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COUNCIL OF THE EUROPEAN COMMUNITIES  
GENERAL SECRETARIAT

[REDACTED]

**PRESS RELEASE**

8669/83 (Presse 142)

868th meeting of the Council

- Budget -

Brussels, 20, 21 and 22 July 1983

President : Mr Dimitrios KOULOURIANOS,  
Minister for Finance  
of the Hellenic Republic



The Governments of the Member States and the Commission of the European Communities were represented as follows:

Belgium:

Mr Paul de KEERSMAEKER  
State Secretary for  
European Affairs and Agriculture

Denmark:

Mr Otto MØLLER  
State Secretary,  
Ministry of Foreign Affairs

Germany:

Mr Günter OBERT  
State Secretary,  
Federal Ministry of Finance

Greece:

Mr Dimitrios KOULOURIANOS  
Minister for Finance  
Mr Antonios GEORGIADIS  
State Secretary,  
Ministry of the National Economy

France:

Mr André CHANDERNAGOR  
Minister attached to the  
Foreign Secretary,  
responsible for European Affairs

Mr Henri EMMANUELLI  
State Secretary for Budget

Ireland:

Mr James O'KEEFFE  
Minister of State at the  
Department of Foreign Affairs

Italy:

Mr Carlo FRACANZANI  
State Secretary,  
Ministry of the Treasury

Luxembourg:

Mr Jacques SANTER  
Minister for Finance  
Mr Paul HELMINGER  
State Secretary,  
Ministry of Foreign Affairs,  
Foreign Trade and Co-operation

Netherlands:

Mr H.A.L. VIJVERBERG  
Deputy Permanent Representative

United Kingdom:

Mr Nicholas RIDLEY  
Financial Secretary  
to the Treasury

Commission:

Mr Christopher TUGENDHAT  
Vice-President

Mr Richard BURKE  
Member

MEETING BETWEEN A DELEGATION OF THE EUROPEAN PARLIAMENT AND THE COUNCIL

During the afternoon of 20 July a meeting took place between the Council and a delegation of the European Parliament led by Mr DANKERT, President, and composing Mr LANGE, Chairman of the Committee on Budgets, Mrs BARBARELLA, 2nd Vice-Chairman of the Committee on Budgets, Mrs SCRIVENER, Rapporteur on Part III (Commission), Mr R. JACKSON, Rapporteur on the 1983 Budget, Mr AIGNER, Chairman of the Committee on Budgetary Control, and Mr ANSQUER, Member of the Committee on Budgets.

Both parties recognised that the preparation of both the draft supplementary budget N° 2/83 and the draft budget for 1984 would be a particularly difficult task given the specific problems present and, above all, the foreseen exhaustion of the Community's resources.

The Parliamentary delegation stressed the importance of controlling agricultural expenditure and the problems of the development of new policies, and of the CAP. In discussion references were made in particular to the declaration of the European Council in Stuttgart concerning the future financing of the Community, for the development of Community policies and for the establishment of greater budgetary discipline.

At the end of the meeting the President of the Council assured the Parliamentary delegation that the views expressed by them would be taken into account by the Council during its deliberations on the two preliminary draft budgets.

SUPPLEMENTARY AND AMENDING BUDGET N° 2/83

After a long and detailed examination and bearing in mind the observations made by the Parliamentary delegation, the Council established the draft supplementary and amending budget N° 2/83.

The breakdown of expenditure (payment appropriations) in this draft supplementary budget, which takes account of a downward revision of the estimates for revenue in 1983, is as follows:

	Mio ECU
Agricultural expenditure	1,761
"Risk sharing"	370
Other expenditure	<u>64.5</u>
Total:	2,195.5

Under "other expenditure" the Council allocated, amongst other headings, additional sums of 20 Mio ECUs for special aid for raw tobacco following the Italian earthquake in November 1980, 10 Mio ECUs for aid to Poland, 9.6 Mio ECUs for urban renewal in N. Ireland (Belfast), 2.171.800 ECUs for the eradication of classical and African swine fever, and 1.5 Mio ECUs for the monitoring application of certain steel industry measures.

DRAFT GENERAL BUDGET FOR 1984

The Council then established the draft general budget for 1984, after further prolonged debate. This, too, took account of downward revision of the estimates for revenue for the year in question.

The Council, aware of the need to preserve a balance between compulsory and non-compulsory expenditure, and also of the need to remain within the limits of projected revenue, drew up a budget for 1984 of approx. 24.880 mio ECUs in the form of payment appropriations and approx. 26.700 mio ECUs in the form of commitments.

The major payment appropriations are as follows:

	Mio ECU (approx.)
EAGGF	16.500
Social Fund	1.100
Regional Fund	1.300
UK and German compensation measures	1.200
Other	4.780

In allocating these appropriations the Council had in mind both the views expressed by the Parliamentary delegation and the constraints imposed by the situation regarding the Community's own resources.

The draft supplementary and amending budget N° 2/83 and the draft general budget for 1984 will, after finalization of the texts, be forwarded to the Parliament at an early date.

OTHER DECISION

Commercial policy

The Council adopted in the official languages of the Communities the Regulation confirming Commission Regulation (EEC) N° 873/83 revoking the protective measures in respect of imports into France and the United Kingdom of tableware and other articles of a kind commonly used for domestic or toilet purposes, of stoneware, and introducing a system of automatic authorization for imports of the products in question originating in or coming from South Korea.

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Bruxelles, le 19 juillet 1983

Note Bio (83) 331 aux Bureaux Nationaux  
cc : aux Membres du Groupe du Porte-Parole

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Preparation du Conseil Budget du 20 juillet(R. Elphick)

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Les Ministres responsables pour le budget communautaire commencent leurs travaux demain (mercredi) vers midi, travaux qui seront suivis d'une rencontre de concertation avec une delegation du Parlement Europeen. Le Conseil budget tel quel continuera jeudi et eventuellement vendredi. Il s'agit de la premiere lecture de deux avant-projets presentes par la Commission: le budget 1984 et le budget supplementaire numero deux pour 1983. Dans ces deux budgets la Commission propose une serie de depenses qui impliquent l'epuisement de presque toutes nos ressources propres (voir Notes P-44 et 62).

En ce qui concerne le budget supplementaire no 2 1983, la Commission tient compte d'une augmentation sensible des depenses agricoles qui impose des depenses supplementaires de 1,811 milliard d'Ecus avant la fin de l'annee. Est aussi inclus l'ajustement de la compensation en faveur du Royaume Uni pour 1982 (385 millions d'Ecus brut) et un allagement de 78 millions de la charge budgetaire de la Republique Federale d'Allemagne.

L'accent principal de notre avant-projet de budget pour l'exercice 1984 est place sur la realisation des priorites communautaires precisees par le President Thorn en fevrier dernier - en premier lieu la lutte contre le chomage et le developpement de nouvelles initiatives communautaires visant a lutter contre le declin industriel dans nos Etats membres et a contribuer au retablissement de la competitivite. Il est a noter, toutefois, qu'un des problemes les plus epineux pour les Ministres sera l'inclusion dans le projet de budget 1984 d'un montant de 750 millions d'Ecus de compensation pour 1983 en faveur du Royaume Uni comme recommande par le Conseil Europeen de Stuttgart.

Amities M. Santarelli COMEUR///





Bruxelles, le 20 juillet 1983  
Note BIO(83)331 (suite 1) aux Bureaux Nationaux  
c.c. aux membres du groupe du Porte-Parole

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CONSEIL BUDGET (B. Elphick)  
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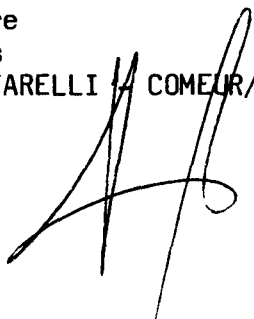
The budget ministers started their meeting at noon today with a general review of the budgetary prospects in advance of the traditional conciliation meeting with a delegation from the European Parliament. The Greek president, Mr.Charalambopoulos, pointed out the constraints facing the Community. We were near the one percent and we had to look carefully at the management of the CAP and at the repercussions on other policies. Ministers agreed in general on the need for the Community budget to reflect the austerity practised before in the budgets of Member States. Prudent financing was demanded. Some delegations worried about a considerable shortfall in estimated own resources for next year which had been calculated by the Council. To cope with this and still a margin for the Parliament to exercise its own rights would require strict austerity. For the Commission, Vice-President Christopher Tugendhat, urged the Council not to be too pessimistic in their estimates and to accept the figures put forward by the Commission.

Parliament's President, Mr. Dankert, and other members of his delegation put forward the suggestion that given the problems this year with FEOGA expenditure, this part should only be placed in the supplementary budget and all the other items excluded until the third supplementary budget which is expected in September. Since these other items include the UK risk sharing refunds for 1982, this idea immediately draw a sharp reaction from the UK delegate who pointed out that the budgetary difficulties arose because of overspending on agriculture. To go back on commitments undertaken by the European Council concerning the UK rebates would, he said, be totally unacceptable. He warned of a very serious crisis that would occur in such an event which he said would be viewed as a deliberate insult to the UK.

A suivre

Amities

M. SANTARELLI / COMEUR/////





Bruxelles, le 20 juillet 1983  
Note BIO(83)331 (suite 2) aux Bureaux Nationaux  
c.c. aux membres du groupe du Porte-Parole

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CONSEIL BUDGET (B. Elphick)  
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1. Corrigendum a la note BIO(83)331 (suite 1) :  
- lire a la 4eme ligne : The Greek President, Mr. Koulourianos.....

2. Suite :  
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President Dankert and others stressed the linkage between the two budgets under discussion with the decisions facing the European Council at Athens concerning agriculture and future financing. As shown by their resolution of last February, Parliament was looking for a lasting and long term solution forwards budgetary imbalances.

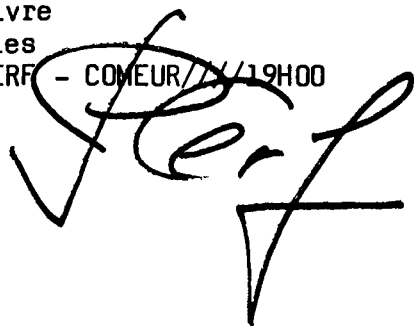
Mr. Tugendhat made the point that the Budgetary Authority was by law confirmed to staying under the 1% ceiling. If the Commission failed to get the money requested in the supplementary budget, we would not be able to discharge our obligations under the Common Agricultural Policy. The device put forward by Parliament to divide up the supplementary budget would only create difficulties. What was needed following Stuttgart was a balanced approach to provide a reasonable basis for the discussions which will take place in the run up to Athens. What was needed were policies designed to bring about greater European integration and to yield better results for the people of Europe than would be possible at purely national level. He called on the Council for a coherent attitude forwards policies decided upon in other Councils, which would if acted upon point out the direction in which Europe should go.

Le Conseil est maintenant saisi du projet de budget supplementaire no 2 pour 1983.

A suivre

Amities

P. CERF - COMEUR//19H00











Bruxelles, le 22 juillet 1983  
Note BIO(83)331(suite 3) aux Bureaux Nationaux  
cc. aux membres du Groupe du Porte-Parole

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BUDGET COUNCIL (R. Elphick)

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In calling on the Council on Thursday to include some new staff posts in the 1984 Budget, Commissioner Richard BURKE underlined the unique difficulties of the Commission. Member States applying a policy of austerity can cut staff and programmes. The Commission is being asked to shed staff while being given new tasks by the Council, such as the ESPRIT programme, surveillance of Japanese imports, strengthening internal market, etc.. Leaving language work and the separate research staff to one side, the effective Commission staff is only 6 600 officials of all grades. This is the size of a small Ministry in one of the large Member states.

It took many hours of sometimes acrimonious argument before there were any signs of a breakthrough. Eventually at 2.20 in the morning of Friday, Ministers accepted by qualified majority a Presidential compromise on the 2nd Supplementary Budget which cut agricultural spending proposals by 50 million Ecu's and the UK risk sharing repayments by nearly 80 million Ecu's. Only the UK delegation voted against with the Danes abstaining. Afterwards the British complained angrily of bad faith on the part of other delegations who, they said, had gone back on the agreement reached with such difficulty last October. Salient figures of the 2nd Supplementary Budget are: Agricultural guarantees 1 761 million Ecu's (instead of 1 811 million Ecu's); risk sharing 307 MECU's for UK, 63 MECU's for Germany (instead of 384.6 MECU's and 78.1 MECU's); 9.6 MECU's for Belfast plus 16 MECU's in commitments as proposed by the Commission; 10 million ECU's for Poland; 20 million ECU's for special aid for raw tobacco following the November 1980 earthquake in Italy. The total of the Supplementary Budget is now 2 131 MECU's (instead of 2 380 MECU's) which with agreed adjustments downward on the revenue side leaves a margin below the 1% ceiling of just 54 MECU's.

Having completed that task, Ministers continued working through the night and into Friday in an attempt to work out the draft Budget for 1984. The Council session was still going on 24 hours after its start without much sign of coming to a conclusion.  
More later.

Amities,  
M. Santarelli COMEURE(9h15)////





Bruxelles, le 22 juillet 1983

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Note Bio (83) (suite 5 et fin) aux bureaux nationaux  
cc. aux membres du Groupe du Porte-Parole

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Budget Council (R. Elphick)

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The Council finally managed late on Friday afternoon to establish the draft budget for 1984 after sitting continuously for nearly thirty two hours. The draft budget which like the supplementary budget had to take account of a downward revision of the estimates for revenues, totals 24.880 mio ecus in payments appropriations and 26.700 mio ecus in commitments against the Commission's proposal for 25.529 mio ecus in payments and 28.620 mio ecus in commitments (see P-44).

Main items of expenditure are agriculture guarantee fund 16.500 mio ecus, social fund 1.100 mecus, regional fund 1.300 mecus, compensation for United Kingdom and Germany as agreed at Stuttgart 1.200 mecus and other non obligatory expenditure amounting to 4.780 mecus. Details will be sent to you as soon as possible.

At his press conference afterwards, the President of the Council explained that the UK/German compensation would consist of 750 mecus in obligatory expenditure and 450 mecus in non obligatory expenditure for energy, transport and in the social field. (The UK is likely to be paid around 1.000 mecus of this compensation.). The President conceded that the Community was now very close to the 1 % limit. The VAT rate would be between 0.97 and 0.98 which meant that only about 250 mecus remained below the ceiling.

During the brief final session of the Council itself Vice-President Christopher Tugendhat protested on behalf of the Commission about the arbitrary way in which the cuts in commitment appropriations for new policies had been made. He said the Council had acted without regard for the balance of the budget or the needs of the policies concerned. He also emphasized the importance attached by the Commission to these new policies and he repeated the offer he had made many times during the Council meeting. Commission experts would be available to answer any questions the Council may have.

Amities,  
M. SANTARELLI - comeur////

