

COUNCIL OF THE EUROPEAN COMMUNITIES
GENERAL SECRETARIAT

PRESS RELEASE

9497/88 (Presse 180)

1277th Council meeting

- Budget -

Brussels, 22 November 1988

President: Mr Yannis PAPANTONIOU

State Secretary
Ministry for Economic Affairs
of the Hellenic Republic

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

Belgium:

Mr Hugo SCHILTZ
Deputy Prime Minister, Minister
for the Budget and Science
Policy

Denmark:

Mr Knud-Erik TYGESEN
State Secretary,
Ministry of Foreign Affairs

Germany:

Mr Hans TIETMEYER
State Secretary,
Federal Ministry of Finance

Greece:

Mr Yannis PAPANTONIOU
State Secretary for Economic
Affairs

Spain:

Mr José BORRELL
State Secretary for Finance

France:

Mr Michel CHARASSE
Minister attached to the Minister
of State,
Ministry for Economic Affairs,
Finance and the Budget,
responsible for the Budget

Ireland:

Mrs Maire GEOGHEGAN-QUINN
Minister of State for
European Affairs

Italy:

Mr Enrico PIETROMARCHI

Deputy Permanent Representative

Luxembourg:

Mr Jean-Claude JUNCKER

Minister for the Budget

Netherlands:

Mr B.J.M. Baron van VOORST
tot VOORST

State Secretary,
Ministry for Foreign Affairs

Portugal:

Mr Rui ALVAREZ CARP

State Secretary for the Budget

United Kingdom:

Mr Peter BROOKE

Paymaster General

o

o

o

Commission:

Mr Henning CHRISTOPHERSEN

Vice-President

RESUMPTION OF THE 1989 BUDGETARY PROCEDURE

Before tackling the 1989 budgetary procedure further, the Council met a delegation from the European Parliament, led by the Chairman of the Committee on Budgets, Mr COT, and comprising Mr PASTY, 1st Deputy Chairman of the Committee on Budgets, Mr CORNELISSEN, 3rd Deputy Chairman of the Committee on Budgets, Mr VON DER VRING, Rapporteur for Section III - "Commission" - of the budget, Mr HACKEL, Rapporteur for the other Sections of the draft budget, Mr PRICE, Mr CHRISTODOULOU, Ms BARBARELLA, Ms SCRIVENER, Members of the Committee on Budgets, and Mr COLOM I NAVAL, Member of the Committee on Budgetary Control.

This meeting enabled the Parliament delegation to submit to the Council the results of the first reading of the 1989 draft budget and to restate the priorities adopted by the Parliament.

o

o o

After this meeting, the Council began examination of the letter of amendment (No 1/89) which the Commission had submitted to it on 20 October 1988. This letter takes account of the short-term economic developments - stronger-than-forecast growth, rise in world prices for agricultural products and in the dollar exchange rate - and of progress with the implementation of the 1988 budget.

The Council established the letter of amendment to the draft budget covering all the draft budget-amending particulars contained in the letter of amendment from the Commission.

The Council then went on to give a second reading to the draft general budget of the European Communities for 1989, amended and accompanied by proposals for modifications by the European Parliament.

The Council stated its position on all the proposed modifications and amendments which the European Parliament had voted at the first reading.

It instructed the Presidency to forward both the letter of amendment to the draft budget and the outcome of its second reading of the draft budget to the European Parliament.

The expenditure upon which the Council agreed during its second reading of the 1989 draft budget was essentially as follows:

	(in MECU) ⁽¹⁾	
	C/A	P/A
EAGGF Guarantee Section	26 741	26 741
EAGGF Guidance Section	1 413	1 369
Set-aside	100	100
Depreciation of agricultural stocks	1 449	1 449
Monetary reserve	1 000	1 000
Regional Fund (ERDF)	4 495	3 920
Social Fund (ESF)	3 387	2 950
SPDPI (Programme for development of Portuguese industry)	103,5	80
IMPs (Integrated Mediterranean Programmes)	254	255
Research, energy, industry	1 697	1 432
Other policies	1 964,5	1 786
- including		
= Food aid	417	421
and		
= Aid to non-associated developing countries	357	245
Administration:		
- Commission	1 397	1 397
- Other Institutions	733	733
Refunds to Member States	1 458	1 458
	<hr/>	<hr/>
	46 192	44 670

Rates of increase in respect of NCE were thus 17,56% for commitment appropriations and 19,39% for payment appropriations.

⁽¹⁾ Provisional rounded-off figures.

Bruxelles, le 21 novembre 1988

NOTE BIO(88) 369 AUX BUREAUX NATIONAUX
CC. AUX MEMBRES DU SERVICE DU PORTE-PAROLE

433

PREPARATION OF THE BUDGET COUNCIL (S. SONDERGAARD)

The Budget Ministers will meet tomorrow on the 22 at 11 o'clock to discuss and adopt in its second Reading the Draft Budget for 1989.

At 12 o'clock the Council will meet with a Delegation from the European Parliament.

Because of the very satisfactory development in the budgetary procedure this year, the Spokesman said that it is realistic to foresee the final adoption of the 1989 Budget through the signature of the President of the European Parliament, Lord Plumb before the end of this year.

Concerning tomorrow's meeting, the Spokesman underlined that there are no agricultural problems left. Total agreement on this dossier has been reached in COREPER and is based on our rectifying letter.

Equally, no remaining problems exist on the revenue side of the Budget. The savings contained in the Commission's rectifying letter to the 1989 Budget which was included in the first Reading of the European Parliament are agreed upon.

Finally, when it comes to the privileged non-compulsory expenditure (expenditure aiming at carrying out the decisions in the Single European Act), there seems to be no real problems left. This means, that the credits for the structural funds, the framework programme for research and the PIM are ensured.

The Spokesman concluded that the only real problems left for discussion by the Council is in the field of the non-privileged non-compulsory expenditure.

The main reason for this is that the Council has decided to stay within the maximum rate of increase instead of using all the margin of manoeuvre left in the Budget by using all credits left within the ceilings set up for next year's Budget. The Parliament as well as the Commission is of the view, that the full use of credits under the ceiling could solve the remaining problems with these credits.

The areas most seriously hit by reductions are the development policy, the internal market and the environment.

The Commission hopes for an opening in the discussion of the food aid dossier in order to make the food aid system function.

A discussion with the delegation of the European Parliament on the idea of opening a direct pipe-line between savings on restitutions and costs for food aid (between chapter 29 and chapter 92) is to be expected.

As the expenditure in chapter 92 are non-compulsory and those in 29 are compulsory, this discussion is of highly political and principal importance.

Matériel diffusé :

- IP 721 - Visite du ministre norvégien de développement à la COM
- IP 722 - Emprunt CECA en Francs luxembourgeois
- IP 724 - Aide aux réfugiés du Guatemala et du Nicaragua
- IP 725 - M. Cheysson rencontre l'un des responsables des parties d'opposition au Chili
- MEMO 147 - Procédure budgétaire 1989
- Discours à la Financial Times Conférence, Londres, de
 - Lord Cockfield
 - Mr Sutherland
- Eurostat : Energie 10-88

Regards,



C. D. EHLERMANN

Bruxelles, le 23 novembre 1988

NOTE BIO(88) 369 (suite 1 et fin) AUX BUREAUX NATIONAUX
CC. AUX MEMBRES DU SERVICE DU PORTE-PAROLE

THE COUNCIL ADOPTS THE 1989 BUDGET (S. SONDERGAARD)

Yesterday evening, the Budget Ministers adopted in its second Reading the draft Budget for 1989 in the form of a letter of amendment no 1. The Council entirely confirmed the results of the COREPER with one exception. The amendment of the Parliament to add 20 posts together with 20 local posts for staff in delegations in third countries was accepted by the Council after being originally rejected in COREPER, this means, that the Commission can now go forward with the plans to open offices in Seoul, Stockholm and Montevideo when the 1989 Budget is finally adopted by the European Parliament, presumably in December in Strasbourg.

Total expenditure for 1989 is now set at 44.6 billion ECU.

The following points are of specific interest:

Food aid: The Council did increase the aid to cereals but maintained the quantities to butteroil and milkpowder decided in the first Reading. A resolution adopted in the meeting, states however, that the Council is willing to examine, with the utmost care, case by case the difficulties that might arise during the budgetary year in the field of food aid, following changes in food prices on the world market.

The idea of establishing a direct pipe-line between chapter 92 and chapter 29, presented by the European Parliament and supported by the Commission did not win the approval of the Council due to the objection against having an automatic transfer from compulsory to non-compulsory expenditure lines.

CO-RESPONSIBILITY LEVY AND DIRECT AID TO INCOME

The Council also rejected the amendments introduced by the Parliament for an extra 200 mio ECU to finance a reduction in the co-responsibility levy for milk producers and direct aid to income (140 mio ECU + 60 mio ECU).

The Commission could not support the entry of these 200 mio ECU in order not to use a one time conjunctual wind-fall on the world market to finance once again structural changes of the common agricultural policy. Vice-President CHRISTOPHERSEN did however underline that the Commission already has submitted a proposal, the SLOM proposal which is reducing the co-responsibility levy for small producers and the President of the Council asked for a declaration on this proposal to be included in the minutes of the meeting.

THE VOLET SOCIAL OF CECA

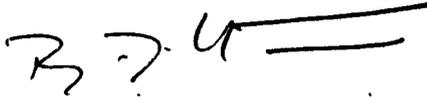
The Council could not accept the transfer asked for by the Commission of 65 mio ECU to finance the volet social of restructuring the steel sector.

Commissioner CHRISTOPHERSEN told the Council that the only way left for the Commission to finance this restructuring would then be to increase the levy on coal and steel products from 0.31 to 0.39%.

At the end of the meeting, the Greek President Mr PAPANTONIOU called for a restricted session to discuss the presentation of yesterdays decisions to the European Parliament's Budget Committee on the 28 of November and to discuss the mandate for the Presidency in the forthcoming discussions with the Parliament in the light of the result of the second Reading, the meeting with the Delegation of the European Parliament and the views expressed during this meeting and in the light of the spirit and letter of the inter-institutional agreement which is used for the first time this year.

Regards,

B. DETHOMAS

A handwritten signature in dark ink, appearing to be 'B. Dethomas', with a horizontal line drawn through the end of the signature.