem very high.

4.3. Staff

- Request for 45 posts (12 A, 20 B and 13 C) as the second instalment of the total of 144 posts requested (51 A, 58 B, 35 C). In the 1980 budget the first instalment of 3 B and 8 C posts had been approved. An amendment proposed by the rapporteur at the first reading provided for 7 A, 20 B and 12 C (1980 budgetary procedure).
- The Commission justifies the figure of 144 by quoting a study carried out by PA Consultants. However this study does not mention anything like the same total, even after taking account of the addition caused by transferring the computer from the Centre, which was not foreseen by PA Consultants.

- The additional posts granted to cover the transfer of the computer could be recovered if the computer were moved to the new premises occupied by the Centre.
- These 144 posts would be in addition to the 200 permanent posts which already existed in 1979. At that time the Centre also had 27 temporary posts and 100 staff provided by private firms (in 1978 £150).
- The Commission's request does not take account of the impact on staffing of its recent decisions to transfer a large part of the work-load to outside service bureaux and to opt for a decentralized data processing network.

Chapters 22 and 23

Movable property and current
 administrative expenditure

I. Legal basis and description

- The Commission's freedom to manage its internal affairs
- Expenditure on furniture, technical installations, transport, documentation, office supplies, postage and telecommunications, legal expenses, etc.

II. Summary of appropriations (m EUA) - Non-differentiated appropriations

Chapter 22 ^x + 23	1 Initial approp.	2 Final approp.	3 Appropriations committed and/ or paid	4 % 3/2	5 Amounts still to be paid	6 Cancelled
1977	16.806	18.818	18.078	96.1	2.270	0.736
1978	19.432	22.298	21.676	97.2	3.899	0.602
1979	21.212	24.726	23.922	96.7	4.351	0.804
1980	21.608					
1981 PDB	27.595					
1981 DB	25.355					

x For 1977 to 1979 excluding Article 224, which covers the Computer Centre (See Chapter 21)

III. Specific Parliamentary initiatives

During the 1980 budgetary procedure Parliament pressed for a reduction in administrative costs.

IV. Remarks

- The very substantial increase is explained by the current level of use and price rises. In the case of equipment a number of specific activities is listed.
- There is no sign that Parliament's desire for rationalization has had any effect. On the contrary there are several references to inadequate appropriations for 1980 and even to substantial shortfalls in the appropriations authorized for 1979
- The cost of subscriptions to view data services are charged to Article 225: Documentation and library expenditure. It is not clear where expenditure on data processing equipment and the resulting telephone charges are to be found.
- The increase in the use of data processing, telematics and/or micro-electronics applications in the office should lead to a reduction in stationery and postage costs.

^x233: legal expenses; 234 damages

Expenditure on publishing and information1. -1. Legal basis

Apart from the provisions concerning the Official Journal: Article 191 EEC and the Council decision of 15.9.1958, Regulation 1/58 determining the language to be used and the Decision of 16 January 1969 relating to the Publications Office, these appropriations stem from the Commission's freedom to manage its internal affairs.

-2. Description

Expenditure on the publication of documents provided for in the Treaties and regulations, Commission periodicals, brochures, etc. and expenditure on other information media.

2. Summary of appropriations (m EUA) - non-differentiated appropriations

Chapter 27	1 Initial appropriations	2 Final appropriations	3 Appropriations committed and/or paid	4 % 3/2	5 Amounts still to be paid	6 Cancelled
1977	16.354	20.962	19.136	91.3	5.872	1.826
1978	23.586	30.742	28.466	92.6	8.696	2.275
1979	21.552	30.248	29.425	97.3	5.100	0.823
1980	24.222					
PDB 1981	38.852					
DB 1981	32.572					

3. Parliamentary initiatives

Information is a subject of constant concern to Parliament.

4. Remarks

1. - A very large increase on the 1980 appropriations: + 60.4% .

This total is distorted, however, by a doubling of appropriations for the Official Journal (Article 170), which accounts for more than half of this chapter. Expenditure on information as such is rising sharply but by much less than the 100% for the Official Journal:

- Article 272 Dissemination of information and participation in public events: + 37.8%
- Article 273 Dissemination of information to young people: + 39.9%

In 1980 Articles 272 and 273 together accounted for the same volume of spending as Article 270: Official Journal (\pm 10 m EUA).

The figure for 1981 is equivalent to only 67.5% of expenditure on the Official Journal.

2. - Official Journal

- The increase in the number of pages to be printed is mainly due to the accession of Greece. This also accounts for part of the increase in costs.
- another factor in the rise of production costs is new printing contracts.
- There is also data processing expenditure, notably on CELEX computer tapes: a total of 135,000 EUA, of which 63,000 EUA is to cover the salaries of the staff responsible for analysis and programming work.
- As it is planned to make CELEX widely available to all public authorities in the Community in 1981¹ it should be possible to cut back on the number of copies printed on paper. This factor has not been taken into account by the Commission.

3. Information

- Parliament is also anxious that increased efforts should be made in the field of information.
- Do the major activities and projects planned allow sufficient scope for the up-to-date specific coverage of day-to-day European events desired by the many Members of Parliament?
- Is it worth retaining a separate line for disseminating information to young people (Article 273), when they are in fact only part of the wider public covered by Article 272?

¹Answer to Written Question No. 568/80 by Miss Quin.

Article 288

University Institute (Florence)

1. Legal basis and description

(a) Legal basis

Article 19 (2) of the Convention of the Member States setting up a European University Institute, signed in Florence on 19 April 1972.

(b) Description

- Subsidy for the Institute: a para-Community body financed by national contributions from the Member States in accordance with an ad hoc scale ¹. The subsidy is intended to finance study grants and certain research projects.

2. Summary of appropriations

- Article 288 : token entry since 1977
- Item 2940 ' Research and study grants' 340,000 EUA in 1979 and 1980, of which 200,000 for the Institute; 1981 amounts: PDB: 250,000 EUA; DB : 230,000 EUA.

3. Specific parliamentary initiatives

The European Parliament has been demanding the budgetization of the Institute's expenditure since 1977.

4. Remarks

- Disadvantages of the present situation : total lack of control (a priori/a posteriori) by the budgetary authority of the Community; Court of Auditors not competent;
- method of budgetization : Regulation 235 on a proposal from the Commission;
- Now that 4 years have elapsed, it is no longer tenable to invoke technical arguments about changes to the Convention.

¹ See the Convention setting up the Institute - OJ No C 29, 9.2.1976

Article 289

European Schools

1. Legal basis and description(a) Legal basis

The operation of the European Schools is governed by the European School Statute of 12 April 1967 and the protocol of 13 April 1962. The Board of Governors consists of the Ministers of each Member State responsible for education and/or cultural relations with other countries. The Community as such has no real say in their management.

(b) Description

The subsidies charged to the budget cover 71% of total expenditure. This in turn covers the difference between national salaries and European salaries for teachers (779) and non-teaching staff (136) i.e. some 90% of the total budget of the schools, the day-to-day running costs (the school buildings are provided by the host countries) and expenditure on equipment for the eight European schools i.e. 10% of the total budget.

2. Summary of appropriations (m EUA) - non-differentiated appropriations

Chapter 28 Article 289	1 Initial appropriations	2 Final appropriations	3 Appropriations committed and/ or paid	4 % 3/2	5 Amounts still to be paid	6 Cancelled
1977	18.171	21.386	21.384	100.0	-	0.002
1978	27.292	27.292	25.434	93.2	-	1.858
1979	30.060	30.060	29.371	97.7	-	0.689
1980	33.534*					
PDB 1981	37.832**					
DB 1981	37.832					

* Plus 0.800 in Chapter 100

** Plus 0.500 in Chapter 100

3. Parliamentary initiatives

- Walkhoff report, Doc. 113/75 : strong recommendation by the European Parliament that the children of parents who are not officials should be allowed freer access to the schools.
- The Committee on Budgetary Control is preparing a report.

4. Remarks

- The increase of 11.6% is rather modest given the growing number of pupils and the new classes to be started at the Culham and Brussels (II) schools.

- The Statute of the schools has not been amended so that, although the Community subsidises 71% of the schools' expenditure, it has no power over:
 - changing the present admission criteria;
 - setting up new European schools;
 - increasing Community influence.

Classification:

NCE

European Centre for the Development of
Vocational Training1. Description

The Centre is a non-profit-making establishment with its seat in Berlin and is self-managing (own financial provisions, Regulation No. 1416/76 of 1.6.76). The task of the Centre is to assist the Commission in the promotion and development of vocational training and in-service training. Its main activities are in documentation, research and dissemination of information.

2. Summary of appropriations (m EUA)Non-differentiated appropriations

	1 Entered in budget	2 Final appropriation ^x	3 Appropriations ^x committed and/ or paid	4 % 3/2	5 Amounts still to be paid	6 Cancelled
1977	2.000	2.000	1.366	68%	-	0.634
1978	2.800	2.800	2.240	80%	0.069	0.560
1979	3.200	3.269	3.097	95%	0.629	0.171
1980	3.500	4.129				
PDB 1981	4.024					
DB 1981	3.730					

^x Including transfers and supplementary/amending budgets and carry-overs

3. Remarks

- The appropriations for the Centre have since its inception increased gradually and in some cases by considerable amounts:

1975 - 0.6 m u.a.
1976 - 1.6 m u.a. (166%)
1977 - 2.0 m u.a. (25%)
1978 - 2.8 m EUA (40%)
1979 - 3.2 m EUA (14%)
1980 - 3.5 m EUA (9%)

Since 1979 appropriations have shown a 'normal' yearly increase. The increase in appropriations for 1981 amounts to 15%.

- The Centre had to cope with serious difficulties in the early years. Its spending policy was repeatedly criticized by what was then the control subcommittee of the Committee on Budgets.
- It was not until September 1980 that the Centre received a discharge from the European Parliament for the years 1975 to 1978, after it had been refused in 1975 and postponed for the following years pending a thorough investigation by the Court of Auditors and Parliament.
- The Centre's requirements for individual sectors are estimated as follows:

- Staff	1.973 m EUA (49%)
- Administrative expenditure	0.392 m EUA (10%)
- Operational expenditure	1.665 m EUA (41%)
	4.030 m EUA

The final amount requested, 4.024 m EUA, results from the deduction of 6,000 EUA revenue.

With this breakdown the sums for individual sectors have remained more or less the same in percentage terms in comparison with the previous year.

- The breakdown of operational expenditure best reflects the nature of the Centre's activities:
- | | |
|---|-------------------------------------|
| - Dissemination of information: | 380,000 EUA (-43%) |
| - Projects for the promotion and co-ordination of research: | 340,000 EUA (+26%) |
| - Expenditure on studies and pilot projects: | 350,000 EUA (-21%) |
| - Translation and interpretation costs: | 150,000 EUA (none in previous year) |
| - Documentation system: | 45,000 EUA (unchanged) |
| | 1,665,000 EUA (+18%) |

4. Parliament's previous position

- Parliament tried to introduce in the 1980 budget an increase in appropriations of 140,000 EUA, at the same time inserting 500,000 EUA in Chapter 100, in order to improve Parliament's ability to control the spending of appropriations. The use of appropriations had in the past been repeatedly criticized by Parliament and the Court of Auditors.

- In the discharge to the Centre for 1975-1978 Parliament advocated a repeal of the special financial provisions and the introduction of a set of common provisions for all such establishments. It was also in favour of control by the Budgetary Authority over transfers of appropriations between chapters.

1981 Budget

Classification:

Chapter 30
Article 302

NCE

Tasks entrusted to the Institution to
promote exchanges of young workers

1. Legal basis and description

- Legal basis: Article 50 of the EEC Treaty: 'Member States shall, within the framework of the joint programme, encourage the exchange of young workers'. Council Decision 79/642 of 16 July 1979 establishing a second joint programme to encourage the exchange of young workers within the Community.
- Description: organization of training courses and seminars for young workers to provide an introduction to Community affairs; contribution to short - and long-term exchanges; additional measures and evaluation of Community programmes.

2. Summary of appropriations (m EUA)

	1 Entered in Budget	2 Final approp.x	3 Utilized	4 Percentage 3/2	5 Carried over	6 Cancell- ed
1977	0.04	0.06	0.49	72.0	0.01	-
1978	0.15	0.17	0.17	67.8	0.04	0.01
1979	token entry ¹	0.69	0.04	5.9	0.62	0.02
1980	1.30					
PDB1981	2.10					
PB1981	1.50					

x = including transfers and/or supplementary/amending budgets and carry overs.

1 = pending approval of the Commission's second programme. An appropriation of 650,000 has been entered in Chapter 100

3. Specific parliamentary initiatives

In the past the European Parliament has generally been in favour of the proposals put forward by the Commission, particularly those in the 1979 preliminary draft budget. Parliament adopted an amendment to reinstate in full the appropriations (1.5 m EUA) requested by the Commission. Previously, in a resolution adopted in April 1979 (Doc. 9/79), Parliament had declared its support for this action programme but had also stressed the inadequacy of the financial resources.

4. Remarks

- a) The Commission's proposals for 1981 provide for a substantial increase (over 61%) on the appropriations for 1980. This increase is explained (see preliminary draft budget, Volume 7/A page 291) by the 'gradual extension of the joint programme to other sectors and to the general increase in the number of participants in exchanges'. The estimates are based on a projected 9.6% rise in the general level of prices in the Community in 1981.

- b) An examination of the utilization of appropriations reveals that the rate of utilization in 1979 was totally unsatisfactory. This is probably attributable to the difficulties involved in launching the second programme and, in any case, it should be pointed out that during the same financial year almost all the available appropriations were at least committed (99%)

Pilot research projects on action
 to combat poverty

1. Legal basis and description

- Legal basis: Council Decisions Nos 75/458 and 77/779 concerning an initial programme of action to combat poverty. On 23 November 1979 the Commission presented a new proposal for the continuation by means of interim action of the efforts to combat poverty begun in the first programme. Interim action is called for because the projects undertaken in the framework of the first programme will come to an end when the programme expires on 1 December 1980. The decision to launch a second programme can only be taken on the basis of an evaluation of the results of the first and the relevant Council decision is unlikely to be adopted before the second half of 1982.

- Description:

pilot schemes involving the adaptation of specialized services studies, research projects, etc., to benefit those people who are deprived of the means to support themselves.

2. Summary of appropriations (m EUA)

(a) Commitment appropriations

	1 Entered in Budget	2 Final Approp. x	3 Utilized	4 Percentage 3/2	5 Outstanding at end year	6 Cancell- ed
1977	3.5	3.5	2.9	82.8	0.5	-
1978	5.0	5.5	0.6	12.1	4.8	-
1979	5.7	10.6	9.4	88.6	1.1	-
1980	t.e.					
PDB1981	4.0					
DB1981	0.5 xx					

x Including transfers and/or supplementary/amendmending budgets and carry-overs

xx Chapter 100

(b) Payment appropriations

	1 Entered in budget	2 Final approp.x	3 Utilized	4 Percentage 3/2	5 Carried over	6 Cancelled
1977	1.17	3.65	1.06	29.0	1.15	1.41
1978	3.27	4.20	2.81	66.9	1.0	-
1979	4.40	5.01	4.63	92.4	1.17	-
1980	5.20					
PDB1981	2.81					
DB1981	1.67					

x Including transfers and/or supplementary/amending budgets and carry-overs.

3. Specific parliamentary initiatives

The European Parliament adopted an amendment to the 1979 budget increasing the commitment appropriations by 4 m EUA and thus far exceeding the proposals put forward by the Commission in the preliminary draft budget. In the 1980 budget the Parliament confined its efforts to securing the reinstatement of the appropriations proposed by the Commission in the preliminary draft following the changes made by the Council.

4. Remarks.

- (a) The 5.2 m EUA from the 1980 budget are to cover a number of projects to be completed by 1 December 1980, the appropriations for which were already entered in the 1978 and 1979 budgets. The token entry against the commitment appropriation in the 1980 budget is explained by the fact that the interim action to combat poverty is going through the process of approval and hence no appropriation could be entered for the current year. This action, set out in the proposal of a decision of 23 November 1979, provides for 9 m EUA in commitment appropriations and 2.4 m EUA in payment appropriations in the 1980 and 1981 budgets.

Parliament gave its opinion on this proposal, on which the Committee on Budgets expressed a number of reservations, in its resolution of 22 May 1980 (OJ No. C 147, 16.6.1980). It pointed out that 'if a programme to combat poverty is not financed in the interim, Community action in this field could not be considered complete' and consequently supported the Commission's proposal.

Under these circumstances it is surprising that the Commission has not entered in the preliminary draft budget for 1981 appropriations sufficient at least to launch the interim programme.

- (b) All payments are made one year after the commitment stage.

1981 Budget

Classification:
NCE

Chapter 30
Article 307

Community measures to promote the participation of both sides of industry in the economic and social decisions of the Community

1. Legal basis and description

- Legal basis: Item 3070 - the European Institute was set up by the European Trade Union Confederation in February 1978 with the aim of training and informing trade union members by improving their understanding of the Community and their linguistic ability (objective contained in the social action programme of 21 January 1974). On the basis of an agreement signed on 7 June 1978, the Commission undertook to grant a subsidy to the Institute.
- Item 3071 - Priority No. 9 of the Council Resolution of 21 January 1974 on a social action programme:
'promotion of the involvement of management and labour in the economic and social decisions of the Community'.
- description: Item 3070 - The European Trade Union Institute: to help trade union organizations to establish information services for European affairs and to set up a European Trade Union Institute;
- Item 3071 - aid to employers' liaison committees and their organizations at European level.

2. Summary of appropriations (in EUA)

	1 Entered in budget	2 Final approp. x	3 Utilized	4 Percentage	5 Carried over	6 Cancelled
1977	t.e. 1	0.03 ²	0.03	100	-	-
1978	0.50	0.50	0.25	50	0.1	0.15
1979	0.55	0.65	0.63	97	-	0.14
1980	0.65					
PDB1981	1.07 ³					
DB1981	0.97					

x Including transfers and/or supplementary/amending budgets and carry overs

1= An appropriation of 100,000 EUA is entered in Chapter 100

2= Carried forward in full from the previous year.

3= Of which 850 Item 3070 and 220 for Item 3071

3. Specific parliamentary initiatives

Parliament has not only consistently supported the inclusion of appropriations to assist the European Trade Union Institute (item 3070) in accordance with the proposals put forward by the Commission in the preliminary draft budget, it has also repeatedly stressed the need to activate Item 3071, Aid to employers' organizations, by making appropriations available.

In 1979 and 1980 Parliament proposed a figure of 200,000 units of account for the latter activity but the Council's attitude was such that the most that could be achieved was a token entry in the 1980 budget.

4. Remarks

- (a) The two items which make up Article 307 are similar except that assistance for the European Trade Union Institute has been a reality for some time whereas aid for employers' organizations has never got off the ground.

- (b) For consistency's sake and given the need to treat the two sides of industry equally it would be advisable to enter appropriations to cover aid to employers' organizations. Moreover, such a move would clearly be consistent with Parliament's previous position.

Classification:

NCE

Chapter 31Expenditure in the agriculture sector1. Description

This chapter covers a number of more or less ad hoc measures outside the EAGGF, Guarantee and Guidance Sections. The appropriations are intended to provide subsidies for a number of research projects and also to cover the administration costs of certain other activities related to the application of the EAGGF.

2. Summary of appropriations (m EUA) - Non-differentiated appropriations

EUA	1 Entered in Budget	2 Final appropriation x	3 Utilized	4 per centage 3/2	5 carried over	6 cancelled
1977	5.304	8.832	7.631	86%	3.199	1.202
1978	7.994	11.210	8.102	72%	4.549	3.108
1979	7.209	15.643	13.144	84%	6.529	1.499
1980	11.539					
1981	11.647 PDB					
1981	11.502 DB					

X including transfers and/or supplementary/amending budgets and any carry-overs

Differentiated appropriations

Commitments: The appropriations are differentiated only in the case of Article 313 'Farm accountancy data network', which is broken down as follows:

Article Heading	1980 Appropriation ¹	1981 Appropriation requested ¹	Percentage variation 2 : 1
313 Farm accountancy data network			
- commitments	1,787,000	1,922,000	
- payments	1,060,000	670,000	

¹including appropriations entered in Chapter 100

²including 2,000,000 in Chapter 100

Breakdown of Chapter 31

(Expenditure in the agricultural sector)

3101	EEC participation in the campaign against African swine fever: local measures ¹	3,000,000
3102	Community action in the event of outbreaks of epizootic diseases	3,000,000
3103	Community contribution towards the campaign against foot-and-mouth disease outside the Community ²	token entry
311	Application and supervision of Council directives in veterinary matters	125,000
312	Provisions concerning the checking of plant health measures	190,000
313	Farm accountancy data network	670,000
3140	Consultations and upkeep of the permanent inventory and the EUR-agris system	290,000
3141	Research programmes	4,047, 000
315	Training of officials responsible for monitoring EAGGF expenditure	110,000
316	Community action relating to the vocational training of farmers	215,000
317	Community supervision of the applications of agricultural rules	token entry
319	Agricultural surveys in Italy	token entry

¹ plus 1,000,000 entered in Chapter 100

² plus 1,000,000 entered in Chapter 108

3. Specific parliamentary initiatives - none.

4. Remarks

Although the sums in this chapter are relatively small, some comment is nevertheless called for.

1. It would be better to differentiate between the three main elements in this chapter:
 - (a) Community subsidies for agricultural research
 - (b) Community action to combat certain diseases or epidemics in agriculture
 - (c) Administrative expenditure relating to the application of the EAGGF.

The administrative expenditure could more appropriately be charged to Titles 6 and 7 as it is directly linked to the operation of the EAGGF, Guarantee Section.

2. As far as agricultural research (Article 314) is concerned, the remark in the preliminary draft budget tends to suggest that these appropriations are limited pursuant to a Council regulation - which the Parliament would find totally unacceptable.
3. With Articles 317 and 319 there is no provision for any expenditure in either 1980 or 1981. In the case of Article 319 'Agricultural surveys in Italy' this situation is explained by the fact that it is a completely new activity.
4. A substantial increase (+ 59%) is proposed in the appropriations for the Cefar subsidy (Article 316) although the justification given in Volume 7 of the draft budget seems inadequate. In previous years Cefar and the Commission provided the rapporteur of the Committee on Budgets with additional information regarding the utilization of these subsidies and it would therefore be quite in order to wait for this information before deciding on the amounts to enter in the budget this year.

1981 BUDGET

Chapter 32
Articles 320 to 329

Classification :
NCE

E N E R G Y

104

Art.	Particulars	1980		1981		Percentage change	
		Budgetary provision (1)		Budgetary provision (1)		Total budgetary provision (3+1)	Total budgetary provision (4+2)
		Total budgetary provision for commitment	Total budgetary provision for payments	Total budgetary provision for commitment	Total budgetary provision for payments		
1	2	3	4	5	6		
320	Projects in the hydroelectric sector	18.000.000	26.100.000	25.000.000	5.315.000	+ 36,82%	+ 79,64%
321	Projects in the uranium sector	9.000.000	10.000.000	20.000.000	7.200.000	+122,22%	+ 28,00%
322	Transport of radioactive materials	350.000	350.000	500.000	500.000	+ 42,90%	+ 42,90%
323	Projects in the coal sector	token entry	token entry	token entry	token entry	-	-
324	Aid to demonstration projects under the Community energy programme	72.000.000	40.000.000	94.500.000	32.500.000	+ 31,25%	+ 18,12%
326	New Community initiative	-	-	token entry	token entry	-	-
327	Energy balance sheets	350.000	350.000	2.000.000	2.000.000	+471,43%	+ 471,43%
328	Studies in the energy sector	300.000	300.000	1.000.000	1.000.000	+233,33%	+ 233,33%
329	Expenditure resulting from borrowing and lending operations in the energy sector	token entry	token entry	token entry	token entry	-	-
	TOTAL	100.000.000	77.100.000	143.000.000	48.515.000	+ 43,00%	+ 37,07%

(1) Including the appropriations in Chapter 100.

1981 BUDGET

Chapter 32
Article 320
Item 3200

Classification :
NCE

Community technological development projects

1. Description of the activity

The aim is to stimulate, in the context of a common energy policy, technology development linked with hydrocarbon exploration, exploitation, storage and transport.

Financial support is given in the form of loans, guarantees or repayable subsidies of up to 50%. The programme has been in existence since 1974.

2. Summary of appropriations (in m EUA)

Differentiated appropriations

(a) commitment appropriations

	1 Entered in Budget	2 Final Appro- priation(x)	3 Utili- zation(x)	4 Percentage 3/2	5 Carried over	6 Cancelled
1977	50	50.000	19.048	38%	30.951	
1978	35	62.959	36.806	58%	26.152	
1979	20	42.238	32,738	77%	9.499	
1980	15					
1981 PDB	25					
1981 DB						

(b) payment appropriations

	1	2 (x)	3 (x)	4	5	6
1977	23	23.000	2.743	12%	18.096	
1978	30	48.096	16.327	34%	30.000	1.769
1979	31	59.950	17.699	30%	29.950	12.331
1980	24					
1981 PDB	5					
1981 DB						

(x) incl. transfers and/or supplementary/amending budgets and carry-overs.

3. Parliament's previous position on this heading

- In the 1979 budget Parliament succeeded in securing an increase in PA from 27 m EUA yo 31 m EUA
- For 1980 it took the view that a token entry and the amount shown under Chapter 100 would be enough to make transfer to the line dependent on Parliament's approval, after careful scrutiny of the utilization.
- The schedule of payments for 1981 showed total PA of 14 m EUA.

4. Remarks

- According to the latest Commission information Community financing averages only 35%.
- The substantial increase in CA is said by the Commission to be due to the growing interest shown by industry in this measure.

- Implementation of the programme is very slow because the Council - without consulting Parliament - selects the programmes and decides on the appropriations to be allocated.
 - The Commission recently submitted to the Council for its approval 34 additional projects, total cost around 28 m EUA, for the period 1980-1982.
5. Conclusions/Proposals
- The increase in CA appears to be justified by the trend in utilization in previous years.
 - The reduction in PA must also be regarded as realistic in the light of lower expenditure in previous years and the appropriations still available from carry-overs.

1981 BUDGETClassification :
NCEChapter 32
Article 320
Item 3201Joint hydrocarbon exploration1. Description of the activity

Financial support for hydrocarbons exploration within the Community involving drilling offshore or at great depths, with provision for repayment in the case of successful operations.

The proposal for a Council regulation was submitted in 1974; only in 1979 did the Council adopt the first project, namely for Greenland (see also point 4).

2. Summary of appropriations (in m EUA)Differentiated appropriations(a) commitment appropriations

	1 Entered in Budget	2 Final Appro- priation(x)	3 Utili- zation(x)	4 Percentage 3/2	5 Carried over	6 Cancelled
1977	25	25	0	0	25	
1978	15	40	0	0	15	25
1979	token entry	15	3.450			11.550
1980	3					
1981 PDB	token entry					
1981 DB	token entry					

(b) payment appropriations

	1	2 (x)	3 (x)	4	5	6
1977	9	9	0	0	9	0
1978	5	5	0	0	5	9
1979	token entry	5	1.035		-	3.965
1980	2.100					
1981 PDB	0.315					
1981 DB	0.345					

(x) incl. transfers and/or supplementary/amending budgets and carry-overs

3. Parliament's previous position on this heading

At the first reading of the 1980 budget Parliament voted for an increase in CA to 10 m EUA and in PA to 20 m EUA.

4. Remarks

- In the absence of a Council decision it will scarcely be possible to utilize the 3 m EUA CA approved for 1980
- The PA proposed for 1980 are to cover the remainder of the Greenland project.

5. Conclusions/Proposals

Since the Council has almost totally blocked this policy, it is advisable to delete this item, at least from 1982.

1981 BUDGET

Chapter 32
Article 321
Item 3210

Classification :
NCE

Prospecting for uranium in the Community

1. Description of the activity

The purpose is to secure the Community's uranium supplies and reduce its dependence on uranium imports. This programme is closely linked with a research programme that has been submitted to Parliament for its opinion (see also Item 3350).

2. Summary of appropriations (in m EUA)

Differentiated appropriations

(a) commitment appropriations

	1 Entered in Budget	2 Final Appropriation(x)	3 Utili- zation (x)	4 Percentage 3/2	5 Carried over	6 Cancelled
1977	5	5	5	100%	-	-
1978	5	5.665	5.636	99%	0.029	-
1979	5	5.691	4.871			
1980	9					
1981 PDB	20					
1981 DB	-					

(b) payment appropriations

	1	2 (x)	3(x)	4	5	6
1977	2	2	-	-	2.170	-
1978	5.300	7.470	2.283	30%	5.187	-
1979	3	8.187	6.233	76%	1.954	-
1980	10					
1981 PDB	7.200					
1981 DB	2.200					

(x) incl. transfers and/or supplementary/amending budgets and carry-overs

3. Parliament's previous position on this heading

- Increase in CA to 20 m EUA and in PA to 9 m EUA at the first reading of the 1979 budget; rejected.
- Increase in CA to 12 m EUA and in PA to 11 m EUA in the 1980 budget procedure; partially accepted

4. Remarks

- The implementation of this type of financial participation based on non-repayable subsidies proceeds relatively smoothly as the Commission can act freely on the basis of Article 70 of the EAEC Treaty. This is reflected in the utilization of appropriations in all proceeding years.

5. Conclusions/Proposals

An increase in CA to 20 m EUA was requested by the Commission already in the 1980 preliminary draft. A steady increase in expenditure seems to be both justified and necessary.

1981 BUDGET

Classification :
NCE

Chapter 32
Article 321

New measures Item 3211
 Item 3212

Prospecting for uranium outside the Community

Aid for nuclear fuel stockpiling

1. Description of the activity

- Prospecting for uranium is to be extended to areas outside the Community
- On the basis of Articles 2(d) and 72 of the EAEC Treaty and in the context of the energy supply policy, stocks of nuclear fuels are to be established to ensure a regular and secure supply.

Both of these measures are new and the proposals for regulations are still under preparation in the Commission.

2. Parliament's previous position on these headings

The Commission proposed token entries for these posts already in the preliminary draft budget for 1979. They were deleted by the Council and reinstated by Parliament at the first reading. Similarly, entry of the headings in the 1980 preliminary draft produced no results.

3. Remarks

The Commission has clearly reacted to the Council's position and is now working out appropriate proposals for regulations. It cannot be predicted with any certainty, however, whether these will be approved by the Council.

4. Conclusions/Proposals

A further attempt at the creation of the headings with token entries appears to be justified, at least for the forthcoming budget.

1981 BUDGET

Chapter 32
Article 322

Classification :
NCE

Transport of radioactive materials

1. Description of the activity

The expenditure is intended for study and survey contracts for analyses in the field of administrative procedures, safety, accident risks and health protection.

Appropriation proposed:

1980 PDB:	1,000,000
1980 DB:	-
1980 Budget:	350,000
1981 PDB:	500,000
1981 DB:	

2. Remarks

These activities seem to be confined to studies only.

1981 BUDGET

Classification :
NCE

Chapter 32
Article 323
Items 3230
3231
3232

Projects in the coal sector

1. Description of the activity

The measures for aid

- (a) for the use of coal in power stations (Item 3230)
- (b) for coal stockpiling (Item 3231)
- (c) for intra-Community trade in power-station coal (Item 3232)

are all based on specific Commission proposals for regulations submitted to the Council in 1976, 1977 and 1978, on which Parliament delivered a favourable opinion. The proposals are in turn based on various Council resolutions.

The various measures are designed to maintain or secure the Community's coal production capacity and to encourage sales.

Proposal for 1981: PDB: token entry
DB: -

2. Parliament's previous position

Re (a): In the 1980 budget procedure Parliament came out in favour of an operational reserve of 100 m CA and 50 m PA under Chapter 100. Eventually only a token entry was made.

3. Remarks

Despite all the energy crises the idea of stepping up the use of coal has so far foundered through disagreement in the Council.

Re (a): The 10 m EUA CA originally entered in the 1978 and carried over to 1979 have now been cancelled. The token entry proposed by the Commission reflects its continuing scepticism as regards the prospects of implementing this measures.

Re (b): A token entry has been made on the line since 1977. The Commission proposes a subsidy of 2.5 EUA per tonne for a stockpile of 20 m tonnes, so that an amount of around 50 m EUA would be needed.

Re (c): A token entry has been shown since 1979.

The Commission proposal submitted to the Council (Doc. 381/78) provides for aid to intra-Community trade in power-station coal totalling 10 m tonnes, at a rate of 10 EUA/tonne, the maximum cost being set at 100 m EUA per annum. In February 1979 Parliament gave its agreement in principle to this proposal (Doc. 582/78), but regarded the financial measures, which at the time would have covered about 30% of the charges and would have required participation by the Member States, as scarcely adequate and called for additional measures. The Committee on Budgets did not come out clearly for or against the system, because of doubts as to its effectiveness.

4. Conclusions

There has been no change in the situation in this sector since 1977.

1981 BUDGETChapter 32
Article 324
Item 3240Classification :
NCECommunity energy-saving programme1. Description of the activity

Aid to finance demonstration projects and seminars connected with energy-saving techniques.

2. Summary of appropriations (in m EUA)Differentiated appropriations(a) commitment appropriations

	1 Entered in Budget	2 Final Appro- priation(x)	3 Utili- zation(x)	4 Percentage 3/2	5 Carried over	6 Cancelled
1977	-	-	-	-	-	-
1978	4	4	0.023	0.5%	3.977	-
1979	16	21.577	7.285	34%	14.291	-
1980	25					
1981 PDB	28					
1981 DB	10					

(b) payment appropriations

	1	2 (x)	3 (x)	4	5	6
1977	-	-	-	-	-	-
1978	2	2	-	-	2	-
1979	7	9	0.477	5%	7	1.533
1980	16					
1981 PDB	6					
1981 DB	3					

(x) incl. transfers and/or supplementary/amending budgets and carry-overs

3. Parliament's previous position on this heading

The maximum amount of aid to be made available was fixed by the Council, despite Parliament's opposition, in basic Regulation No. 725/79 at 55 m EUA. Parliament has consistently urged that definite amounts be decided in the course of the budgetary procedure.

4. Remarks

- The 28 m EUA CA proposed by the Commission would mean that the 55 m EUA fixed by the Council would be exceeded already in the fourth year, by 18 m EUA. For reasons of principle this development would be welcome. However, it must be pointed out that, including carry-overs, around 39 m EUA CA were already available in 1980. The precise appropriation for 1981 will have to depend largely on the commitments entered into this year.
- The utilization of PA is proceeding slowly. In view of the large carry-overs from 1980 expected, a reduction in PA of 62.5% appears to be realistic.

5. Conclusions/Proposals

The Commission appropriations should be supported in principle, but it may be realistic to reduce CA (to be assessed depending on utilization at the end of 1980).

1981 BUDGET

Classification :
NCE

Chapter 32
Article 324
Item 3241

Programme for the development of new sources of energy

1. Description of the activity

Financial participation by the Community in demonstration projects or pilot plants to promote alternative energy sources such as solar energy, liquefaction of solid fuels, geothermal energy and wind energy (new). Subsidy of up to 40%, half of which is repayable.

2. Summary of appropriations (in m EUA)

Differentiated appropriations

(a) commitment appropriations

	1 Entered in Budget	2 Final Appropriation(x)	3 Utili- zation(x)	4 Percentage 3/2	5 Carried over	6 Cancelled
1977	-	-	-	-	-	-
1978	11	11	-	-	11	-
1979	16	28.4	19.932	70%	8.468	
1980	47					
1981 PDB	62					
1981 DB	16					

(b) payment appropriations

	1	2 (x)	3 (x)	4	5	6
1977	-	-	-	-	-	-
1978	4	4	-	-	4	-
1979	9.5	13.5	3.05	23%	9.5	0.95
1980	24					
1981 PDB	26.5					
1981 DB	17					

(x) incl. transfers and/or supplementary/amending budgets and carry-overs

3. Parliament's previous position on this heading

- Despite Parliament's opposition, an overall ceiling of 95 m EUA has been fixed.
- Parliament increased the 1979 appropriation by way of amendment.
- The appropriation eventually entered for 1980 was also increased following pressure by Parliament (Council's draft: 34 m EUA CA, 19 m EUA PA).

4. Remarks

- The procedure for the implementation of the programme is even more cumbersome and complicated than the one applied to hydrocarbons.
- Here again the appropriation proposed would result in a considerable over-run of the ceiling of 95 m EUA fixed by the Council. The Commission is therefore preparing new regulations increasing/amending the sums for the individual sectors by a total of 50 m EUA.

- The absurdity of the Council procedure is evident in
 - . the multiplicity of existing regulations (basic regulation, implementing regulation, regulation fixing the ceiling),
 - . inability of the Commission to keep to the ceilings for the individual sectors,
 - . the need for constant amendment of the basic or implementing regulations with consequent delays in the programme.

5. Conclusions/Proposals

These programmes and the regulations enacted to implement them provide a classic example of infringement of Parliament's budgetary powers and undermining of the Commission's responsibility for implementing the budget under Article 205 of the EEC Treaty.

It is worth considering whether the Commission ought not to be called upon, if necessary, to amend the basic regulation so that it recovers its rightful powers in regard to the implementation of the budget, or else to reclaim these powers on its own initiative. Parliament cannot accept any further amendment of the implementing regulations fixing new ceilings.

New Community initiatives

1. Description of the activity

In the Commission's view substantial energy investments are necessary in all the Member States in order to reduce the Community's dependence on energy imports.

In view of the differences in the level of such investments in the individual Member States and in order to achieve greater economic and social convergence, the Commission proposes a participation in national investments of between 50,000 and 100,000 m EUA.

The Commission proposal is based on its communication to the European Council of 20 March 1980 (COM(80) 130 final), which also contains more detailed proposals for the financing of such measures (loans, new revenue through an energy tax, etc.).

At its meeting of 13 May 1980 the Council held an initial exchange of views on this communication and requested the Commission to look further into these problems.

Proposals for the 1981 financial year: token entry (preliminary draft)
- (draft)

2. Remarks

The Commission's proposal appears to be most interesting, also from the point of view of convergence. It is nevertheless regrettable that, despite a basically positive reaction from the Council, the Commission has still not submitted any specific measures and financing proposals for the 1981 financial year.

3. Conclusions/Proposals

- Since the ideas on this initiative are still very imprecise and in the absence of specific proposals it would appear that the creation of a new article with a token entry against it is premature. This step is, moreover, out of keeping with the principle laid down by the Commission on page 97 of Volume 7A of the preliminary draft as regards the creation of lines, making of token entries or entering appropriations.
- The Commission should, however, be asked to submit as soon as possible specific proposals in regard to these problems.

1981 BUDGET

Classification :
NCE

Chapter 33
Articles 330 to 333

R E S E A R C H
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Direct Action
(Joint Research Centre)

1. Summary

Art./ Hes	Heading	1980		1981		Percentage change	
		Approps authorized		Approps requested		Total approps for commit.	Total approps for payment
		Total approps for commitment	Total approps for payment	Total approps for commitment	Total approps for payment		
3300	Nuclear safety	57,274,000	47,033,000	77,826,000	67,749,000	+ 42,00	+ 44,00
3301	New sources of energy	19,834,000	18,000,000	25,001,000	21,863,000	+ 19,20	+ 21,00
3302	Study and protection of the environment	12,917,000	12,441,000	15,870,000	14,032,000	+ 21,00	+ 11,00
3303	Nuclear measurements	10,926,000	10,687,000	12,557,000	11,047,000	+ 15,00	+ 8,00
3304	Specific support for the Commission's sectoral activities	8,726,000	8,171,000	10,776,000	10,000,000	+ 22,00	+ 1,00
330	DIRECT ACTION - JOINT RESEARCH CENTRE (JOINT PROGRAMME)	104,591,000	97,010,000	140,037,000	126,131,000	+ 34,46	+ 30,00
3310	Operation of the HFR reactor	12,045,000	12,843,000	14,753,000	14,360,000	+ 22,70	+ 11,00
331	DIRECT ACTION - JOINT RESEARCH CENTRE (COMPLEMENTARY PROGRAMME)	12,045,000	12,843,000	14,753,000	14,360,000	+ 22,70	+ 11,00
3330	Implementation of the SUPER-SARA project (part not covered by multi-annual programme)	13,200,000	12,611,000	4,000,000	5,339,000	- 69,70	- 57,00
3331	Activities on behalf of outside bodies and individuals against payment	2,571,000	2,571,000	1,975,000	1,975,000	- 23,18	- 22,18
3333	Physical protection measures at JRC Establishments	-	1,965,000	-	-	-	-
333	DIRECT ACTION - JOINT RESEARCH CENTRE (OTHER ACTIVITIES)	15,771,000	17,149,000	5,975,000	7,314,000	- 62,11	- 57,00
	TOTAL JRC	132,400,000	127,000,000	161,395,000	147,605,000	+ 21,50	+ 16,00

2. Description of the activity

The Community's research activities are based on

- Direct actions at the Joint Research Centres (JRC) in Ispra, Karlsruhe, Geel and Petten,
- Indirect actions through third parties on the basis of contracts,
- Concerted actions, based on cooperation and coordination with the Member States, the Community bearing only the administrative costs.

JRC work is conducted on the basis of the Council's decision of 13 March 1980 (OJ No. L 72/1980) adopting a four-year programme (1980-1983), at a total cost of 510.87 m EUA CA and with a maximum staff of 2,260 researchers. The whole programme embraces four topics with various projects:

1. Nuclear safety, including SUPER-SARA with four projects totalling (in 1981)	77.8 m EUA CA
2. New sources of energy with four projects totalling	23.7 m EUA CA
3. Research into the environment with two projects totalling	15.8 m EUA CA
4. Nuclear measurements with two projects totalling	12.5 m EUA CA
5. Specific sectoral activities with six projects totalling	<u>10.8 m EUA CA</u>
	140.6 m EUA CA

The JRC's nuclear research activities account for around two-thirds of the entire programme.

The commitment appropriations proposed by the Commission in the individual sectors for 1981 amount to around 30% of the funds allocated for the four-year duration of the programme.

3. Summary of appropriations (in m EUA)

Differentiated appropriations
(a) commitment appropriations

	1 Entered in Budget	2 Final Appropriation(x)	3 Utili- zation(x)	4 Percentage 3/2	5 Carried over	6 Cancelled
1977	63.484	100.585	90.309	90%	3.79	
1978	114.380	134.052	109.428	82%	21.00	3.625
1979	115.213	152.477	133.532	88%	15.92	3.025
1980	132.400					
1981 PDB	161.395					
1981 DB	155.699 (xx)					

(b) payment appropriations

	1	2 (x)	3 (x)	4	5	6
1977	token entry	96.506	75.409	78%	15.614	
1978	113.095	145.351	104.439	72%	40.472	0.439
1979	113.670	161.004	120.017	74%	30.163	10.587
1980	127.00					
1981 PDB	147.805					
1981 DB	142.609 (xxx)					

(x) incl. transfers and/or supplementary/amending budgets and carry-overs
(xx) incl. 7.72 m in Chap. 100 (xxx) incl. 3.16 m in Chap. 100

4. Parliament's previous position on these headings

In the past Parliament has had to make only a few changes in the expenditure proposed by the Commission for the JRC since a programme adopted by the Council was involved. Furthermore, the Council has on the whole accepted the proposals put forward by the Commission whenever it submitted a programme.

5. Conclusions/Proposals

In recent times Parliament's reservations and activities have been primarily confined to the control sector, for example

- utilization of appropriations remaining from the old programme,
- administration deficiencies connected with the ESSOR complex of plants,
- revenue of the research centre,
- cost-benefit analysis.

Classification :
NCE

R E S E A R C H

Indirect Action

1. Summary

Art./ Item	Heading	EUA					
		1980		1981		Percentage change	
		Total approps for commitment	Total approps for payment	Total approps for commitment	Total approps for payment	Total approps for commit- ment	Total approps for payment
3340	New sources of energy (former item 3357)	44.466.000	28.273.000	37.800.000	20.116.000	- 14,59	- 26,74
3341	Thermonuclear fusion (former item 3351, excluding JET)	63.166.000	35.149.000	20.000.000	36.839.000	- 68,34	+ 4,70
3342	Participation in the JET Joint Undertaking (former item 3351, JET)	19.646.000	43.204.000	22.199.000	49.600.000	+ 13,00	+ 13,23
3343	Nuclear fusion (former items 3355, 3356, 3359, 3363, 3370)	15.796.000(1)	13.202.000(1)	15.263.000	7.942.000	- 3,37	- 39,86
334	ENERGY	143.072.000	120.428.000	95.272.000	114.498.000	- 33,42	- 4,93
3350	Primary and secondary raw materials (former items 3350, 3361, 3364, 3365)	10.404.000	7.055.000	5.909.000	5.450.000	- 43,21	- 22,75
335	RAW MATERIALS	10.404.000	7.055.000	5.909.000	5.450.000	- 43,21	- 22,75
3360	Environment (former items 3354, 3366, 3371 - C/1/4/E)	3.939.000	6.806.000	6.761.000	4.493.000	+ 72,15	- 33,98
3361	Medical research (former item 3371 - 2/E)	804.000(1)	856.000(1)	1.172.000	728.000	+ 46,57	- 11,06
3362	Biology and health protection (radiation protection) (former item 3352)	16.044.000	8.473.000	19.203.000	11.459.000	+ 19,07	+ 35,24
336	QUALITY OF LIFE	20.267.000	16.165.000	27.162.000	16.740.000	+ 33,07	+ 3,56
3370	Biomolecular engineering	token entry	token entry	15.000.000	2.070.000	-	-
3371	Food technology (former item 3371 - 3/7)	209.000	212.000	84.000	166.000	- 59,81	- 50,00
3372	Reference materials and methods - Applied metrology (former item 3353)	2.741.000	2.324.000	3.637.000	1.662.000	+ 32,76	- 28,49
337	ECONOMIC DEVELOPMENT	2.950.000	2.536.000	15.723.000	3.858.000	+ 534,47	+ 52,13
3380	Long-term forecasting and assessment (FAST) (former item 3362)	700.000	700.000	750.000	750.000	+ 7,14	+ 7,14
3381	Education and training	760.000	1.007.000	2.858.000	976.000	+ 271,54	- 2,40
338	HORIZONTAL ACTIVITIES	1.460.000	1.707.000	3.648.000	1.726.000	+ 145,49	- 0,15
3390	Research staff placed at the disposal of outside bodies in accordance with Article 6(c) of the EURATOM Treaty (former items 3380, 3381)	1.582.000	1.582.000	1.236.000	1.236.000	- 21,67	- 21,07
3391	Staff awaiting assignment to a post (former item 3382)	176.000	176.000	332.000	332.000	+ 88,64	+ 88,64
3392	Services provided for outside bodies	-	-	106.000	106.000	-	-
339	NON-PROGRAMME ACTIVITIES	1.758.000	1.758.000	1.674.000	1.574.000	- 4,78	- 4,78
335-339	Staff expenditure (Chap. 100)	67.000	67.000	-	-	-	-
	INDIRECT ACTION - TOTAL	140.518.000	149.709.000	157.378.000	143.933.000	- 15,59	- 3,86
	OF WHICH IN CHAPTER 100	167.000	167.000	-	-	-	-

(1) Including the appropriations in Chapter 100 (100,000 EUA in appropriations for commitment or payment).

Figures in the Council's draft (m EUA)

	CA	PA
	113.262	109.936
Chap. 100 :	8.000	2.000
	<u>121.262</u>	<u>111.936</u>

2. Description of the activity

In the case of indirect actions research activity is conducted through contracts concluded by the Commission with outside bodies.

Whereas in the 1980 budget indirect actions covered a multitude of individual measures each with its own heading and poorly arranged and correlated, the Commission has now grouped together the actions and reduced the number of headings from 25 to 16.

Indirect actions have thus been grouped together into four major sectors with various individual projects:

- | | |
|---|--|
| 1. Energy with four topics, with a total expenditure for 1981 of | 95.3 m EUA CA |
| 2. Raw materials, consisting of four correlated individual measures totalling | 5.9 m EUA CA |
| 3. Environment, with three central topics totalling | 27.2 m EUA CA |
| 4. Economic development, with three topics totalling | <u>18.7 m EUA CA</u>
147.1 m EUA CA |

Two further areas concern horizontal activities and non-programme activities, which total

5.3 m EUA CA

The indirect action research programme, totalling around 152.4 m EUA, has thus almost reached the level of direct actions within the JRC in terms of CA, whilst the PA proposed for both types of action are approximately the same (144/148 m EUA).

Whilst the total appropriations earmarked for direct actions have risen by comparison with the previous year by 22% in the case of CA and 16% in the case of PA, the appropriations for indirect actions are lower by around 16% and 4% respectively.

3. Remarks

- The reclassification in the indirect action sector represents the Commission's first reaction to criticisms by Parliament and the Court of Auditors. In particular, Parliament had deplored the lack of coherence and the detailed presentation of the multitude of individual actions in the same field, which made it very difficult to obtain an overall picture.
- At its meeting of 20 December 1979 the Council, too, asked the Commission to overhaul its administration and implementation of research and development activities. The Council also asked that priority be given to energy and raw materials, the environment, agriculture and certain research and development activities in industrial sectors. In this connection the Commission was also requested to report on the possible effects of the Community's research and development policy on horizontal policies (regional, structural, economic and industrial policy, as well as policy in the development aid sector).
- During the first half of 1980 the Commission was to submit proposals on the following questions:
 - (a) concentration of Community programmes on areas of absolute priority,
 - (b) possibility of establishing indirect and concerted-action programmes within the context of an appropriate multiannual outline programme,
 - (c) rationalization of structures in R and D programmes,
 - (d) examination of the possibility of the JRC's participating in the administration of certain indirect actions.
- The Commission was also to submit suitable proposals for measures to evaluate results and the establishment of a system for doing so. Finally, the Council attached special importance to the mobility of research staff.

As regards the individual items:

- . Item 3340 New sources of energy - see separate note
- . Items 3341/2 Nuclear fusion and JET - see separate note
- . Item 3343 Nuclear fission - see separate note

- . Item 3350 Primary and secondary raw materials
Former Items 3360, 3361, 3364 and 3365 have been grouped together under this heading. It now covers all problems connected with the Community's raw materials' supplies, i.e.
 - (a) Four-year programme of 12.11.1979 on the recycling of urban and industrial waste,
 - (b) Four-year programme of 6.3.1978 on primary raw materials,
 - (c) Four-year programme (in preparation) on uranium ore prospecting and processing,
 - (d) Three-year programme of 17.4.1978 on paper and board recycling (extension to 1981).

The CA proposed are about 43% and the PA 23% down on the previous year. Here again the 1980 appropriation was so high that, especially in view of the high carry-overs expected and the fact that the programmes have already passed the point where expenditure was at its highest, the reduction in the appropriations appears to be justified.

- . Item 3360 (former Items 3354, 3366, 3371 - 0/1/4/5) Environment
CA rise by 72%, PA fall by 34%.
The bulk of the appropriations (4.6 m EUA CA) is earmarked for the environment programme revised by decision of 9 October 1979.

- . Item 3362 (former Item 3352) Biology and health protection
A new five-year programme was adopted on 18 March 1980, and the Commission proposes an even higher appropriation than the previous year: 19.2 (16.0) m EUA CA and 11.5 (8.5) m EUA PA.

- . Item 3370 (former Item 3368) Biomolecular engineering
The Committee on Budgets is at this moment considering its opinion, which will in principle be positive. The Community's total participation in the programme is to be around 26 m EUA. An appropriation of around 58% (15 m EUA CA) in the first year appears to be realistic, assuming adoption by the Council.

4. Conclusions/proposals

The Council's decisions of 20 December 1979 and its various requests to the Commission appear to mark a breakthrough towards a reorganization of the Community's research and development activities. At the same time this provides a response to the comments and requests put forward by Parliament over the years.

It is to be hoped that the restructuring measures will be implemented speedily and that, for example, also the plans for adapted global multiannual programmes in the individual sectors will be acted on quickly, since otherwise the reorganization and regrouping of individual research actions under a single heading will detract from the transparency of the budget and its implementation owing to the differences in duration of the programmes approved.

1981 BUDGET

Classification :
NCE

Chapter 33
Article 334
Item 3340
(former Item 3357)

New Sources of Energy

1. Description of the activity

The aim of the programme is to reduce the Community's dependence on imported sources of energy by means of energy conservation and the exploitation of new sources of energy. There is a clear link with Items 3240 and 3241. The programme is based on a Council decision of 11 September 1979 (OJ No. L 231 of 13.9.1979).

The expenditure covers staff costs for 34 posts, administrative costs and expenditure resulting from contracts with national research establishments.

2. Summary of appropriations (in m EUA)

Differentiated appropriations
(a) commitment appropriations

	1 Entered in Budget	2 Final Appropri- ation (x)	3 Utili- zation (x)	4 Percentage 3/2	5 Carried over	6 Cancelled
1977	23.715	29.254	13.131	45%	16.046	0.077
1978	22.157	39.794	28.898	74%	10.896	-
1979	5.241	17.218	7.291	42%	9.927	-
1980	44.464					
1981 PDB	37.800					
1981 DB	37.800					

(b) payment appropriations

	1	2 (x)	3 (x)	4	5	6
1977	17.415	22.489	5.897	26%	13.756	2.836
1978	23.907 ⁺	37.805	14.676	39%	17.250	5.879
1979	11.744 ⁺	28.994	17.054	59%	9.403	2.537
1980	28.273					
1981 PDB	20.146					
1981 DB	12.261					

+ incl. 2 m EUA under Chapter 100

(x) incl. transfers and/or supplementary/amending budgets and carry-overs

3. Parliament's previous position on this heading

Energy conservation programmes and projects and research concerning prospecting for new energy sources have always been regarded by Parliament as a priority in the energy sector.

4. Remarks

- Here again, notwithstanding Parliament's opposition, a ceiling of 105 m EUA was fixed by the Council for the four-year period, thus undermining the powers of the second arm of the budgetary authority.

- The utilization of both CA and PA in previous years leaves something to be desired.
- In view of the relatively high appropriation for 1980, when the majority of the contracts were concluded, a reduction in the appropriations for 1981 (15% in the case of CA and 28.7% in the case of PA) is justified.
- It is to be expected that there will again be substantial carry-overs at the end of 1980, so that the overall appropriations available will be at least as high as in the preceding year.

5. Conclusions/proposals

It will be necessary to consider carefully whether the appropriation for 1981 might not be further reduced.

1981 BUDGET

Classification :
NCE

Chapter 33
Article 334
Items 3341
3342
(former Item 3351)

Thermonuclear Fusion and JET

1. Description of the activities

These actions form part of the programme on controlled thermonuclear fusion adopted by the Council on 13 March 1980 (OJ No. C 72 of 18.3.1980). The aim is to construct prototype fusion reactors with a view to their industrial-scale production and marketing. Sweden (since 1976) and Switzerland (since 1978) have also been associated with this programme. In 1981 their total contribution to the expenditure will be 6.7 m EUA.

2. Summary of appropriations (in m EUA)

Differentiated appropriations

(a) commitment appropriations

	1 Entered in Budget	2 Final Appropriation (x)	3 Utilization (x)	4 Percentage 3/2	5 Carried over	6 Cancelled
1977	33.945	177.270	86.725	49%	90.156	0.389
1978	14.482	105.591	16.921	16%	88.670	-
1979	26.412 ⁺	103.779	73.482	71%	30.297	
1980	82.812					
1981 PDB	42.199					
1981 DB	32.199					

+ incl. 20 m EUA under Chapter 100

(b) payment appropriations

	1	2 (x)	3 (x)	4	5	6
1977	43.879	53.368	22.667	42%	30.361	0.400
1978	40.853	72.078	34.123	47%	22.747	15.208
1979	53.812 ⁺	72.280	58.542	81%	13.735	0.003
1980	78.953					
1981 PDB	86.400					
1981 DB	65.621					

+ incl. 10 m EUA under Chapter 100

(x) incl. transfers and/or supplementary/amending budgets and carry-overs

3. Parliament's previous position on these headings

Parliament included these actions among its priorities at an early stage. In the 1980 budget the bulk of the appropriations were at first entered under Chapter 100, since the five-year programme (1979-1983) had not yet been adopted by the Council.

4. Remarks

- It was only together with its decision on a new research programme for the JRC that the Council adopted the programme on controlled thermonuclear fusion including JET (13.3.1980).
- For this reason (programme launch delayed until 1980) the Commission proposes for 1981 a 68% reduction in CA for fusion and plasma physics (excluding JET). The bulk of the commitments for this purpose was entered into when the contracts were concluded in 1980.
- For the JET project moderate increases amounting to 13% are shown for both CA and PA.
- Parliament is at this moment considering a Commission proposal for a Council decision amending its decision of 13 March 1980, in which the initial ceiling of 145 m EUA for the JET project is raised to 195 m EUA. This increase is necessitated by inflation and general rises in costs.

5. Conclusions/proposals

- The trend in CA is 'normal', taking account of the delay in the Council's decision.
- Steady increase in PA.
- Here again we have the absurdity of the Council procedure 'fixing' the ceiling, with the need for constant changes in the basic regulation.
- Steady improvement in the utilization of appropriations.

1981 BUDGET

Classification :
NCE

Chapter 33
Article 334
Item 3343
(former Items 3355,
3356, 3359, 3363, 3370)

Nuclear fission

1. Description of the activity

As part of the regrouping of budget headings covering indirect actions, this item now amalgamates five old ones, covering the programmes on

- Plutonium recycling in light-water reactors (Council decision of 10.10.1978),
- Management and storage of radioactive waste (Council decision of 18.3.1980),
- Decommissioning of nuclear power stations (Council decision of 27.3.1979),
- Safety of thermal water reactors (Council decision of 27.3.1979),
- Nuclear safety (Council resolution of 22.7.1975).

In other words, all items covering nuclear reactors and nuclear fission have been grouped together.

2. Summary of appropriations (in m EUA)

Differentiated appropriations
(a) commitment appropriations

	1 Entered in Budget	2 Final Appropriation (x)	3 Utili- zation (x)	4 Percentage 3/2	5 Carried over	6 Cancelled
1977	-	-	-	-	-	-
1978	5.501	15.230	8.885	58%	6.267	0.077
1979	1.053	11.643	6.727	58%	4.895	-
1980	15.796					
1981 PDB	15.263					
1981 DB	13.095					

(b) payment appropriations

	1	2 (x)	3 (x)	4	5	6
1977	-	-	-	-	-	-
1978	6.509	11.210	4.506	40%	4.564	2.173
1979	6.643	13.186	6.985	53%	4.536	0.446
1980	13.202					
1981 PDB	7.942					
1981 DB	5.854					

(x) incl. transfers and/or supplementary/amending budgets and carry-overs

3. Parliament's previous position on this heading

Parliament supported all five programmes and has always made efforts to ensure that adequate funds are made available. Difficulties with the appropriations have occurred mainly through delays in Council decisions.

4. Remarks

A new Council decision exists for four of the five programmes. The programme on the plutonium cycle and its safety was extended on 10 October 1978 for one year. The Commission has submitted a new five-year programme on this topic (COM (79) 87), which has not yet been adopted by the Council. Parliament delivered a favourable opinion on it.

In anticipation of the adoption of the new programme by the Council, the Commission has entered for the action CA amounting to 1.85 m EUA and PA amounting to 0.35 m EUA.

The utilization in previous years for all five programmes averaged only a little over 50%.

In the 1980 budget there was a substantial increase in appropriations compared with previous years.

5. Conclusions/proposals

It appears right to peg the CA and cut PA by around 40% in the light of the rate of payments in previous years and the high appropriation last year, which is likely to lead to substantial carry-overs.

Classification :
NCE

ENVIRONMENT
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1. Description of the activity

Art.	Heading	1980 Appropriation authorized		1981 Appropriation requested		Percentage change		Council draft CA/PA
		Total approps for commitment	Total approps for payment	Total approps for commitment	Total approps for payment	Total approps for commitment 3 : 1	Total approps for payment 4 : 7	
		1	2	3	4	5	6	
350	Radiation protection	440,000	440,000	630,000	630,000	+ 43,2	+ 43,2	475.000
351	Community aid relating to the environment	token entry	token entry	token entry	token entry	-	-	-
352	Health protection, hygiene and safety at work	1.230.000	1.230.000	1.620.000	1.620.000	+ 31,7	+ 31,7	1.233.000
353	Public health studies and measures	200.000	200.000	250.000	250.000	+ 25,0	+ 25,0	200.000
354	Community environmental protection measures	3.000.000	3.000.000	4.964.000 ^(b)	4.964.000 ^(b)	+ 65,5	+ 65,5	3.295.000
355	Consumer protection and information	990.000	990.000	1.139.000	1.139.000	+ 15,0	+ 15,0	1.025.000
356	Work organization and job enrichment	80.000	80.000	100.000	100.000	+ 25,0	+ 25,0	80.000
359	European Foundation for the Improvement of Living and Working Conditions	2.650.000	2.650.000	3.246.000	3.246.000	+ 22,5	+ 22,5	2.850.000
* TOTAL		8.590.000	8.590.000	11.940.000	11.940.000	+ 25,1	+ 25,1	9.158.000

(b) Including 1.200.000 ECU in Chapter 100.

The principal measures covered by the chapter 'Expenditure on the protection of man and his environment' are as follows:

- Radiation protection,
- health protection, hygiene and safety at work,
- Community environmental protection measures,
- consumer protection,
- European Foundation for the Improvement of Living and Working Conditions (Dublin).

Environmental protection measures involve non-differentiated appropriations totalling almost 12 m EUA. This corresponds to an increase over the previous year of around 25%.

The bulk of the expenditure is intended for Community environmental programmes (41.5%), the Foundation for the Improvement of Living and Working Conditions (27%) and an action programme on the improvement of the working environment (13.5%).

Among these activities the appropriation for the environmental protection programmes of nearly 5 m EUA represents the highest increase over the previous year (65.5%).

2. Summary of appropriations (in m EUA)

Non-differentiated appropriations

	1 Entered in Budget	2 Final Appro- priation (x)	3 Utili- zation (x)	4 Percentage 3/2	5 Carried over (xx)	6 Cancelled
1977	5.872	7.375	6.318	87%	2.225	1.057
1978	6.388	9.193	8.112	88%	2.987	1.080
1979	7.792	10.779	9.910	91%	3.527	0.869
1980	8.590					
1981 PDB	11.949 (xxx)					
1981 DB	9.158					

(x) incl. transfers and/or supplementary/amending budgets and carry-overs

(xx) payments still to be made against commitments entered into.

(xxx) incl. 1.2 m EUA for Item 3545 under Chapter 100.

3. Parliament's previous position

- In previous years Parliament has supported the Commission's environmental measures, in some cases increasing the appropriations earmarked for them.
- As in the research sector, Parliament has called for an improvement in budgetary transparency, asking for example that protection of the marine environment be incorporated in this chapter (previously Chapter 87). The Commission has now responded to this request by creating Item 3545 'protection of the marine environment'.
- At the initiative of the Environment Committee and the Socialist Group a new Article 351 with four items, each showing a token entry, was introduced at the first reading of the 1980 budget. These headings were intended to cover measures to promote Community activity connected with the environment. The Commission has taken account of Parliament's wishes in this sector and its preliminary draft includes this article with four new items, a token entry being made against them.

4. Remarks

The utilization of appropriations in the environment sector in previous years was highly satisfactory at around 90%. The rate of cancellations, which in 1977 still stood at 18%, has also steadily fallen. There appear therefore to be no problems in regard to implementation of the budget.

It must be pointed out, however, that not all the measures included in Article 351 have been covered by a Commission proposal for a regulation. The Commission should submit such proposals as soon as possible. A point worth considering is whether special regulations adopted by the Council are in fact really essential, or whether existing statements of the Council's intent in the form of declarations, resolutions, conclusions or decisions might provide an adequate basis.

In this connection it should be pointed out that other Commission measures are based only on Council resolutions.

Special remarks:

- Item 3521 for grants to international organizations in the field of health protection shows an increase of 167%.
- The appropriations against Items 3530 and 3540 are intended for studies. Such studies have been carried out for many years. It is important that the Commission should report to Parliament on the results achieved by the studies and their application.
- As regards Item 3545 'protection of the marine environment', Parliament is at the moment considering specific Commission proposals for a Council decision. However, the measures represent no more than a first step towards the prevention of marine pollution by oil, since in the first instance only an information system is to be established.

5. Conclusions/Proposals

- The criticism expressed earlier in connection with Chapter 33, indirect action, may be applied also to Chapter 35 on the environment: the Commission is concealing the absence of a coherent Community policy in this sector by a multitude of minor budget items, most of which are given an appropriation of only a few hundred thousand units of account. Here, too, some tightening up and re-grouping by sector are needed, with expenditure based on appropriate multiannual programmes so as to provide a more effective Community environmental policy.

Classification:

NCE

Chapter 35

Subsidy to the European Foundation for
the improvement of living and working
conditions (Dublin)1. a - Legal basis

Council regulation of 26 May 1975 (OJ No. L 139 of 30.5.1975), adopted in the framework of the programme on the environment which provided for the creation of this Foundation.

b - Description of the activity

The aim of the Foundation is to develop and study the improvement of the working environment and working conditions in the medium and long term. It gives priority to the following problems:

- the state of man at work,
- work organization, and particularly the planning of jobs,
- problems peculiar to certain categories of worker,
- long-term aspects of environmental improvement,
- distribution of human activities in space and time.

The Community's subsidy constitutes almost 99% of the income of the Foundation. The Foundation's estimates are presented separately from the preliminary draft budget but form an integral part thereof.

2. Summary of appropriations (m EUA) - Non-differentiated appropriations

Chapter 35 Article 359	1 Initial appropriations	2 Final appropriations	3 Appropriations committed and/ or paid	4 % 3/2	5 Amounts still to be paid	6 Cancelled
1977	2.600	2.600	1.741	67.0	-	0.859
1978	2.300	2.300	1.571	68.3	0.298	0.729
1979	2.590	2.888	2.381	82.4	0.572	0.630
1980	2.650					
PDB 1981	3.246					
DB 1981	2.850					

3. Specific parliamentary initiatives

- Report by the Committee on Budgetary Control (Doc. 1-726/80 - Mr Kellett-Bowman) - discharge 1976 to 1978.

4. Remarks

(a) Discharge 1976 to 1978

In its resolution containing the comments accompanying the decision on the discharge for the financial years 1976 to 1978 Parliament asked among other things for a review of the financial provisions in force for the Foundation, and the procedures for recruiting staff. It also made recommendations concerning greater efficiency.

(b) Estimates of income and expenditure for 1981

- amounts:

	<u>1980</u> ^{**}	<u>1981</u>	<u>Difference</u>
- Staff	1.086	1.298*	+ 0.212 (19%)
- Administrative expenditure	0.261	0.304	+ 0.043 (16%)
- Operational expenditure	1.553	1.712	+ 0.159 (10%)
TOTAL	2.900	3.314	+ 0.414 (14%)

* Including 0.117 - creation of new posts.
The Commission has not accepted one of the posts requested, which reduces staff costs by 0.022 m EUA.

** Figures from estimates. The Commission has not yet forwarded the new figures including the reduction of the total appropriation by 0.200 m EUA to the Council.

- establishment plan:

	<u>1979</u>	<u>1980</u>	<u>1981</u>
	14 A	16 A	17 A
	6 B	6 B	8 B
	8 C	9 C	11 C
	-	-	1 D*
	<u>28</u>	<u>31</u>	<u>37</u>

* Compensated for by the abolition of one local staff post.

The justification put forward by the Foundation is not very clear; there is in particular a confusion between requests for new posts and for the conversion of posts:

Written justification	Establishment plan
1 A 5 : dissemination results of research	1 A 6 → 1 A 5 : promotion research + 1 A 6 : dissemination, information, documentation
1 B 1 : promotion research	1 B 1/B 3 : promotion research or administration
1 B 3 : dissemination, information, documentation	idem
1 C 1 1 C 3 translation	1 C 2 → 1 C 1 for director and deputy director 1 C 3 → 1 C 2 : translation and promotion research or administration 1 C 3 : translation and promotion research
1 D 2 : technical services	idem

- budgetary presentation

- Modification for the cost of organizing seminars, etc. (Art. 304): translation costs are transferred to Article 305; other costs are broken down between general costs (3040) and interpreting costs (3041). In all these appropriations increase from 283,000 to 726,000 EUA, or 157%. Article 117, additional services, which includes in particular the cost of freelance interpreters, conference technicians and translation, increases from 58,100 to 79,100 EUA (+ 28%).

- Appropriations for study and pilot projects are not broken down by item. In a footnote to Chapter 303 it is stated that details of this amount will be published as soon as the 1981 working programme has been adopted by the Administrative Board.

- remarks on certain lines of the estimates

- Revenue, income from investment, bank interest and others falls from 40,000 in 1980 to 30,000 EUA (44,461.77 in 1979).

- Local staff (Article 111): in spite of the commitment to compensate the creation of one D post by the removal of one local staff post, appropriations under Article 111 increase from 59,000 to 72,600, + 23%.

- Significant increases:

204	: fitting-out of premises	: +150%
222	: technical equipment and installations	: +131%
225	: documentation and library	: + 81%
2351	: uniforms and working clothes	: + 33%

- Significant decrease:

121	:	Travel expenses	:	- 43%
122	:	Installation allowances ...	:	- 37%
123	:	Removal expenses	:	- 49%
221	:	Furniture	:	- 37%
250	:	Formal and other meetings	:	- 13%

NCE

Chapter 36

Scientific and technical information and
information management

I. Legal basis and description

- various articles of the Treaties, resolutions and decisions of the Council.
- Scientific and technical documentation, the dissemination and evaluation of research findings, action plans for data processing, Euronet, automated translation and other documentary research projects.

II. Summary of appropriations

See Annex. .

III. Specific parliamentary initiatives

- The Committee on Budgetary Control's interim report on the Data Processing Centre requests that the computer provided for in Item 3621 should be charged to Chapter 21.

IV. Remarks

- The activities funded from this chapter may help to promote technological and industrial innovation in Europe.
- Charging a computer with an extensive network of terminals to a separate chapter makes the Commission's expenditure on data processing less transparent, especially as the latter has offered part of the computer's capacity to the European Parliament.
- Provision has been made for an appropriation to cover the conversion of data bases in the Community institutions (150,000 EUA of the 2.3 m EUA under Item 361). Will the Commission undertake conversions for the other institutions?

1981 BUDGET

Summary of Differentiated and non-differentiated appropriations
(m EUA)

Non-Differentiated appropriations:

Chapter 36	1 Initial Approp.	2 Final approp.	3 Appropriations committed and/ or paid	4 % 3/2	5 Amounts still to be paid	6 Cancelled
1977	1.332	3.807 ^x	3.608	94.8	0.519	0.198
1978	1.455	2.202	2.118	96.2	0.791	0.084
1979	1.530	2.471	2.352	95.2	0.613	0.118
1980	1.817 ^{xx}					
1981 PDB	2.395 ^{xxx}					
1981 DB	1.905					

x 3620 Differentiated from 1977 onwards

xx including 0.200 in Chapter 100

xxx including 0.500 in Chapter 100

Differentiated appropriations:

Payment appropriations (3620, 3621 and 3623)

	1 Initial Approp.	2 Final Approp.	3 Utiliz- ation	4 % 3/2	5 Carried over	6 Cancelled
1977	1.750	3.766	2.471	65.6	1.230	0.065
1978	3.550	4.846	2.784	57.4	2.061	-
1979	3.825	6.886	3.569	51.8	3.317	-
1980	3.875					
1981 PDB	3.987					
1981 DB	3.087					

Commitment appropriations

	1 Initial Approp.	2 Final Approp.	3 Utiliz- ation	4 % 3/2	5 Carried over	6 Cancelled
1977	3.300	3,300	2.394	72.5	0.906	-
1978	5.825	6,800	2.640	38.8	4.161	-
1979	1.700	8.660	5.962	68.8	2.698	-
1980	3.600					
1981 PDB	6.054 x					
1981 DB	1.900					

x including 3.745 in Chapter 100

Chapter 37

Articles 370 to 376

Industrial policy

1. Legal basis and description

Most of these activities carried out in the industrial field have as yet no suitable legal basis.

2. Summary of appropriations: see annex

Parliament has been pressing for a number of years for the development of this policy.

4. Remarks

- the pattern of expenditure has not matched the requirements which the crisis in a number of industries has created. Many of the proposed projects lack a suitable legal basis. A large volume of appropriations has had to be cancelled.

- DATA PROCESSING

The only sector where there has been some progress:

Article 370 accounts for more than 60% of the appropriations under this chapter. It should be noted that Chapter 36 also contains appropriations for data processing.

. The projects in the field of telematics are still at the planning stage but look as though they might be capable of giving fresh impetus to this policy.

- AEROSPACE

. There is no longer even a token entry. No decision has been forthcoming from the Council. The Commission's latest proposal dates from 2 September 1977 and the action programme from 3 October 1975. Parliament supported both documents (Doc. 319/75 and Doc. 454/77) but was unable to secure the necessary majority to enter the appropriations in the 1980 budget.

- FOOTWEAR

. The programme (Council Decision of 14 February 1977) has been implemented. No new proposal has been put forward to this industry.

- TEXTILES

- . The proposal for a second research and development programme in the field of textiles and clothing has been awaiting Council approval since 4 May 1979. As far back as July 1978 the Commission submitted general guidelines for a policy in this sector to the Council.
- . The 500,000 EUA entered in the 1980 budget for the textile industry information system probably cannot be used in 1980. The cost of the system has risen by 10% which means a proportional increase to 550,000 EUA, assuming the same level of participation.

- TECHNICAL RULES

- . The safety of car occupants is covered by Council Directive of 6 February 1970. The present programme was launched in 1978. From the beginning of 1981 the first results can be incorporated in the directives covering EEC type approval to help remove technical barriers to trade in motor vehicles.

- HARMONIZATION OF LAW: Preparation of new directives, amendment of existing directives, monitoring their application and support for European standards committees. The emphasis in the new directives is on building materials, which account for more than half the planned appropriations.

- CRISIS-HIT SECTORS

- . A basic regulation has yet to be adopted. So far the only measure has been an ad hoc scheme to assist the synthetic fibre industry begun in 1979. Another ad hoc scheme for the shipbuilding is awaiting Council approval. No appropriations are shown.

- REDUCTION OF REFINERY CAPACITY

- . No proposals submitted.

- STUDIES ON INDUSTRIAL GUIDELINES

- . Studies in conjunction with the industry concerned costing between 50,000 and 200,000 EUA each. Work began in 1979.

- CERAMIC STUDIES

- . This item replaces former Item 3720 'Operations in the ceramic sector'. It was not possible to utilize the 500,000 EUA against Article 372. Now the Commission is talking in terms of studies rather than research programmes, although they do cover the same subject areas.

- INCREASING PRODUCTIVITY IN THE CLOTHING INDUSTRY

- . The ground for this project was prepared by a symposium held in 1979 and a study carried out by a consultancy firm. At the moment it is shown as a separate budgetary heading. No Council decision has been requested for the time being.

(The wisdom of separating the textiles programme (3722) and the clothing industry studies (3762) is open to question).

- RATIONAL UTILIZATION OF ENERGY

- . Based on the supplementary memorandum to the Commission's programme address for 1980. At the planning stage.

ANNEX

Summary of differentiated and non-differentiated appropriations (m EUA)

Non-differentiated appropriations:

Articles 370 to 376	1 Initial approp.	2 Final Approp.	3 Appropriations committed and/or paid	4 % 3/2	5 Amount still to be paid	6 Cancelled
1977	0.650	9.465	1.395	14.7	0.744 x	0.002
1978	15.035	24.827	1.556	6.3	0.579 xx	8.272
1979	1.141	18.102	17.060	94.2	1.158	1.042
1980	2.520					
1981 PDB	5.450					
1981 DB	2.400					

x 8 m EUA carried forward to 1978

xx 15 m EUA carried over to 1979

Differentiated appropriations

Commitment appropriations

	1 Initial approp.	2 Final approp. x	3 Utilization x	4 % 3/2	5 Carried over	6 Cancelled
1977	9.000	9.000			9.000	
1978	7.920	31.920	1.878	6	21.042	9.000
1979	22.000 xx	38.045	1.070	3	16.973	20.003
1980	9.557					
1981 PDB	12.700					
1981 DB	8.000					

x taking account of transfers and supplementary/amending budgets and any carry-overs

xx Chapter 100

Payment appropriations

	1	2 x	3 x	4	5	6
1977	2.836	2.836	-		2,836	-
1978	3.700	7.536	0.437	6	4.263	2.836
1979	2.141	13.463	1.309	10	9.154	3.000
1980	4.450					
1981 PDB	7.727					
1981 DB	5.127					

x taking account of transfers and supplementary/amending budgets and any carry-overs

Articles 378 and 379

TRANSPORT1. Legal basis and description

- Article 75 of the EEC Treaty and Commission communications to the Council, proposals for regulations (infrastructure projects) and Council declarations (monitoring markets and road quotas).
- Article 378 covers financial support for transport infrastructure projects and preparatory studies and Article 379 a system for monitoring and forecasting markets for the carriage of goods by road.

2. Summary of appropriations (m EUA) - Non-differentiated appropriations: item 3780 and Article 379

Articles 378 and 379	1 Initial appropriations	2 Final appropriations	3 Appropriations committed and/or paid	4 % 3/2	5 Amounts still to be paid	6 Cancelled
1977						
1978	token entry	0.890	0.890	100	0.632	
1979	0.300	0.300	0.293	97.7	0.125	0.007
1980	1.100					
PDB 1981	1.430					
DB 1981	0.425					

Differentiated appropriations: item 3781

Token entry since 1977 for payments and commitments.

3. Specific parliamentary initiatives

- Own initiative reports in preparation on COM(80) 86 final (Motorway Austria-Phyrn-Autobahn) and on COM(79) 550 final (Community's role in the development of transport infrastructures) (Klinkenberg report).

4. Remarks

- 1,000,000 EUA was entered in the 1978 budget at the initiative of the European Parliament. Almost 90% of this sum has been utilized. The studies cover traffic forecasting, the Community interest of projects and the infrastructure requirements arising from the accession of new Member States.

- Support for infrastructure projects would take the form of subsidies or interest rate rebates. The Council has still not adopted the basic regulation. The Council has still not adopted the basic regulation. The proposal dates back to 2 September 1976. The Commission has even given up proposing an entry in Chapter 100 (in the 1980 PDB 15 m EUA payments and 50 m EUA in commitments - Chapter 100)

- The observations referred to in Article 379 are obtained by analyzing existing statistics, carrying out surveys of the operators concerned and information on social questions. The appropriations for 1980 were not sufficient to finance the whole cost of the studies being carried out.

1981 Budget

Classification:

NCE

Chapter 39

Article 392

Educational measures

1. Legal basis and description

- Legal basis: Item 3920 - The resolution of the Council and of the Ministers of Education of 9 February 1976, which provides for an action programme in the field of education (OJ No. C 38, 19.12.1976) and a series of other resolutions and directives on problems relating to the provisions of education for migrant workers and their families.

- Item 3921 - The Resolution of the Council and of the Ministers of Education of 9 February 1976, which provides for an action programme in the field of education (OJ No. C 38, 19.2.1976); Resolution of the Council and of the Ministers of Education of 13 December 1976 concerning measures to be taken to improve the preparation of young people for work (OJ No. C 308, 30.12.1976).

- Description Item 3920 - a programme covering cultural and vocational training, the improvement of educational systems, compilation of data, cooperation in the field of higher education, the teaching of foreign languages and access to education;

- Item 3921 - a programme of measures to prepare young people for work and provide further training for teachers; in addition, the implementation of private projects in support of the development of national policies, preparation of reports on the progress achieved in education, organization of seminars on vocational training, improvement of statistical data, etc.

2. Summary of appropriations (m EUA)

(a) Commitment appropriations:

Item 3920

	1 Entered in budget	2 Final approp. ^x	3 Utilized	4 Percentage 3/2	5 Outstanding at end year	6 Cancell -ed
1977	0.67	1.05	0.59	56.1	0.43	0.02
1978	1.50	1.94	1.14	58.7	0.77	0.02
1979	1.50	2.27	1.26	55.7	0.96	0.04
1980	2.10					
PDB1981	4.38					
DB1981	2.30					

^x Including transfers and/or supplementary/amending budgets and carry overs

(b) Payment appropriations:

Item 3921

	1 Entered in budget	2 Final approp. ^x	3 Utilized	4 Percentage	5 Carried over	6 Cancell - ed
1977	t.e.	0.25	0.07	3	0.17	0.07
1978	3.56	3.73	1.65	44.2	1.97	0.10
1979	3.99	5.96	3.09	51.8	2.84	0.03
1980	4.60					
PDB1981	4.70					
DB1981	4.60					

^x Including transfers and/or supplementary/amending budgets and carry overs

3. Specific parliamentary initiatives

In countless documents (see in particular 158/78 and 410/79) the European Parliament has demonstrated its consistent support for initiatives in the field of education. Further proof of this was given recently (see the amendments to the 1980 budget) when it supported the reinstatement of the appropriations originally proposed by the Commission for Items 3920 and 3921.

4. Remarks

- (a) Although the programmes covered by these appropriations are normally implemented in the year following that in which funds are committed and the rates of utilization of both Items 3920 and 3921 are fairly consistent with sound budgetary management, the level of cancellations is nevertheless perplexing.
- (b) The appropriation of 4.7 m units of account entered against item 3921, which is broadly similar to the previous year's, does not call for special comment but the appropriations for Item 3920 does.

The leap from 2.1 m units of account to 4.38 m represents an increase of 108.8% over the previous year. The Commission explains this (see preliminary draft budget, Vo. 7/A, page 514) by referring to new activities to be launched from 1980 onwards. This does nothing, however, to account for the 960,000 EUA carried forward from 1979 and the cancellations, however, small, made each year.

- (c) The Commission will have to be asked in the course of the budgetary procedure to give a firm commitment as to its ability to use the appropriations it requests before a decision is taken to enter appropriations as these may well remain partially unused.

From the political viewpoint it must also be remembered that the European Parliament in setting up an ad hoc committee to deal with education among other matters expressed its desire that the Community should play a role in the education sector.

Classification: CE

Repayment of costs incurred in collecting
own resources

1. Legal basis and description of the activity

The Decision of 21 April 1970 creating Community own resources provides for a flat-rate repayment to the Member States of the costs incurred in collecting these resources.

An amount of 10% of the resources accruing from customs duties and sugar and other levies is reimbursed.

2. Summary of appropriations

[Non-differentiated appropriations]

(m EUA)	Appropriation authorized
1977	584.6
1978	689.6
1979	691.8
1980	784.1
1981	874.5

3. Remarks

- (a) This item does not usually prompt any discussion during the budgetary procedure as the appropriations result automatically from the collection of own resources. Their classification as CE is not contested.
- (b) However, these appropriations could be important if there were insufficient resources to finance the budget, that is, if the volume of expenditure voted by the budgetary authority exceeded the ceiling of 1% of VAT.

Should this happen - and at present it is not expected to - Parliament could propose to the Council that the excess expenditure be financed from part of the appropriations in Chapter 40.

This would probably require the agreement of the Member States and would raise various legal problems. It could be considered only as an extreme and temporary solution in the event of the ceiling of existing resources being exceeded either when the 1981 budget is adopted or in a supplementary budget during the financial year.

- (c) The Committee on Budgets' Working Party on Own Resources considered proposing that this repayment mechanism should be abolished but has decided against it, in view above all of the objections raised by the Commission.

Classification:

Commission)
 Council) CE
 Parliament -

Application of the financial mechanism

1. Legal basis and description

- . Legal basis: this mechanism was agreed at the Summit of 10/11 March 1975 following the British re-negotiation. It was embodied in a Council regulation of 17 May 1976.

The Council decided in principle on 30 May 1980 to extend this mechanism to cope with the British 'problem'

- . Description of mechanism: the mechanism provides for payments from the Community budget to Member States
 - in a difficult economic position
 (in absolute terms and taking account of its GDP growth rate),
 - providing a proportion of own resources at least 10% in excess of its GDP

The payments are intended to compensate for the difference between the proportion of own resources actually paid and the GDP share but may not exceed:

- the net foreign exchange burden of the Member State concerned
- the Member States payments in respect of VAT¹

Payments are made in the financial year following the year in which the mechanism was triggered. In principle the system applies only up to January 1983.

¹ Before enlargement, this mechanism imposed much stricter limits of application.

2. Summary of appropriations

(Non-differentiated appropriations).

million EUA	Authorized	Utilized	Carried over to following year
1977	token entry	-	-
1978	token entry	-	-
1979	token entry	-	-
1980	token entry	-	-
(PDB	469		
1981 (
(
(DB			
(
1982	550 (estimate)		

3. Specific parliamentary initiatives

In its Resolution of 16 December 1975 on the proposal for a regulation setting up the financial mechanism, Parliament merely took note of the de facto decision imposed on it by the European Council and demanded that in future it should actively participate in such decision 'affecting certain fundamental financial provisions' of the Community.

In its discussion of the substance of the regulation the explanatory statement to the report of the Committee on Budgets (rapporteur: Mr NOTENBOOM) condemned the use of this method for 'refunding' own resources to a Member State in a difficult position and instead advocated active and increased solidarity by the other Member States through the medium of Community structural policies.

The explanatory statement also pointed out that this method gave the impression that the refund was an objective right of a Member State and that the corresponding expenditure therefore fell into the compulsory category.

In its resolution of
on the extension of the financial mechanism, Parliament

4. Remarks

- (a) This mechanism is both exceptional and temporary:
- temporary because the basic regulation provides that it should operate for a period of seven years from 1 January 1976 (i.e. to 1 January 1983). In addition, the mechanism may be abandoned from 1 January 1982 if the 'structural changes' agreed by the Council on 30 May 1980 come into effect on schedule;
 - exceptional, because as far as it is possible to foresee it applies only to the United Kingdom¹.
- (b) Is expenditure under the financial mechanism compulsory or not?
- Technically it may indeed be regarded as compulsory as the Commission and the Council maintain. The exact amount of expenditure to be charged to the budget is calculated mathematically by the method described above; in addition, this expenditure is an objective right of a given Member State;
 - politically, however, it is difficult for Parliament as part of budgetary authority to agree that the Council, the other part of this authority, should unilaterally adopt measures which substantially amend or even conflict with the financial and budgetary principles laid down in the Treaties. Moreover, it is clear that expenditure under the financial mechanism
 - based on Article 235 - cannot be regarded as 'necessarily resulting from the Treaty or from acts adopted in accordance therewith' within the meaning of Article 203.

¹ This mechanism would appear not to apply:

- to Greece : because of the planned abatement of its payments in respect of own resources during the interim period;
- Italy and Ireland: because their GDP share is greater than their own resources share;
- Spain or Portugal, which are not due to accede to the Communities before 1983.

INTRODUCTION TO THE NOTES CONCERNING THE
SOCIAL FUND

The purpose of the Social Fund is to improve employment opportunities for workers and increase their geographical and occupational mobility within the Community. It acts in two ways:

1. on the basis of specific Council decisions to assist certain sectors where the employment situation is endangered by the implementation of Community policies or where a specific measure is required to safeguard the supply and demand situation on the Community labour market.

In these cases action is taken under Article 4 of the Council Decision of 1 February 1971;

2. to assist operations carried out in the Member States to resolve imbalances in employment in certain regions, to facilitate adjustment to the requirements of technical progress, and to deal with difficulties arising from changes in the conditions governing the production or disposal of products or which relate to the integration of handicapped persons into economic activities.

In these cases action is taken under Article 5 of the Council Decision of 1 February 1971.

3. Special rules are used to achieve the 'general' balance between appropriations implemented under Article 4 and appropriations implemented under Article 5.

Classification:

NCE

Aid to the agricultural and
textile sectors1. Introduction

In its preliminary draft budget for 1981 the Commission proposes that Article 500 should be subdivided into two items:

- (a) Item 5000: '- Agriculture'
(b) Item 5001: '- Textiles'.

2. Legal basis and description of the activity

- Legal basis: Item 5000 - Council Decision of 19 December 1972 concerning assistance from the European Social Fund for persons leaving agriculture (OJ No. L 291, 28.12.1972 and OJ No. L337, 27.12.1977).
- Item 5001 - Council Decision of 9 February 1976 on intervention by the European Social Fund in favour of persons occupied in the textile and clothing industries (OJ No. L39, 14.2.1976 and OJ No. L337, 27.12.1977).
- Description of the activity: assistance for persons leaving agriculture and taking up a non-agricultural activity or for persons employed in the textile or clothing industry whose jobs are directly affected by the crisis in that sector.

3. Summary of appropriations (in m EUA)(a) commitment appropriations:

	1 Initial appropriation	2 Final appropriation (x)	3 Utili- zation	4 Percentage (3/2)	5 Appropriation outstanding at year end	6 Cancelled
1977	53	50.7	50.6	99.9	0.051	-
1978	35	32.5	31.9	98	0.569	-
1979	35	33.1	26.0	78.7	7.0	-
1980	29 ¹					
1981 PDB	20 ¹					
1981 DB	18					

(x) Including transfers and supplementary/amending budgets and carry-overs

¹ 7 m EUA under Item 5000 and 13 m EUA under Item 5001

(b) payment appropriations:

	1 Initial appropriation	2 Final appropriation(x)	3 Utili- zation	4 Percentage	5 Carried over	6 Cancelled
1977	13	73.5	32.0	43.5	1.9	39.5
1978	61	62.2	21.9	35.2	40.2	-
1979	38	78.2	40.1	51.3	38.0	-
1980	15 ₁					
1981 PDB	12 ¹					
1981 DB	11					

(x) Including transfers and supplementary/amending budgets and carry-overs

¹ Divided equally between Items 5000 and 5001

4. Parliament's previous position

In recent years Parliament has repeatedly called for the reinstatement of the proposals contained in the Commission's preliminary draft budget, following the Council's modifications.

5. Remarks

- (a) These measures are covered by expenditure under Article 4 of the Council Decision of 1 February 1971 (see introduction).
- (b) As can be seen from the above tables, both the commitment and payment appropriations proposed by the Commission for 1981 are the lowest figures for the last five years. The rate of utilization of the commitment appropriations has gradually fallen since 1977 while that of payment appropriations has constantly remained at a modest level, resulting in a substantial accumulation of carry-overs. As a whole, the statistics relating to past management of these items confirms the need to reduce the relevant appropriations. They also justify the subdivision of Article 500 into the two new items proposed by the Commission, since, if the new nomenclature is adopted, as from next year clearer information will be available concerning the advisability of adjusting the financial allocation of either of the two areas of expenditure covered by this article, that is, assistance for persons leaving agriculture and measures to help persons employed in the textile sector.
- (c) As pointed out in the Eighth Report on the activities of the European Social Fund for the financial year 1979 (COM(80) 365 final, pp. 24 and 27), the extremely low budget allocation proposed for 1981 is due:
- in the case of the agricultural sector, to the relatively low volume of applications as a result of the slow-down in the rate of movement of workers from the land;
 - in the case of the textile sector, to the decline in the volume of applications, which was probably influenced by (a) the priority system introduced by the requirement that the operations should be carried out in textile-producing areas with a particularly high rate of unemployment, and (b) expenditure estimates which are much more in line with actual costs.
- (d) Moreover, Item 5001 is distinguished by the fact that it is set aside for measures to assist the textile sector, including the processing of chemical fibres and clothing, which now seems to be particularly vulnerable.

1981 BUDGET

Classification:
NCE

Chapter 50
Article 501

Measures for young people

1. Legal basis and description of the activity

- Legal basis: Council Decision of 22 July 1975 concerning action by the European Social Fund for persons affected by employment difficulties (OJ No. L 199, 30.7.1975, OJ No. L 337, 27.12.1977 and OJ No. L 374, 30.12.1978), Council Regulation (EEC) No. 2396 (OJ No. L 249, 10.11.1971), Regulation (EEC) No. 2893/77 (OJ No. L 337, 27.12.1977) and Regulation No. 3039/78 of 18 December 1978 (OJ No. L 361, 23.12.1978). In the course of 1980 the Council will have to take the necessary steps to extend the Decision of 22 July 1975.
- Description of the activity: aid for measures designed to facilitate the employment of young people under 25 who are seeking work.

2. Summary of appropriations (in m EUA)

(a) commitment appropriations

	1 Initial approp- riation	2 Final approp- riation(x)	3 Utili- zation	4 Percentage (3/2)	5 Approp. outstanding at year end	6 Cancelled
1977	172	174.1	174.0	99.9	0.08	-
1978	179	179.4	179.2	99.9	0.13	-
1979	230	244.8	230.9	94.3	13.8	-
1980 (xx)	358					
1981 PDB	372					
1981 DB	368					

(x) Including transfers and supplementary/amending budgets and carry-overs

(xx) In the 1980 budget Article 501: 'Measures for young people' was subdivided into Items 5010: 'Vocational training and geographical mobility' and 5011: 'Aids to promote employment'. The budget allocation is broken down between these items as follows: (in m EUA)

	<u>1980</u>	<u>1981</u>
- Item 5010:	250	264
- Item 5011:	108	108

(b) payment appropriations:

	1 Initial appropriation	2 Final appropriation(x)	3 Utili- zation	4 Percentage	5 Carried over	6 Cancelled
1977	24	86.9	33.2	38.2	6.8	46.8
1978	119	123.9	74.7	60.2	49.1	-
1979	150	184.1	150	81.4	34.0	-
1980 (xx)	135.7					
1981 PDB	277					
1981 DB	210					

(x) Including transfers and supplementary/amending budgets and carry-overs

(xx) In the 1980 budget Article 501: 'Measures for young people' was subdivided into Items 5010: 'Vocational training and geographical mobility' and 5011: 'Aids to promote employment'. The budget allocation is broken down between these items as follows:

(in m EUA)

	<u>1980</u>	<u>1981</u>
- Item 5010:	100	197
- Item 5011:	37.5	80

3. Parliament's previous position

(a) As long ago as the 1979 preliminary draft budget the Commission proposed that Article 501 should be subdivided into two items to enable appropriations in the vocational training sector to be kept separate from appropriations for aid to promote employment. However, at that time the regulation introducing this new form of Social Fund intervention, designed to encourage the creation of jobs for young people, had not yet been adopted. The Commission's proposal, which was supported by Parliament, was rejected by the Council, which, in the 1979 draft budget, created an Article 530¹: 'New measures proposed by the Commission to aid young people' to which it assigned a token entry. Following the adoption of the above regulation (No. 3039/78), the new nomenclature was introduced into the 1980 budget.

(b) As regards the appropriations for these measures the European Parliament, which usually is in favour of retaining the Commission's original proposals, last year supported the Council's inclination to reduce the appropriations earmarked for aid under Item 5010: 'Vocational training and geographical mobility'.

4. Remarks

(a) These measures are covered by expenditure under Article 4 of the Council Decision of 1 February 1971 (see introduction).

(b) To gain a clearer picture of the exact volume of appropriations so far allocated, it must be remembered that in 1979 the 72 m EUA commitment appropriations and 25 m EUA payment appropriations entered in Chapter 100 to meet the requirements of Article 530 (see point 3 above) were transferred to the budget line, where virtually all the commitments were implemented but there remained 23.6 m EUA payment appropriations to be carried over.

¹ 72 m EUA in commitments and 25 m EUA in payments were entered in Chapter 100.

Furthermore, although since the presentation of the 1979 budget the Commission has reduced its requests for measures to encourage the employment of young people (Item 5011), the initial proposals, which were approved by Parliament at the time, were as follows:

Commitments (m EUA)		Payments (m EUA)			
		1979	1980	1981	1982 and subs. years
- 1979	110	40	40	30	--
- 1980	165	--	60	60	45
- 1981	225	--	--	80	145
Total 79/81	500	40	100	170	190

The table shows that commitment appropriations for 1981 alone were to have totalled 225 m EUA, whereas only 108 m EUA has been entered in the preliminary draft budget.

One justification for this allocation is that, at least as regards 1979, applications for training and employment programmes concerning young people under 25 years of age amounted to 506 m EUA, of which 393 m EUA was for training programmes and 113 m EUA for employment programmes (see Eighth Report on the activities of the European Social Fund for the financial year 1979 - COM(80) 365 final, p. 34 ff).

- (c) With regard to the utilization of the appropriations available to the Commission, there has been a steady improvement in the rate of implementation of payments and the percentage utilization of commitments has been maintained at a fairly high level. Moreover, these measures coincide with the interests of the organizing bodies and of the Member States and it is possible that, by making a greater effort, the Commission could contribute more effectively to the solution of the vast and steadily worsening problems raised by unemployment among young people.

Classification:

NCE

Measures for migrant workers1. Legal basis and description of the activity

- Legal basis: Council Decision of 27 June 1974 on action by the European Social Fund for migrant workers (OJ No. L 185, 9.7.1974, OJ No. L 196, 3.8.1977 and OJ No. L 337, 27.12.1977).
A decision extending this action will be required in the course of 1980 (see COM(80 411 final of 11 July 1980).

- Description of the activity: financing of integrated programmes designed to facilitate the mobility of persons within the Community and their integration into the social and working environment, and financing of operations intended to facilitate the training and further training of social workers and teaching staff responsible for migrant workers.

2. Summary of appropriations (in m EUA)(a) commitment appropriations:

	1 Initial approp- riation	2 Final approp- riation (x)	3 Utili- zation	4 Percentage (3/2)	5 Approp. outstanding at year end	6 Cancelled
1977	25	26.1	26.1	100	-	-
1978	16	18.5	18.5	100	-	-
1979	23	31.9	31.9	100	-	-
1980	30					
1981 PDB	46					
1981 DB	30					

(x) Including transfers and supplementary/amending budgets and carry-overs

(b) payment appropriations:

	1 Initial approp- riation	2 Final approp- riation (x)	3 Utili- zation	4 Percentage	5 Carried over	6 Cancelled
1977	6.5	31	18.5	59.6	0.4	11.9
1978	25	25.5	11.1	43.5	14.3	-
1979	15.4	44.7	33.4	74.7	11.2	-
1980	22.1					
1981 PDB	32					
1981 DB	21					

(x) Including transfers and supplementary/amending budgets and carry-overs

3. Parliament's previous position

During its consideration of the 1980 budget Parliament adopted an amendment increasing the payment appropriation by 8 m EUA, thus reinstating the amount initially requested by the Commission in the preliminary draft budget. In doing so Parliament endorsed the Commission's statement that a considerable increase in appropriations

was essential in view of the disproportion between resources available and applications for assistance'.

4. Remarks

- (a) These measures are covered by expenditure under Article 4 of the Council Decision of 1 February 1971 (see introduction).
- (b) As in 1980, in the preliminary draft budget for 1981 (Vol. 7/B, p. 562) the Commission emphasizes the disproportion between the resources available and the applications for assistance and therefore calls for a substantial increase in the relevant appropriations. Moreover, in the Eighth Report on the activities of the European Social Fund for the financial year 1979 (COM(80) 365 final, p. 30 ff) the Commission states that in 1979 the volume of applications rose by 38%, as compared with 1978, to 101 m EUA, whereas there was only 23 m EUA available in the budget. The proposals for 1981 increase commitment appropriations by more than 53% and payment appropriations by 44.7% as compared with 1980.

Although in percentage terms this represents a considerable increase, in view of the past management of this item - as exemplified by the satisfactory implementation of payments in 1979 - and also of its political significance, Parliament should not only endorse the Commission's proposals but should call for a further increase.

Classification:

NCE

Measures for women1. Legal basis and description of the activity

- Legal basis: Council Decision of 20 December 1977 on action by the European Social Fund for women (OJ No. L 337, 27.12.1977). This Decision must be extended before the end of 1980 (COM(80) 411 final).
- Description of the activity: operations to encourage the employment of women of 25 years of age or over with no professional qualifications, and vocational training operations for instructors.

2. Summary of appropriations (in m EUA)(a) commitment appropriations:

	1 Initial appropriation	2 Final appropriation(x)	3 Utili- zation	4 Percentage (3/2)	5 Approp. outstanding at year end	6 Cancelled
1977						
1978	8	8	7.6	95	0.4	-
1979	18	18.5	18.4	99.6	0.06	-
1980	20					
1981 PDB	28					
1981 DB	22					

(x) Including transfers and supplementary/amending budgets and carry-overs

(b) payment appropriations:

	1 Initial appropriation	2 Final appropriation(x)	3 Utili- zation	4 Percentage	5 Carried over	6 Cancelled
1977						
1978	2.5	2.5	0	0	2.5	-
1979	10	12.5	1.9	15.4	10	0.6
1980	5					
1981 PDB	16					
1981 DB	12					

(x) Including transfers and supplementary/amending budgets and carry-overs

3. Parliament's previous position

Parliament's reaction has always been to increase the appropriations for this type of activity even beyond the amount requested by the Commission in the preliminary draft budget.

4. Remarks

- (a) These measures are covered by expenditure under Article 4 of the Council Decision of 1 February 1971 (see introduction).
- (b) The Commission proposes increases of 40% in commitment appropriations and a full 220% in payment appropriations over the 1980 figures. In view of the increase in costs the Commission does not consider this to be a particularly significant increase.

Although this type of activity has considerable political and social significance, it must be pointed out that in the first two years of operation the Commission was able to utilize scarcely 15% of the appropriations at its disposal in view of the lack of applications for assistance.

However, in 1979 the volume of applications over the whole year totalled 31 m EUA, whereas there was only 18 m EUA available in the budget¹. It remains to be seen whether these applications can in fact be implemented.

¹ COM(80) 365 final, p. 39

Classification:
NCEMeasures to improve the employment situation
in certain regions, economic sectors adapting
to technical progress, or groups of undertakings1. Legal basis and description of the activity

- Legal basis: Council Regulation (EEC) No. 2396/71 of 8 November 1971 (OJ No. L 249, 10.11.1971) and Council Regulation (EEC) No. 2893/77 of 20 December 1977 (OJ No. L 337, 27.12.1977);
- Council Decision No. 7166 of 1 February 1971 (OJ No. L 28, 4.2.1971), Council Decision 77/801/EEC of 20 December 1977 (OJ No. L 337, 27.12.1977) and Council Regulation (EEC) No. 2893/77 of 20 December 1977 (OJ No. L 337, 27.12.1977).
- Description of the activity: financing of long-term operations forming part of the campaign to eliminate unemployment or designed to re-train the labour force;
- measures to protect employment and in particular to help persons affected by the restructuring of certain sectors or groups of undertakings which are in difficulties and which need to be reorganized.

2. Summary of appropriations (in m EUA)(a) commitment appropriations:

	1 Initial appropriation	2 Final appropriation(x)	3 Utili- zation	4 Percentage (3/2)	5 Approp. outstanding at year end	6 Cancelled
1977	310	310	310	100	-	-
1978	281	282.5	282.5	100	-	-
1979	326	354.1	333.3	94.1	20.7	-
1980	395.5					
1981 PDB	435 ¹					
1981 DB	396					

(x) Including transfers and supplementary/amending budgets and carry-overs

¹ Of which 395 m EUA for Item 5100, 15 m EUA for Item 5101 and 25 m EUA for Item 5102(b) payment appropriations:

	1 Initial appropriation	2 Final appropriation(x)	3 Utili- zation	4 Percentage	5 Carried over	6 Cancelled
1977	110	339.5	186.2	54.8	41.6	111.6
1978	275	306.4	130.7	42.6	0.1	-
1979	245	420.6	321.7	76.4	98.8	-
1980	167.5					
1981 PDB	317.0 ¹					
1981 DB	263					

(x) Including transfers and supplementary/amending budgets and carry-overs

¹ Of which 290 m EUA for Item 5100, 7.5 m EUA for Item 5101 and 19.5 m EUA for Item 5102

3. Parliament's previous position

Apart from proposals concerning nomenclature designed to re-shape Article 510 (see also point 4 below), Parliament has always tended to reinstate the Commission's proposals following the modifications introduced by the Council in the draft budget.

4. Remarks

- (a) These measures are covered by expenditure under Article 5 of the Council Decision of 1 February 197 (see introduction).
- (b) The nomenclature of Article 510 was amended in both the 1980 budget and the 1981 preliminary draft budget. The 1980 budget Item 5100: 'Aids to improve the employment situation' has been subdivided into the following three items:

- 5100: 'Aids to improve the employment situation in certain regions'
- 5101: 'Aids to improve the employment situation in certain groups of undertakings'
- 5102: 'Aids to improve the employment situation in certain economic sectors adapting to technical progress'.

Item 5101 of the 1980 budget: 'Industrial conversion' has become Article 512: 'Consequences of industrial conversion' in the 1981 preliminary draft budget.

Although Parliament adopted an amendment (No. 178) to the 1979 budget seeking to create the Item 5101 contained in the 1980 budget, the new nomenclature proposed for Article 510 is basically acceptable. It is intended to separate the three types of activity covered by measures under this heading. Article 512 provides an independent heading for 'Consequences of industrial conversion'.

- (c) The 1981 budget allocation is broken down as follows between the three items comprising Article 510:

Item	<u>in m EUA</u>	
	Commitment appropriation	Payment appropriation
5100	395.0	290.0
5101	15.0	7.5
5102	25.0	19.5
Total	435.0	317.0

- (d) The statistics relating to previous years (see tables) show a satisfactory rate of utilization of commitments and an improvement in the implementation of payments. Moreover, in the last two years no appropriations have been cancelled.

(e) As regards the utilization of appropriations it should be pointed out that:

- (a) the volume of applications submitted for Social Fund aid for programmes concerning workers in less-developed or declining regions totalled 531 m. EUA in 1979, an increase of nearly 20% over the previous year¹;
- (b) although a guide figure of 10% of the total appropriations available for the regions was earmarked for technical progress and groups of undertakings in 1979, the volume of applications received was much lower - 13.8 m. EUA as compared with 18.6 m. EUA in 1978¹.

These points lend support to the requests submitted by the Commission.

¹ Eighth Report on the activities of the European Social Fund for the financial year 1979 (COM(80) 365, final, p. 45 ff.

Classification:
NCEMeasures for handicapped persons1. Legal basis and description of the activity

- Legal basis: Council Regulation (EEC) No. 2396/71 of 8 November 1971 and Council Regulation (EEC) No. 2893/77 of 20 December 1977
- Description of the activity: operations on behalf of handicapped persons who are presumed to be able to engage in an occupation after vocational rehabilitation.

2. Summary of appropriations (in m EUA)(a) commitment appropriations:

	1 Initial appropriation	2 Final appropriation(x)	3 Utili- zation	4 Percentage (3/2)	5 Approp. outstanding at year end	6 Cancelled
1977	33	33	33	100	-	-
1978	49	48.6	48.1	98.9	0.4	-
1979	61	60.8	59.9	98.5	0.8	-
1980	74					
1981 PDB	89					
1981 DB	85					

(x) Including transfers and supplementary/amending budgets and carry-overs

(b) payment appropriations:

	1 Initial appropriation	2 Final appropriation(x)	3 Utili- zation	4 Percentage	5 Carried over	6 Cancelled
1977	13.5	47.4	28.8	60.7	3.9	14.6
1978	37	40.7	25.0	61.4	15.6	-
1979	40	55.6	43.2	77.8	12.3	-
1980	25					
1981 PDB	50					
1981 DB	40					

(x) Including transfers and supplementary/amending budgets and carry-overs

3. Parliament's previous position

In previous years the European Parliament has generally been in favour of reinstating the appropriations requested by the Commission.

4. Remarks

- (a) These measures are covered by expenditure under Article 5 of the Council Decision of 1 February 1971 (see introduction).
- (b) In 1978 measures to help the handicapped were for the first time based entirely on Article 5 of Council Decision 71/66/EEC, whereas previously they were based partly on Article 4 (Article 502 of the budget) and partly on Article 5. This change was made following a decision taken by the Council on 20 December 1977 as part of the revision of the Fund. Article 502 will therefore remain only until the appropriations and programmes decided in previous years have been finished.
- (c) In the preliminary draft budget for 1981 the Commission proposes a moderate increase (9.46%) in commitment appropriations as compared with 1980. However, it proposes that payment appropriations should be doubled to 50 m EUA. This emphasizes the fact that, due to budget commitments and the resulting priorities, this increase will not offset the expected rise in costs (preliminary draft budget, Vol. 7/B, p. 571).
- (d) In the financial year 1979 the total volume of applications for assistance increased to nearly 105 m EUA as compared with a budget allocation of 61 m EUA (see Eighth Report on the activities of the European Social Fund for the financial year 1979 - COM(80) 365 final, p. 54 ff.).
- (e) With regard to the requests submitted by the Commission, the rate of utilization of commitments in previous years has been totally satisfactory, while the implementation of payments has steadily improved. Parliament could therefore support the Commission's requests.

Classification:

NCE

Consequences of industrial conversion1. Legal basis and description of the activity

- Legal basis: Council Decision 71/66/EEC of 1 February 1971 (OJ No. L 28, 4.2.1971) and Council Decision 77/801/EEC of 20 December 1977 (OJ No. L 337, 27.12.1977);
- Council Regulation (EEC) No. 2396/71 of 8 November 1971 (OJ No. L 249, 10.11.1971) and Council Regulation (EEC) No. 2893/77 of 20 December 1977 (OJ No. L 337, 27.12.1977).
The Commission may put forward new proposals in this area (COM(80) 410 final).
- Description of the activity: measures to protect employment and in particular to help persons affected by the restructuring of certain sectors which are in difficulties and which therefore require conversion.

2. Summary of appropriations (in m EUA)(a) commitment appropriations:

	1 Initial appropriation	2 Final appropriation(x)	3 Utili- zation	4 Percentage (3/2)	5 Approp. outstanding at year end	6 Cancelled
1977						
1978						
1979	5 ¹	5	0	0	5	-
1980	token entry					
1981 PDB	6					
1981 DB	token entry					

(x) Including transfers and supplementary/amending budgets and carry-overs

1 Transferred from Chapter 100

(b) payment appropriations:

	1 Initial appropriation	2 Final appropriation(x)	3 Utili- zation	4 Percentage	5 Carried over	6 Cancelled
1977						
1978						
1979	2.5 ¹	2.5	0	0	2.5	-
1980	token entry					
1981 PDB	3					
1981 DB	token entry					

(x) Including transfers and supplementary/amending budgets and carry-overs

1 Transferred from Chapter 100

3. Parliament's previous position

The European Parliament adopted an amendment to the 1979 draft budget calling for 15 m EUA in payment appropriations and 50 m EUA in commitment appropriations to be entered in Chapter 100 to deal with the consequences of industrial conversion. Parliament thus went further than the Commission, which had proposed only a token entry.

4. Remarks

- (a) Former Item 5101 In the 1979 budget these measures were allocated 10 m EUA in payment appropriations and 20 m EUA in commitment appropriations, which were entered in Chapter 100 and were all intended for Item 3750: 'Measures on behalf of certain crisis-hit industrial sectors', Article 506: 'Consequences of industrial conversion (under Article 4 of the basic regulation) and Article 512: 'Consequences of industrial conversion' (under Article 5).
The 1980 budget contained a new Item 5101: 'Consequences of industrial conversion', which was allocated a token entry. In the preliminary draft budget for 1981 the Commission returns the consequences of industrial conversion to Article 512, thus reinstating the original nomenclature. There is, however, no longer any entry for Article 506, which was used to finance similar measures under Article 4 (see introduction).
- (b) In its resolution of 26 April 1979 (OJ No. C 127, 21.5.1979) the European Parliament welcomed the Commission's proposal for a regulation on Community measures to assist restructuring and industrial conversion. This regulation has not yet been adopted by the Council.
- (c) Although in the preliminary draft budget (Vol. 7/B, p. 575) the Commission merely states that the existing programmes are intended for a restricted number of people, it is clear from COM(80) 410 final that they are in fact intended only to finance a new aid measure to ensure an equitable income for elderly workers (over 55) who lose their jobs as a result of the restructuring of the naval shipbuilding and ocean-going merchant ship sectors.
- (d) The modest volume of appropriations excludes the possibility of action on a wider scale or in different sectors. In effect, the European Parliament did in the past (see point 3) envisage entering a larger volume of appropriations.
- (e) Although the European Parliament will accept the Commission's proposal concerning the shipbuilding sector, it is hardly admissible that the measures to offset the adverse consequences of restructuring should benefit workers in one sector only. In accordance with the principle that all workers in sectors subject to restructuring are entitled to assistance from the Fund, the budget allocation should be increased in order to prompt the Commission and Council to submit additional programmes.

Measures for frontier workers

1. Legal basis and description of the activity

- Legal basis: none
- Description of the activity: projects designed to promote employment and geographical mobility in frontier regions within the Community and measures to meet the needs of frontier workers.

2. Summary of appropriations

<u>1980</u>	<u>1981</u>
token entry	-

3. Parliament's previous position

This line was adopted following an amendment by the European Parliament to the 1980 budget.

4. Remarks

- (a) Although the Commission reserves the right to give substance to this proposal, no expenditure is envisaged for 1981. The 1980 token entry is therefore replaced by a dash.
A token entry should be reinstated in the 1981 budget, as was the case in 1980, with a view to requesting the Commission to submit proposals in this sector as soon as possible.
- (b) The European Parliament's interest in this category of workers is shown by the fact that it is due to adopt a report embodying an opinion on a motion for a resolution tabled by Mr Oehler and others (Doc. 1-494/79/rev.) which calls for an economic and social policy in favour of frontier workers.

Subsidy to ECSC for social measures during a limited period in connection with the restructuring of the iron and steel industry

1. Description of the action

Social measures for a limited period of time within ECSC framework but extending beyond Article 56 ECSC. A decision under Article 95 is therefore required (COM(79) 199).

The appropriations should be made available through a transfer from the Commission's budget to the ECSC budget. In the Commission's view, this transfer requires a decision under Article 235 EEC (COM(80) 134).

2. Appropriations

1980 budget: at the beginning of the budgetary procedure the Commission had proposed 100 m EUA in commitment appropriations and 30 m EUA in payment appropriations; all that remained at the end of the procedure (in conformity with the decisions of the EP) was a token entry.

1981 budget: the Commission proposes a token entry but the Council has deleted this again.

3. Remarks

Legal basis: by rejecting paragraphs 4 and 5 of the HOFF report (Doc. 1-266/80) on 11 July 1980 (OJ), the European Parliament left open the question as to whether a decision under Article 235 EEC is required in addition to a substantive decision under Article 95 ECSC to effect the necessary transfer of appropriations.

Further prospects: the unanimous Council decision required under Article 95 ECSC is unlikely to be taken in the near future.

1981 BUDGET

Classification: NCE

Title 5

Chapters 55 and 56

Regional Fund - overall

in m EUA

	1980		1981		1981 draft	
	CA	PA	CA	PA	CA	PA
Chap. 55	1,106	392	1,520	750		
Chap. 56	58	10.6	80	20		
Art. 561	t.e.	t.e.	t.e.	t.e.		
Total	1,165	403	1,600	770	1,400	500

Regional Fund - quota section

Chapter 55

1. Description of Fund activities

(a) Legal basis:

Regulation No. 214/79 of 6 February 1979 (OJ No. L 35, 9.2.1979), basic regulation No. 724/75 of 18 March 1975 (OJ No. L 73, 21.3.1975), Council Decision of 18 March 1975 (OJ No. L 73, 21.3.1975) relating to French Overseas Departments.

An amendment to Article 2 of the basic regulation (quotas) is currently in preparation to allow for Greek accession¹. Further adjustments to the legal basis will be effected subsequently (COM(80) 368 final).

(b) Description:

The appropriations are to be used to correct the most serious regional imbalances in the Community through participation in the financing of investment projects exceeding 50,000 EUA in each case:

- in the infrastructural sector (up to 40% of public expenditure)
- in industry, craft trades and services sector to which state aids with a regional component are granted (minimum: creation of 10 new jobs) (20% of investment costs, up to 50% of public aid amount).

Scope of proposed appropriations:

in m EUA

	CA	PA
Preliminary draft	1,520	750
Draft		

¹ With a corresponding reduction in the shares of the present nine Member States, the Greek quota will be 14 - 16%.

2. Appropriations and utilization of appropriations in previous years

(a) Trend in appropriations since 1975:

	1975	1976	1977	1978	1979	1980	Prelim. draft 1981
CA	300	500	500	581	1,000	1,165	1,600
PA	150	300	400	525	483	392	800

(b) Utilization of appropriations in previous years (in m EUA):

Commitment appropriations

	Final apps.	Utilization		Carried forward to next financial year
		absolute	%	
1978 budget	596	553	89	43
1979 budget	943	940	100	3
1980 budget	1,110			

Payment appropriations

	Final apps.	Utilization		Carried forward to next financial year
		absolute	%	
1978 budget	608	255	41	353
1979 budget	836	513	62	323
1980 budget	715	715	100	

3. Calculation of proposed appropriations for 1981

General increase in prices	+ 9.6%			1,165 m EUA	CA
Greek accession (15% quota)		0	0	111 m EUA	
Increase in real terms	+ 18%			209 m EUA	
	+ 10%			115 m EUA	
				1,600 m EUA	CA

2 Including appropriations carried forward from 1980 to 1981

Classification: NCE

Regional Fund - non-quota section

1. Description of action(a) Legal basis:

See Chapter 55, Commission proposal for specific Community actions under Article 13 of Regulation No. 214/79 (COM(79) 540) adopted by the Council on 21.7.1980.

(b) Description:

Community contribution from non-quota section to specific actions which are complementary to other Community measures or intended to alleviate particularly serious imbalances.

Scope of proposed appropriations:

in m EUA

	CA	PA
Preliminary draft	80	20
Draft	1	

2. Appropriations and utilization of appropriations in previous years
(in m EUA)Commitment appropriations

	1 orig. budg. app.	2 final app.	3 utiliz- ation	4 % utiliz- ation	5 carried forward	6 cancelled
1978	29 ²	29	0	0	29	-
1979		74	0	0	45	29
1980	58	103				-
1981 prelim. draft	80					
1981 draft						

¹ The Council made no specific distinction between Art. 55 and Art. 56

² In Chapter 55

Payment appropriations

	1 orig.budg. app.	2 final app.	3 utiliz- ation	4 % utiliz- ation	5 carried forward	6 cancel- led
1978						
1979					10.65	
1980	-	10.65	0	0	10.65	-
1981 prelim. draft	20	30.65				
1981 draft						

3. Remarks

The Council of Ministers approves the allocation of the non-quota section of the Regional Fund

On 21 July the Council of Ministers gave its approval of principle to the Commission's proposals for the allocation in the years 1980 to 1984 of 220 m EUA from the section of the Regional Fund (5%) which is not divided into national quotas. Over the 5 year period, 350 m EUA of Regional Fund appropriations are to be used on a non-quota basis.

These funds additional to the national quotas are to be used to finance projects which present an interest from the angle of regional policy: steel projects in Italy, the United Kingdom and Belgium, shipbuilding projects in the United Kingdom and Ireland, trans-frontier transport projects of interest to the United Kingdom and Ireland, energy projects in Italy and projects in Italy and France to facilitate the enlargement of the Community towards the south. The 220m EUA are to be divided as follows over a 5 year period:

1980: 33.9; 1981: 47.3; 1982: 45.3; 1983: 51.2 and 1984: 42.3 m EUA.

The distribution of monies from the non-quota section will not lead to any significant change in the percentages accruing to the principal recipient countries from the quota section. In the 5 year period, Italy will have a share of 38.6% of the total non-quota appropriations according to the Commission's present proposals, as compared with 39.4% in the quota section.

Classification:

Commission) CE
Council)
Parliament NCE

Interest rate subsidies connected with the EMS

1. Legal basis and description of the activity

- Legal basis: Decision in principle of the European Council of 4/5 December 1978 and Council Regulation of 3 August 1979.
- Description of the activity: following the introduction of the EMS in December 1978 it was decided to grant a special aid to the less prosperous Member States to enable them to strengthen their economies by means of investments in infrastructure.

This aid takes the form of interest rate subsidies on loans granted by the Community within the context of the NCI and through the EIB. The Regulation of 3 August 1979 fixes the amount of loans to be subsidized at 5,000 m EUA and the amount of the rebates at 1,000 m EUA spread over a five-year period; the annual volume of loans is thus 1,000 m EUA and the appropriations available each year for rebates 200 m EUA (Art. 870). The recipient countries are Italy and Ireland.

The United Kingdom will be unable to benefit from this aid until it joins the EMS. In the meantime its contribution to the financing of the interest rate subsidies is reimbursed (Article 571).

2. Summary of appropriations

Non-differentiated appropriations

Article 570 (subsidies)

	Initial appropriation	Final appropriation	Utilization	Percentage	Carried over	Cancelled
1979	200 ¹	200	158.3		41.6	
1980	200					
1981 (PDB	200					
{DB	200					

¹ entered in Chapter 100

Article 571 (financial compensation to the United Kingdom)

	Initial appropriation	Final appropriation	Utilization	Percentage	Carried over	Cancelled
1979	45.3 ¹	45.3	14.9		30.3	
1980	45.3					
1981 (PDB	45.3					
{DB	45.3					

¹ entered in Chapter 100

3. Parliament's previous position

In its resolution of 25 April 1979 on the Regulation of 3 August 1979 Parliament expressed two fundamental reservations concerning the system of subsidies:

- the appropriations should be classified as non-compulsory expenditure
- financial compensation to the United Kingdom should be seen as an exceptional and temporary measure.

The Commission and Council consider the appropriations as compulsory expenditure. In July 1979 the Council refused to open the conciliation procedure with Parliament on this matter.

Parliament did not table any amendments to Articles 570/571 in connection with the 1979 and 1980 budgets.

4. Remarks

- (a) Parliament's position on the non-compulsory nature of this item of expenditure is of fundamental importance. It means that the Council cannot unilaterally decide on the form and financial volume of measures of this type, which are not provided for by the Treaty and which concern the serious problem of economic convergence between the Member States. The classification of this expenditure as non-compulsory does not necessarily mean that Parliament wishes to amend the amount proposed by the Council but it does express its concern to assert its powers (budgetary and hence political) in relation to the actual nature of the measures. The same argument applies to the financial mechanism and, above all, to the structural measures envisaged for the United Kingdom.
- (b) The Council's refusal to open the conciliation procedure on this matter when the basic regulation was adopted should encourage Parliament to stand by its position all the more firmly.
- (c) Of the operations carried out in 1979 more than 90% of the interest rate subsidies were granted on EIB loans and not NCI loans, which means in effect that the management of the annual sum of 200 m EUA is entirely controlled by the Bank. This situation has already been noted by the Committee on Budgets, which questioned the Bank's ability to organize these loans in accordance with a convergence policy advocated by the Community Institutions proper.

Classification: NCE

Aid to disaster victims
in the Community

1. Legal basis and description of the activity

- Legal basis: this activity has been developed by the Commission since around 1976 without any specific legal basis. It is the financial expression of a form of Community solidarity.
- Description of the activity: financing of emergency aid in the event of a serious natural disaster within the Community. This aid must be provided as rapidly and as directly as possible and should in principle be used to protect the lives and means of existence of the disaster victims.

2. Summary of appropriations

[Non-differentiated appropriations]

Chapter 59

	Initial appropriation	Final appropriation	Utilization	Percentage	Carried over	Cancelled
1977	5	5	4		0	1
1978	5	5	3.74		0	1.26
1979	5	5	2.8		1.2	1
1980	5	6.2				
(PDB	6					
1981 (
(DB	5					

3. Parliament's previous position

Parliament contributed to the launching of this activity and has constantly supported it since, above all through budget amendments. It has also adopted several resolutions requesting the Community to assist regions hit by disasters in one or other of the Member States.

4. Remarks

- (a) This activity is one of the most practical ways of showing Community solidarity and should therefore be encouraged by Parliament, independently of its obvious humanitarian value.

- (b) However, in order to be really effective the aid must be provided rapidly and directly, which means that the Commission must be in a position to decide on the allocation of aid as quickly as possible and to forward it directly to the responsible local/regional authorities. At present, however, the Council is challenging the Commission's right to decide alone on the allocation of aid and several Member States insist that the Community funds should pass through their national treasuries, which delays their arrival and detracts from their 'Community' identity.

- (c) The summary of appropriations for the financial years 1977-1979 shows that the appropriations were not fully utilized. This was because of technical constraints: when a disaster occurs at the beginning of a financial year, the Commission tends to release only a small proportion of the appropriations available in order to keep funds in reserve for the rest of the year, funds which may not be used if there are no further disasters. Under Article 6(1) (b) of the Financial Regulation, however, these appropriations may be the subject of a non-automatic carry-over to the next financial year only.

Classification:

CE EAGGF, Guidance Section
 NCE and fisheries and marine policy

1. Legal basis and description of the activity

- Legal basis: to be considered case by case in relation to the various measures.
- Description of the activity: financing of projects, in various ways, to improve agricultural structures, particularly in less-favoured regions, and joint measures for structural improvements in the fisheries sector and other sectors of marine policy.

2. Summary of appropriations (in m EUA)(a) commitment appropriations:

	1 Initial appropriation	2 Final appropriation(x)	3 Utili- zation	4 Percentage (3/2)	5 Approp. outstanding at year end	6 Cancelled
1977	325	325	301.5	92.7	23.4	-
1978	473.5	521.1	267.2	51.9	250.2	3.5
1979	565.4 ¹	721.9	482.0	66.7	216.6	23.1
1980	497.7 ¹					
1981 PDB	783.7 ¹					
1981 DB	729.85					

(x) Including transfers and supplementary/amending budgets and carry-overs

¹ Including the appropriations entered in Chapter 100(b) payment appropriations:

	1 Initial appropriation	2 Final appropriation(x)	3 Utili- zation	4 Percentage	5 Carried over	6 Cancelled
1977	157.8	1216.1	296.6	24.3	916.5	2.8
1978	423.5	1245.7	323.4	25.9	874.1	43.0
1979	412.3 ¹	1194.8	425.0	35.6	658.5	106.5
1980	382.2 ¹					
1981 PDB	559.2 ¹					
1981 DB	516.85					

(x) Including transfers and supplementary/amending budgets and carry-overs

¹ Including the appropriations entered in Chapter 100

3. Parliament's previous position

Although the percentage utilization of EAGGF, Guidance Section, appropriations is among the lowest in the Community's general budget, the European Parliament has tended to maintain the appropriations proposed by the Commission. This tendency was, however, less marked during the procedure for the adoption of the 1980 budget, since the amendments adopted involved very small changes (in general only a few hundred thousand EUA) as compared with the draft budget adopted by the Council at the first reading. In any event Parliament has never adopted any amendments reducing the amounts proposed by the Council. Parliament has also frequently attempted to change the budget nomenclature in order to increase financial clarity and transparency. This applies in particular to the position in the budget of the fisheries and marine policy, which Parliament has always sought to keep separate from the other activities of the EAGGF.

4. Remarks

The rate of utilization of both commitment and payment appropriations in the Guidance Section has been extremely low, although it should be noted that the percentages for 1979 show some improvement. Moreover, the under-utilization of appropriations is common to all the headings under Title 8 (as can be seen from the management accounts submitted in recent years) and not specifically to one activity rather than another. It has already been pointed out on several occasions (see also the opinion on the Eighth Financial Report on the EAGGF, Guidance Section, Doc. 1-137/80) that some responsibility for this situation lies with the Member States, which fail to submit requests for aid or do so too late. However, some responsibility must also be attributed to the Council for the delays in adopting the necessary decisions and to the Commission for the excessive time taken to consider the various documents. Thus before tabling or adopting an amendment increasing the appropriations allocated to one of the items of the EAGGF, Guidance Section, the management accounts for the previous year should be examined, item by item, to establish the extent to which the appropriations entered in the budget have been used. This is particularly important in view of the fact that, as stated in the Court of Auditors' report for the financial year 1978 'the delays mean a prolonged immobilization of budgetary appropriations which could usefully be allocated to financing other activities'.

- (b) Particular attention should also be paid to the fact that, in view of the typically 'national' nature of the projects it comprises, the EAGGF, Guidance Section, tends, more than other sectors, to give rise during the budget procedure to amendments which favour specific interests, usually national projects which are well defined but unlikely to be implemented.
- (c) The most significant proposals put forward by the Commission in the preliminary draft budget for 1981 concern the following items:
- Item 8010 : 'Marketing and processing of agricultural products' - proposed increase in payment appropriations of 23 m EUA (+ 127%).
 - Item 8011 : 'Marketing and processing of agricultural products in the Mezzogiorno, Languedoc-Roussillon, etc.' - proposed increase in payment appropriations of 12.8 m EUA (+206%).

- Article 802 : 'Improvement of public services in certain less-favoured areas' - proposed increase in payment appropriations of 9 m EUA (+ 450%)

The total proposed increase in payment appropriations in Chapter 80 is 21.3 m EUA (+ 29.9%).

- Article 810 : 'Modernization of farms' - proposed increase in payment appropriations of 20 m EUA (+ 41.7%)
- Article 820 : 'Mountain and hill farming and farming in certain less-favoured areas'-proposed increase in payment appropriations of 6 m EUA (+ 434%)
- Article 821 : 'Forestry measures in certain dry Mediterranean regions' - proposed increase in payment appropriations of 10.4 m EUA (+ 108%)
- Article 822 : 'Specific regions - Italy' - proposed reduction in payment appropriations of 16.65 m EUA (- 53.9%) due in particular to the lower level of appropriations allocated to irrigation operations in the Mezzogiorno.
- Article 823 : 'Specific regions - France' - the Commission proposes an appropriation of 15.1 m EUA, as compared with a token entry in 1980.
- Article 824 : 'Specific regions - Ireland' - proposed increase in payment appropriations of 18.9 m EUA (+ 266%) to be used principally for the programme to develop farming in the West of Ireland (Item 8242).
- Article 826 : 'Specific regions - United Kingdom' - the Commission proposes a payment appropriation of 4 m EUA, as compared with a token entry in 1980.

The payment appropriation requested for Chapter 82: 'Measures to assist less-favoured areas' represents an overall increase of 128.550 m EUA (+ 205.5%).

- Item 8312 : 'Premiums for the non-marketing of milk and milk products' - proposed reduction of 14.5% in both commitments and payments, which fall from 98.2 m EUA to 84.0 m EUA.
- Item 8313 and Item 8321 : Still in connection with structural measures related to market organizations, an appropriation of 12 m EUA is entered for the eradication of brucellosis, tuberculosis and leucosis in cattle (Item 8313).
The premiums for the abandonment of areas under vines and for the renunciation of rights (Item 8321) are abolished and replaced by a token entry.
- Item 8323 : 'Collective projects for the restructuring of vineyards' - proposed increase in payment appropriations of 9.6 m EUA (+ 282.3%)

It is interesting to note that the information provided by the Commission in its report on the financial situation of the EEC at 30 June 1980 shows that the average percentage utilization of commitment appropriations in Title 8 is 35.03%, while the relevant figure for payment appropriations is 34.20%.

- (d) With regard to the question of nomenclature, it has already been pointed out elsewhere that the existence of an excessive number of separate chapters or items (particularly in respect of Chapter 82: 'Measures to assist less-favoured areas') with separate legal bases tends to weaken, or to confine within very narrow limits, the Commission's authority in connection with the management of agricultural structures policy. It would therefore perhaps be appropriate to accept or to put forward proposals for the reorganization of the budget nomenclature.
- Marine policy raises a different problem. As early as 1978 the Committee on Budgets proposed that all the items relating to marine policy should be grouped together under a separate title. Although last year the Commission gave greater clarity to the specific measures in the fisheries and marine sector by entering in the budget a number of ad hoc chapters, it may nevertheless be worth insisting that this sector should appear in a title other than that set aside for agricultural structures.
- The financial aspects of the fisheries and marine policy are dealt with in a separate note.
- (e) In more general terms, the allocation of appropriations to Title 8 should be based on genuine economic policy criteria with a view to
- encouraging measures designed to reduce regional imbalances,
 - preventing assistance from the Fund being granted for investments which may lead to increased production in Community sectors already in surplus.

1981 BUDGET

TITLE 8

Classification:

Commission: CE/NCE
 Council: CE
 Parliament: CE/NCE

- Chap. 86: 'Common measures to improve fisheries structures'
- Chap. 87: 'Specific measures in the fisheries and marine sector'
- Chap. 88: 'Common organization of the market in fishery products'
- Chap. 89: 'Assumption of certain financial obligations pursuant to agreements on fishing rights in non-Community waters'

1. Introduction

Since, as explained in the descriptive note on Title 8, Parliament has for some time been in favour of a division in the budget nomenclature designed to separate, both in terms of content and for accounting purposes, the agricultural and fisheries sectors, this note gives a brief analysis of the chapters of Title 8 relating to the fisheries and marine policy.

2. Legal basis and description of the activity

- Legal basis: to be considered case by case in relation to the different measures
- Description of the activity: development of inshore and deep-sea fishing, modernization and restructuring of fishing vessels, measures to encourage the setting-up of producer organizations, research, marine surveillance, etc.

3. Summary of appropriations (in m EUA)

(a) commitment appropriations:

	1 Initial appropriation	2 Final appropriation(x)	3 Utili- zation	4 Percentage (3/2)	5 Approp. outstanding at year end	6 Cancelled
1977						
1978						
1979	40.1 ¹	76.3	26.8	35.1	49.3	0.08
1980	50.0 ¹					
1981 PDE	114.3 ¹					
1981 DB	87.48					

(x) Including transfers and supplementary/amending budgets and carry-overs

¹ Including the appropriations entered in Chapter 100

(b) payment appropriations:

	1 Initial appropriation	2 Final appropriation(x)	3 Utili- zation	4 Percentage	5 Carried over	6 Cancelled
1977						
1978						
1979	16.1 ₁	52.3	22.4	35.9	25.3	4.5
1980	64.0 ₁					
1981 PDB	69.1 ₁					
1981 DB	48.48					

(x) Including transfers and supplementary/amending budgets and carry-overs
1 Including the appropriations entered in Chapter 100

4. Parliament's previous position

Parliament has in the past tabled numerous amendments relating to the nomenclature of the fisheries and marine sector. For example, Article 877: 'Measures to develop a common policy on education and vocational training in the fisheries sector' was created in the 1980 budget as a result of the European Parliament's resolution of 11 May 1979 (OJ No. C 140, 5.6.1979) which called for the introduction of such a policy.

If they had been adopted, the amendments to the 1980 budget seeking to increase the appropriations allocated to the various items would have involved only slight adjustments to the Council's draft budget.

5. Remarks

(a) The management accounts for 1979 show that the appropriations for these measures remained to a large extent unused:

	% utilization of appropriations for the financial year 1979	
	Commitment appropriations	Payment appropriations
<u>Art. 86</u> Common measures to improve fisheries structures	25.1	0
<u>Art. 87</u> Specific measures in the fisheries and marine sector	38.7	35.6

As explained elsewhere (for example in the comments on the financial report on the EAGGF, Guidance Section, for 1978), these delays are due to both the Council's failure to take the relevant decisions and a certain inertia on the part of the Member States, who have not submitted projects for Fund assistance. The delay in implementing payments, however, can be largely attributed to the considerable period which elapses between the commitment of funds and the actual expenditure. This situation now appears to be changing. In the 1981 preliminary draft budget the Commission provides

substantial evidence that appropriations in this sector will in future be utilized more effectively.

It is, however, symptomatic that, whereas the Commission proposes an increase of 118% in commitment appropriations, the corresponding figure for payments is only 1.8%. This implies that, in view also of the large volume of carry-overs which have accumulated in the past, the Commission feels unable to make any substantial effort in 1981 to increase the rate of expenditure.

(b) Specific remarks

- Article 870 : 'Immediate measures to adjust capacity' - the Commission proposes an entry of 20 m EUA for both commitment and payment appropriations because 'several Member States have already implemented national measures in this sector'. However, the legal basis is still provided by proposals for directives not yet adopted by the Council, so that it is perhaps over-optimistic to enter an equal amount in payments as in commitments. The Commission should therefore be asked to provide specific assurances that this sum will be utilized.
- Article 871 : 'Financial participation in inspection and surveillance operations in the maritime waters of Denmark and Ireland' - this heading shows a particularly low rate of utilization: commitment appropriations of 30 m EUA will be cancelled in 1980 and the 24 m EUA entered as payment appropriations will all be carried over to 1981. The Commission therefore proposes to include only a token entry in the 1981 budget.
- Article 872 : 'Fisheries and marine research programme' - this entry takes account of the position of the European Parliament, which for two years has emphasized the need for these programmes. Contrary to the Commission's statement, the programmes do not have to be submitted to the Council.
- Article 875 : 'Protection of the marine environment' - this heading, which appeared in the 1980 preliminary draft budget, has been deleted from the 1981 preliminary draft. Parliament has repeatedly stressed the need for the Community to help combat all forms of marine pollution, in particular pollution caused by hydrocarbons. This article should be reinstated with a token entry or a dash.
- Article 877 : 'Measures to develop a common policy on education and vocational training in the fisheries sector' - this activity was introduced on the European Parliament's initiative (see point 4 above). The Commission proposes to replace the 1980 token entry with a dash, since no measures are envisaged for 1981. Parliament should at least reinstate the token entry so as to encourage the Commission to take measures in this sector.
- Chapter 88 : 'Common organization of the market in fishery products' - the Commission requests a 25% increase (from 22 m EUA to 27.5 m EUA) to support the market in certain species. The financial situation at 30 June 1980 shows that while 30.23% of the commitment appropriations allocated to this activity had been utilized, the corresponding figure for payments was 50.12%.

European Development Fund

1. Legal basis and description of the activity

Although the association Conventions with the AASM, subsequently the ACP states, are Community instruments, their financial aspects are not contained in the general budget of the Communities. The financial management of these activities is carried out by the Commission in accordance with procedures which depart substantially from the Community's general budgetary principles (a single, annual budget in which all revenue and expenditure is allocated for a specific purpose), at least with regard to the authorization of appropriations.

Since these principles are intended to enable the political authority to verify financing operations under optimum conditions, the financial management of the various EDFs clearly fails to meet the requirements of clarity and transparency called for by Parliament. In particular, fairly substantial amounts allocated to the initial EDFs (the first EDF covered the period 1959-1964) have not yet been utilized. The sums earmarked in the Conventions for specific purposes are therefore used only partially for those purposes.

Quite apart from the problem of allocating responsibility for implementation, it is extremely difficult to verify the transactions as regards both the soundness of the management and the effectiveness of the financing.

Parliament therefore considered the Council's refusal to budgetize the Fifth EDF sufficient reason for rejecting the 1980 budget.

2. Summary of appropriations

In 1980 the Commission attached to its proposal, put forward in the preliminary draft budget, to set aside Chapters 90 and 91 for the Fund a document containing the estimates of revenue and expenditure. The Commission will be unable to submit estimates of expenditure for each type of activity until the second half of the year.

A budgetized presentation of the activities of the Fifth EDF could take the following form:

A. Revenue

Chapter 52 - Contributions provided for in the internal agreement of _____ to finance the activities of the Fifth EDF

- Article 520 - remarks. Revenue derived from the Member States' contributions to the financing of the activities of the Fifth EDF. These contributions will be replaced by the Communities' own resources for the Sixth EDF.
- Item 5200 Belgium

B. Expenditure

Chapter 90 - Financial and technical cooperation with the ACP States

- Article 901 - Subsidies
- 902 - Special loans
- 903 - Equity capital
- 904 - STABEX
- 905 - Ore

Chapter 91 - Financial and technical cooperation with the overseas countries and territories

- Article 911 - Subsidies
- 912 - Special loans
- 913 - Equity capital
- 914 - STABEX
- 915 - Ore

The overall estimates for 1981 are as follows:

commitments : 950 m EUA
payments : 300 m EUA

3. Parliament's previous position

Since 1973 Parliament has called for the budgetization of the EDF. In March 1980 it requested the opening of a conciliation procedure to establish the detailed arrangements for this budgetization.

4. Remarks

Parliament may decide on the budgetization of the EDF as part of its right to have the last word. If it is carried out in two stages, the first would involve an amendment to the nomenclature and the second an amendment to the appropriations.

The arrangements for the budgetization should be laid down in the financial regulation of the Fifth EDF.

1981 BUDGETChapter 92

Classification: NCE/CE
 Council: CE
 Parliament: NCE

Food aid1. Legal basis and description of the activity

- Legal basis: the remarks to the budget indicate that the appropriation is to cover the financing of measures taken under the 1980 Food Aid Convention and the annual food aid programmes.
- Description of the activity: appropriation for the purchase and supply of food products to the poorest developing countries

2. Summary of appropriations (mEUA)[Non-differentiated appropriations]

	Initial appropriations	Final appropriations ^x	Approp. committed and/or paid	% Utilization (3/2)	Amounts still to be paid	Cancelled
1977	178.400	367.703	311.277	85%	123.818	56.425
1978	223.710	355.590	336.050	95%	100.070	19.540
1979	287.336	397.106	397.106	100%	137.099	
1980	395.344					
1981	390.498	PDB				
1981	367.601	DB				

x taking account of transfers and supplementary/amending budgets and any carry overs

3. Parliament's previous position

In its opinion on the proposal for a regulation on the management of food aid (March 1979, in a conciliation body) Parliament stated that it was for the budgetary authority to decide on the financial resources and the overall quantities to be allocated to food aid. It classified the relevant appropriations as NCE. It strongly criticized the management of these funds, since between 1976 and 1978 more than 120 m EUA had to be cancelled.

4. Remarks

Although this activity is a political priority, in recent years the rate of utilization of the appropriations has been unsatisfactory. The Commission's proposals for 1981 therefore represent an acceptable compromise between what is desirable and what is feasible:

- increase in aid in cereals
- continuation of aid in milk products
- increase in aid in butteroil (+ 10,000 t)
- increase in aid in sugar (+ 10,000 t)
- allocation of 5 m EUA for aid in other products
- more back-up measures.

Classification: NCE

Financial and technical cooperation with
non-associated developing countries

1. Legal basis and description of the activity

- Legal basis: there is as yet no basic regulation for this policy. On 25 April 1978 the Council agreed in principle to the Commission's proposal of 16 February 1977 but the opening of a conciliation procedure with Parliament has delayed adoption of the regulation. It is, however, likely that it will be adopted by 1 January 1981.

In the meantime there are a Council Resolution (16 July 1974) and a Commission Communication (5 March 1975) on the need for cooperation with the non-associated developing countries.

- Description of the activity: the operation began in 1976 and is intended in principle for all the non-associated developing countries, particularly the poorest. The projects financed by the Community concern above all rural areas and food production, in addition to regional measures and reconstruction operations.

2. Summary of appropriations (m EUA)Non-differentiated appropriations

	commitment appropriations					
	Initial appropriation	Final appropriation ^x	Utilization ^x	Percentage	Carried over	Cancelled
1977	45	45	0	0	44.96	0.04
1978	70	114.96	34.32	29.8	40.28	36.34
1979	133.62	177.73	117.91	66.34	59.82	0
1980	138.50					
1981 (PDB)	200					
(DB)	100					

- x taking account of transfers and supplementary/amending budgets and any carry-overs

Payment appropriations

	Initial appropriation	Final appropriation ^x	Utilization ^x	Percentage	Carried over	Cancelled
1977	45	45	0	0	44.96	0.04
1978	40.79	40.79	3.07	7.5	37.72	0
1979	55.62	93.34	18.73	20	55.62	18.98
1980	22					
1981 (PDB)	65					
(DB)	23					

x taking account of transfers and supplementary/amending budgets and any carry overs

3. Parliament's previous position

This activity began in 1976 at the instigation of Parliament, which voted an amendment entering appropriations in the budget. Since then Parliament has provided constant support for these measures both politically and in the budget.

Parliament sees this as an important precedent for the launching of a new activity on the sole initiative of the budgetary authority.

4. Remarks

- (a) The summary of appropriations shows a low rate of implementation as a result of the political and legal difficulties encountered when the activity was launched. However, these difficulties now seem to have been overcome and the full allocation (200 m EUA a year) originally proposed by the Commission could be reached in 1981¹.
- (b) The sharp increase in payment appropriations (from 22 to 65 m EUA) results from the need to make up for the delays in the initial phase of implementation.
- (c) With regard to the substance: when this policy becomes fully operational it would be interesting to know how it is coordinated with the bilateral aid provided by each Member State and with the aid provided by the international organizations specializing in this field, so as to ensure that the appropriations are utilized as effectively as possible.

¹ See report on the management for 76/77/78 (COM(79) 518 final

- (d) With regard to the procedure: the respective roles of the Commission and Council in the management of these appropriations should be defined more closely (in particular the question of the Management Committee).
- (e) The remarks to Chapter 93 are incomplete since they do not refer to the Commission proposal of 28 April 1978 for an outline regulation.

Community contribution towards schemes concerning
developing countries carried out by NGOs

1 Legal basis and description of the activity

- Legal basis

The legal basis is of course provided by the budget itself.

The Commission also refers to a text (Communication of 6 October 1975 (COM(75)504 final)) which in itself does not have any binding legal force and which only acquires such force by virtue of being mentioned in the remarks to the budget.

The fact that the Council has, under dubious circumstances, approved the general conditions and the arrangements for utilizing the appropriations, is of no interest whatever to Parliament.

- Description of the activity: Community contribution to the financing of development measures decided and implemented by the NGOs to help the most deprived people in the developing countries.

2. Summary of appropriations (m EUA)

Commitment appropriations

	Initial appropriation	Final appropriation ^x	Utilization ^x	Appropriation outstanding	Cancelled
1977	4	4	4	2	1
1978	12	12	11.97	0.03	-
1979	12	12.5	12.24	0.26	-
1980	14				
1981 PDB	20				
DB	14				

Payment appropriations

	Initial appropriation	Final appropriation x	Utilization x	Carried over	Cancelled
1977	4	4	4	2	1
1978	6	6	3.64	2.35	-
1979	7.5	10.33	10.33	-	-
1980	10.75				
1981 PDB	16				
1981 DB	10.75				

x taking account of transfers and supplementary/amending budgets and any carry overs

3. Parliament's previous position

Whenever possible Parliament has made use of its right to have the last word in order to contribute to the development of this activity. The Committee on Budgetary Control has satisfied itself that the budgetary management presents no major problems and that it provides adequate guarantees of its effectiveness.

4. Remarks

The Commission puts forward convincing reasons for the substantial increase in appropriations (43% in commitments and 49% in payments).

However, it is rather surprising that the procedures, conditions and arrangements for utilizing the appropriations, which were drawn up by the Commission, have been notified only to the Council, given that these provisions concern the budgetary authority as a whole.

The appropriations could be frozen pending the submission of the relevant text to Parliament.

Classification:

Commission : CE
Council : CE
Parliament : NCE

Specific cooperation measures

1. Legal basis and description

(a) Legal basis

-

(b) Description

- Article 947 : Community participation in the International Fund for Agricultural Development (FIDA) token entry
- Article 970 : United Nations common fund for basic products token entry
- Article 971 : International agreement on natural rubber token entry

2. Remarks

- (a) Parliament supports the principle of the need for budgetization of expenditure on Community development measures.

In these three types of measure the Community as such has negotiated and is a party to the agreement in question. A recent judgment of the Court of Justice (on the rubber agreement) has determined that the Community, mixed or national nature of these agreements depends on the type of financing chosen.

Aid to disaster victims in developing
 and other non-member countries

1. Legal basis and description of the activity

- Legal basis: The legal basis is of course provided by the budget itself. The remarks to this article do not provide for the appropriations to be used to finance measures based on a legal act adopted by the Council. The Commission therefore implements these appropriations solely on the basis of its responsibility in respect of the budget, which is perfectly in order in view of the ad hoc nature of the measures.

The Commission's comment under the heading 'Legal basis' (Volume 7/B of the preliminary draft budget, p. 514) reveals its unease with regard to this activity which proves that the budget is the legal basis for the implementation of appropriations: the Commission has seen fit to dig up a Council Decision of 1971, which incidentally, it took in its capacity as the budgetary authority.

- Description of the activity: appropriation to finance emergency assistance to disaster victims in third countries (usually developing countries). As in the case of aid to disaster victims within the Community (Chap. 59), the funds are used to provide the most urgently needed aid in order to safeguard the lives and the basic means of existence of the victims. The concept of a 'disaster' is interpreted more widely in Chapter 59, which includes in particular ~~the victims~~ of political disturbances (e.g. refugees).

2. Summary of appropriations (m EUA)

Non-differentiated appropriations

	1	2	3	4		
	Initial approp- riation	Final approp- riation x	Appropriations committed and/or paid x	% Utilization (3/2)	Amounts still to be paid	Cancell- ed
1977	0.8	1.7	1.7	100%	0.9	
1978	0.9	3.16	3.16	100%		0.001
1979	3.0	42.00	42.00	100%	3.5	
1980	3.0	43.00 ¹				
1981	10.0	DPB				
1981	3.0	DB				

x taking account of transfers and supplementary/amending budgets and any carry overs

¹ The budgetary authority granted supplementary twelfths

3. Parliament's previous position

The importance of this article is that it should give the Commission immediate access to appropriations in the event of an emergency, and it becomes ineffective if lengthy and complex procedures, such as transfers or supplementary budgets, are required to make the appropriations available. In July 1979, when this situation arose, Parliament felt it necessary to allocate funds from its own budget.

4. Remarks

To prevent the situation described above and also to prevent the appropriations earmarked for 'normal' food aid from being diverted from their objective, it is essential, at the very least, to maintain the Commission's proposal, which amounts to less than one quarter of expenditure in the previous two years.

Classification:

Commission: CE
Council : CE
Parliament: NCE

Cooperation with the Mediterranean
countries

1. Legal basis and description

(a) Legal basis

Agreements concluded in 1976 and 1977 between the Community and twelve countries of the Mediterranean Basin; financial protocols adopted by Council regulations following opinions by the European Parliament.

(b) Description

Appropriations to finance cooperation measures. The budgetized section of these aids granted by the Community is designed to finance grants and interest subsidies on special loans managed by the EIB.

2. Proposed volume of appropriations

3. Specific parliamentary initiatives

- (a) Parliament has always considered that this expenditure was non-compulsory in nature within the meaning of Article 203 EEC since in particular the budgetary authority decides freely on what amounts to enter into the budget in each financial year within the framework of a multi-annual envelope laid down in the international agreements.

The Commission and the Council however classify this expenditure as CE.

1

Except for items
9601 : Portugal - aid in preparation for accession
9631 : Turkey - special aid

(b) Furthermore, Parliament disputes the Council's interference in implementation of these appropriations through the management committees; for this reason

(1) the regulation applying these financial protocols is at present (September 1980) the subject of conciliation procedure (parallel to that on the non-associated developing countries);

(2) expenditure has been carried out since 1979 according to a provisional ad hoc procedure.

4. Remarks

(a) These agreements were signed in 1976/77 and cover a total amount in grants and loans of 1,600 m EUA, spread over a period running to 1981/82. The first commitments were made in 1979.

(b) The bulk of the aid granted by the Community in these financial protocols is directly managed by the EIB (963 m EUA out of a total of 1,595 m EUA). The budgetized portion of the aid (632 m EUA) is itself managed by the EIB up to a total of 415 m EUA. In all, of an overall amount of 1,595 m EUA, the Commission is directly responsible for the management of only 217 m EUA.

Classification:

Commission : NCE
 Council : CE
 Parliament : NCE

Aid to Portugal and Turkey1. Legal basis and description(a) Legal basis

Commission communications in May and June 1980 (COM(80) 280 final for Portugal - COM(80) 318 final for Turkey).

(b) Description

In both cases this is exceptional and temporary aid which the Commission plans to grant these two countries which are in a difficult economic situation.

Aid to Portugal is 'in preparation for accession'.

Aid to Turkey is 'special aid'.

In both cases, this aid is in addition to that supplied by the Commission under the financial protocols with Greece and Turkey which expire in 1981.

Part of the aid would be used to finance subsidies on EIB loans - the other part would be used to finance projects for technical assistance.

2. Summary of appropriations

Item 9601 - aid in preparation for Portugal's accession

	commitment appropriations	payment appropriations
1980	-	-
Preliminary draft budget	90	50
1981	token entry	token entry

Item 9631 - special aid to Turkey

	commitment appropriations	payment appropriations
1980	40	8
1981	35	35

(b) Furthermore, Parliament disputes the Council's interference in implementation of these appropriations through the management committees; for this reason

(1) the regulation applying these financial protocols is at present (September 1980) the subject of conciliation procedure (parallel to that on the non-associated developing countries);

(2) expenditure has been carried out since 1979 according to a provisional ad hoc procedure.

4. Remarks

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Aid to Portugal is 'in preparation for accession'.

Aid to Turkey is 'special aid'.

In both cases, this aid is in addition to that supplied by the Commission under the financial protocols with Greece and Turkey which expire in 1981.

Part of the aid would be used to finance subsidies on EIB loans - the other part would be used to finance projects for technical assistance.

2. Summary of appropriations

Item 9601 - aid in preparation for Portugal's accession

	commitment appropriations	payment appropriations
1980	-	-
Preliminary draft budget	90	50
1981	token entry	token entry
Draft budget		

Item 9631 - special aid to Turkey

	commitment appropriations	payment appropriations
1980	40	8
1981	35	35

3. Specific parliamentary initiatives

Parliament has often showed its approval of this type of measure.

The Commission classifies this expenditure as NCE: Parliament can only support this classification.

4. Remarks

- (a) The principle and amount of such measures should theoretically be the subject of discussions and then 'political' decisions in the Council - in which Parliament is not involved and which are not the subject of formal proposals by the Commission or of any formal decision by the Council.
- (b) This 'ad hoc' procedure is to be criticized strongly - since it could present the budgetary authority with a fait accompli, without providing it with any information.
- (c) In addition there is the problem of whether aid is to be channelled through the budget and/or through the EIB; a question which has both technical and political implications.

Classification:

NCE

Operation of Commission delegations in developing
countries1. Legal basis and description

- legal basis: the Community gave an undertaking to its partners to finance administrative and operating expenditure of its delegations in the associated countries. This expenditure is therefore financed by appropriations from the general budget.
- description of activities: the Commission groups this expenditure under three articles:
 - (a) subsidy to the EAC

The European Association for Cooperation is a company under Belgian law, responsible for recruitment and staff management of the delegations. Following criticisms from Parliament, the Commission proposed to replace it by an agency under Community law. The proposal for a regulation creating this agency has been awaiting a Council decision since April 1978;
 - (b) delegations in the southern Mediterranean countries

The EAC is responsible for placing and administering delegations in these countries: management of non-established staff and management of offices;
 - (c) delegations in the ACP countries and OCT,
dem.

2. Summary of appropriations

	Officials	EAC staff	Special contracts	Local staff	Total
Headquarters staff (1980		54 ¹			54
(1981		56 ¹			56
Staff of delegations (1980	8	16			
in the Mediterranean (1981	8	16			
Staff of ACP (1980		235 ²	26	820	
delegations (1981		248 ³	26	850	
TOTAL (1980	8	305	26		
(1981	8	320	26		

¹ These staff include 3 Commission officials on secondment

3. Parliamentary initiatives

Parliament has asked for the conversion of the European Association for Cooperation into a Community Agency, which would involve in particular establishment of the heads of delegation and staff, improved status for the rest of the staff, and the abolition of the tax paid by the Association to the Belgian state; Parliament has also supported the Commission's request to finance the expenditure on the delegations, not from funds allocated to the associated countries but from the general budget.

The second of these demands has been met. The first has been met only in part, since the proposal for a regulation presented by the Commission is still awaiting a decision by the Council.

4. Remarks

The present budgetary presentation is not very clear. The Commission should add to the present subdivision between expenditure on headquarters, expenditure on delegations in the Mediterranean countries and expenditure on delegations in the ACP countries, in its preliminary draft, a set of estimates and a list of posts, not only for headquarters expenditure, but also for expenditure on the delegations. This document would be complementary to and additional to the information provided in volume 7.

The increase in ACP staff is in line with the decision to place advisers in countries with no delegation.

The creation of 32 posts without appropriations corresponds to the partial conversion of posts for ACP delegates into established posts.

Lastly, the 1981 forecasts do not take account of the possible entry into force of the new statute of the EAC.

