

EUROPEAN PARLIAMENT

# Working Documents

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REPORT

drawn up on behalf of the Committee on Budgets  
in application of Article 204 of the EEC Treaty  
and Article 8 of the Financial Regulation, authorizing  
further provisional twelfths for Section III -  
Commission - of the general budget of the European  
Communities

(Doc. 1-151/80 and Doc. 1-168/80)

Rapporteur: Mr P. DANKERT



This report is submitted pursuant to Article 204 of the Treaty and Article 8 of the Financial Regulation, and embodies the proposed decision of the European Parliament for the granting of extra provisional twelfths, under Section III 'Commission' of the general budget of the European Communities.

At its meeting of 21 May 1980 the Committee on Budgets examined the draft submitted to it by Mr Pieter Dankert, rapporteur for Section III of the draft general budget.

It approved the proposal to grant an extra provisional twelfth for Chapter 92 'Food Aid' unanimously.

There were present: Mr Lange, Chairman; Mr Notenboom, Vice-Chairman; Mr Dankert, rapporteur; Mr Adonnino, Mr Arndt, Mr Baillot, Mr Barbi, Mr Forth, Mr Gouthier, Mr Harris (deputizing for Mr R. Jackson), Mrs Hoff, Mr Hord, Mr Newton Dunn (deputizing for Lord O'Hagan), Mr Pflimlin (deputizing for Mr Pfennig), Mrs Pruvot (deputizing for Mr Nord), Mrs Scrivener, Mr Simpson (deputizing for Mr Tuckman), Mr J.M. Taylor and Mr Von Wogau (deputizing for Mr Ryan).

CONTENTS

	<u>Page</u>
A. MOTION FOR A RESOLUTION.....	5
B. EXPLANATORY STATEMENT.....	6

A

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

MOTION FOR A RESOLUTION

in application of Article 204 of the EEC Treaty and Article 8 of the Financial Regulation authorizing further provisional twelfths for Section III

- Commission - of the general budget of the European Communities

The European Parliament,

- having regard to Article 204 of the EEC Treaty,
- having regard to Article 8 of the Financial Regulation of 21 December 1977, <sup>(1)</sup>
- having regard to the rejection of the draft 1980 budget in its entirety on 13 December 1979,
- having regard to the proposed transfers of appropriations nos 2/80 and 3/80 of the Commission, <sup>2</sup> (Docs. 1-151/80 and 1-168/80),
- having regard to the opinion of Council,
- having regard to the report of the Committee on Budgets, (Doc. 1-197/80)

1. Recognises the urgent need for the Community to supply extra aid to those affected by the events in Cambodia in order to prevent any interruption in supplies during the summer months;
2. Recognises the urgent need for aid to be supplied to Zimbabwe, in the context of the international aid programme;
3. Hereby authorises extra expenditure of 20 mEUA for aid to Cambodia and 8 m EUA for aid to Zimbabwe through the releasing of one extra provisional twelfth of the appropriations entered under Chapter 92 for the 1979 financial year.

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<sup>1</sup>OJ L 356, 31.12.1977

<sup>2</sup>COM(80) 234 final and COM(80) 275 final

EXPLANATORY STATEMENT

1. The Commission has pointed out that an immediate shortfall in aid has arisen in the international assistance being provided to those affected by the recent events in Cambodia. In the immediate future a sum of 20 mEUA is required: a further instalment will be necessary later, by which time the 1980 budget should have been adopted.

2. Normally it would be more appropriate for the expenditure to be paid from Chapter 95 "Exceptional measures to assist developing countries and other non-member countries". However, under the one-twelfths system, in operation since the rejection of the 1980 budget, insufficient appropriations are available under this heading (the appropriation included in the draft budget of 23 November 1979 was only 3 mEUA: in the Commission's new budgetary proposals a total amount of 15 mEUA - still insufficient - was proposed).

Therefore, the Commission has proposed to transfer 20 mEUA from Chapter 92 "Food aid" to Article 950.

3. The Committee on Budgets examined this approach in the report that it drew up on the request from the Commission for extra emergency aid for Afghanistan refugees in Pakistan.<sup>(1)</sup>

The Committee on Budgets concluded at that time that 'it is not possible to effect any transfers between chapters or between Chapter 100 and the operational chapters of the budget, in any of the sections of the Community budget. The reasons that have led the Committee on Budgets to this view are the following:

- (i) the one-twelfth system as such cannot be confused with a budget. It is not an extension of the past budget but the exceptional granting of funds to permit existing Community activities to function in a financially "neutral" fashion;
- (ii) the absence of any reference to the possibility of effecting transfers under the one-twelfth system, in either the Treaty or the Financial Regulation, indicates that such a possibility was not intended;

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<sup>(1)</sup> Doc. 1-756/79

- (iii) the purpose of the chapter by chapter freeze on appropriations, as indicated by the Financial Regulation, is contrary to the whole idea of flexibility as between these chapters;
- (iv) transferring from one chapter to another or from Chapter 100 is not a budgetary neutral decision but an act of political authorisation. It would be inappropriate for such acts to be taken in this context.'

The rapporteur explained at that time the political reasons which complemented these considerations:

'The absence of a Community budget must not become a way of life for the Community. The Community needs a budget in order to sustain its development. If the arrangements operating in the absence of a budget do not confront all the institutions with certain financial difficulties there might be a tendency to postpone the reaching of an agreement on a new budget, since a soft option chosen in the management of the one-twelfth arrangement would have the effect of removing any urgency from obtaining agreement.

Secondly, the Committee on Budgets does not believe that the time is appropriate for legal experiment as regards interpretation of the Financial Regulation.'

4. Council evidently shares this approach because both as regards aid for Afghanistan refugees in Pakistan and the Cambodian situation, it has not provided an opinion on the transfer but has approved the releasing of extra appropriations equivalent to extra provisional twelfths. It is to be regretted therefore that the Commission persists in its approach which runs contrary to the wishes of both arms of the budgetary authority.

5. In order to avoid time being wasted your rapporteur proposes that instead of asking the Commission to withdraw its proposed transfer and to submit a demand for an extra one-twelfth that Parliament, on the basis of Council's opinion, authorises expenditure for the amount required under Chapter 92 "Food aid" through means of one extra twelfth.

6. It should be pointed out that total 1979 appropriations for food aid amounted to 289.9 mEUA. Therefore one extra twelfth amounts to 24.1 mEUA.

7. The use of Chapter 92 "Food aid" as opposed to Chapter 95, the Chapter originally intended for this purpose, need not pose any problems of budgetary nomenclature as the aid required may fall within the ambit of normal activities financed under Chapter 92.

8. The Committee was also consulted on an emergency transfer to permit aid to be supplied to Zimbabwe, in the context of the international aid programme. The Committee agreed that this aid should be approved, but that the Commission should base its activity on Chapter 92, and that no transfer of appropriations should be accorded, for the reasons explained above.

9. The Committee understands that one extra twelfth, making available 24.1 mEUA, would be sufficient to cover both the Cambodian and the Zimbabwe aid because the rate of expenditure under Chapter 92 remains low and the difference can thus be made up without provoking any cutback in existing activities.

#### Conclusions

##### 10. The Committee on Budgets

- (i) Notes the need for emergency aid for those affected by recent events in Cambodia and also for emergency aid for Zimbabwe;
- (ii) Recommends to Parliament the immediate authorization of one extra provisional twelfth to provide the extra appropriations sought by the Commission.