



COUNCIL OF THE EUROPEAN COMMUNITIES
GENERAL SECRETARIAT



PRESS RELEASE

7825/88 (Presse 122)

1261st Council meeting

- Budget -

Brussels, 26 July 1988

President:

Mr Yannis PAPANTONIOU

State Secretary 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 Javier ELORZA
Deputy Permanent Representative

France:

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

Ireland:

Mr Noel TREACY
Minister of State at the Department
of Finance

Italy:

Mr Tarcisio GITTI
State Secretary,
Ministry of the Treasury

Transport

The Council officially adopted the Directive amending Directive 77/143/EEC on the approximation of the laws of the Member States relating to road worthiness tests for motor vehicles and their trailers.

(See Press release 7005/88 Presse 94 of 20 and 21 June 1988.)

Agricultural policy

The Council officially adopted the Regulation amending Regulation No 2179/83 laying down general rules for distillation operations involving wine and the by-products of wine making.

MISCELLANEOUS DECISIONS

Election of the European Parliament

The Council decided that the third election of the European Parliament by direct universal suffrage would be held from 15 to 18 June 1989.

RENAVAL programme

The Council officially adopted the regulation instituting a Community programme to assist the conversion of Community industrial areas in decline affected by restructuring of the shipbuilding industry.

The purpose of this programme is to contribute, in the areas concerned, to the removal of obstacles to the development of new, job-creating economic activities. To this end, the programme provides for the implementation of a series of consistent, multiannual measures aimed at improving the infrastructure and the physical and social environment in the areas concerned, as well as the establishment of new activities, the growth of small and medium-sized undertakings and the development of innovation. The Community programme thereby seeks to provide a better link between the Community's objectives for the conversion of regions and the objectives of the Community's policy on shipbuilding.

Information services market

Following the agreement of 7 June 1988 on a common position, the Council officially adopted the Decision concerning the establishment of a plan of action for setting up an information services market. (See Press release No 6635/88 of 7 June 1988.)

In its discussions the Council had to take a decision on the following points in particular:

- the share of the budget appropriations for the structural funds to be allocated to the various objectives;
- the classification and nomenclature of expenditure for the EAGGF Guidance Section, pending the adoption of the new specific regulation for this fund;
- the appropriate level of non-privileged NCE;
- the staffing requests from the Commission, pending a report from the latter on the use of the first tranche allocated;
- the appropriations to be entered for transport infrastructure support.

The Council then began its first reading of the 1989 budget. At the end of its discussions, the Council drew up the draft budget for 1989, which will be sent to the European Parliament in accordance with the budget procedure; the President of the Council will present this draft at the European Parliament's plenary part-session on Tuesday 13 September 1988.

The main features of this draft are as follows:

OVERALL AMOUNT OF EXPENDITURE AS A RESULT OF THE COUNCIL'S DISCUSSIONS
(IN MECU) ⁽¹⁾:

Commitment appropriations (C/A)	47 515
Payment appropriations (P/A)	46 006

including non compulsory expenditure:

(C/A)	13 513
(P/A)	11 981

The breakdown of appropriations is as follows: (in MECU) ⁽¹⁾

	C/A	P/A
EAGGF Guarantee Section	28 127	28 127
EAGGF Guidance Section	1 413	1 369
Set-aside/income aids	80	80
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
PEDIP (Prog. for development of Portuguese industry)	103,5	80
IMPs (Integrated Mediterranean Programmes)	254	243
Research (framework programme)	1 328,8	1 105
Other policies		
including: Food aid	389	420,5
Aid to Latin America and Asia	353,5	236
Administration: - Commission	1 371	1 371
- Other Institutions	731,6	731,6
Refunds to Member States	1 527,1	1 527,1

⁽¹⁾ Provisional rounded-off figures.

BUDGET PROCEDURE 1989

Before beginning its examination of the preliminary draft general budget for 1989, the Council met a delegation from the European Parliament, led by its President Lord PLUMB, and comprising Mr COT, Chairman of the Committee on Budgets, Mr von der VRING, Rapporteur on the Budget - Section III, Commission, Mr HACKEL, Rapporteur on the Budget for the other sections, Mr CHRISTODOULOU, Mr MALAUD, Mr PRICE, Mrs BARBARELLA, Mr BONDE, members of the Committee on Budgets, and Mr SCHON, Chairman of the Committee on Budgetary control.

The Council and the Parliamentary delegation welcomed the new instruments which the Community had provided itself with in the Community finances sector, viz. in particular the inter-institutional agreement on budgetary discipline and improving the budget procedure, and the Council decisions on own resources and budgetary discipline, which were adopted in June 1988; these instruments, which will be applied in full for the first time to the 1989 financial year, should ensure that in future the budget procedure is free of the problems encountered in the past.

The meeting enabled the participants to state their views on the main problems and priorities to be taken into account when drawing up the draft budget for 1989.

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Luxembourg:

Mr Jean-Claude JUNCKER

Minister for the Budget

Netherlands:

Mr Ch. R. VAN BEUGE

Deputy Permanent Representative

Portugal:

Mr Rui ALVAREZ CARP

State Secretary for the Budget

United Kingdom:

Mr Peter BROOKE

Paymaster General

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Commission:

Mr Henning CHRISTOPHERSEN

Vice-President

Bruxelles, le 25 juillet 1988.

NOTE BIO(88) 262 AUX BUREAUX NATIONAUX
CC. AUX MEMBRES DU SERVICE DU PORTE-PAROLE

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Préparation du Conseil Budget (H. LOHAN)

Le Conseil procédera à la première lecture de l'avant-projet de Budget 1989. L'APB' 89 est le premier qui a été établi sur base des nouvelles réglementations en matière de ressources propres, de discipline budgétaire et de fonds structurels suite aux décisions du Conseil européen de février.

Suite aux travaux du Comité budgétaire et du COREPER, une majorité qualifiée a pu être dégagée sur un grand nombre de points. Les principaux points restés ouverts sont les suivants :

- le "fine-tuning" des Fonds structurels,
- l'augmentation des effectifs pour la gestion des Fonds structurels,
- la politique des transports.

La Commission, quant à elle, demandera au Conseil un débat sur l'amputation drastique des crédits des chapitres sur l'environnement et l'aide alimentaire.

Amitiés,
G. ANOUIL



Brussels, 27 July 1988.

NOTE BIO(88) 262 (suite et fin) AUX BUREAUX NATIONAUX
CC. AUX MEMBRES DU SERVICE DU PORTE-PAROLE

Budgetary Council (H. LOHAN)

The Council has established a draft budget for 1989, totalling 47,567 billion ECUS in commitment appropriations and 46,010 billion ECUS in payment appropriations. The draft budget implies a growth rate of EAGGF-guarantee expenditure close to 3/4 of the growth rate of Community GDP and allows for increases in non-privileged non-compulsory expenditure in line with the objective of doubling the resources of the Structural Funds by 1993. Mr CHRISTOPHERSEN said he was satisfied that 99 % of the proposals made by the Commission in the preliminary draft budget had been accepted and that the Council was back on track respecting the timetable of the budgetary procedure.

The first reading of the draft budget in the European Parliament will take place in October and the second Council reading in November. Between these two dates, Council and Parliament will try to reach a compromise on any remaining differences which are expected to be relatively small. The final reading in Parliament will then take place in December of this year. As a result of an exchange of views between the Council and a European Parliament delegation led by Lord PLUMB, the Greek Presidency will provide for an increase in the flow of information on budgetary questions between the Council Secretariat and the Secretariat of the EP.

With regard to the details of the draft budget, Mr CHRISTOPHERSEN drew the attention of the Council to a number of points on which cutbacks from the preliminary draft budget seem excessive :

1) Food aid

Quantities for 1989 would have to be reduced below the amounts available in 1988. For instance, cereals aid would have to be cut by 46 % from the 1988 level of 432 300 tonnes to 232 300 tonnes, milk powder from 110 000 tonnes to 47 000 tonnes (43 %) and butter oil from 25 000 tonnes to 10 000 tonnes (40 %).

2) Environmental measures

The proposed reduction by 18 MECU to 25 MECU implies a drastic cut in many Community projects. This would be a bad signal to give at a time when environmental problems increase in a number of Member States.

3) Internal market measures

Cutbacks are introduced concerning proposals which the Council itself asked the Commission to submit, e.g. in the area of sectorial statistic information. The reductions would also imply that the Commission had no longer the possibility to publish public calls for tender in the official journal. The amounts involved are small but of great practical significance for the Commission.

4) Cooperation with third countries

The reduction from 13,5 MECUS to 5,5 MECUS would affect trade and cooperation agreements, in particular with Gulf countries and risk giving self-contradictory signals to these countries.

The Council agreed the following breakdown of structural fund expenditure between objectives 1 to 5 b :

Objective	Total (In MECUS)
1	5 800
2	1 022
3-4	1 250
5a	661
5b	264
Transitional/Innovation measures	298
TOTAL	9 295

The Council and the Commission noted that the amounts envisaged for objective number 1 were 118 MECUS short of the figure resulting from a uniform annual increase in the amounts. They committed themselves to compensate for the difference in the course of budgetary years 1990 and 1991.

In order to keep expenditure within the maximum rates stemming from the Treaty, the Council agreed on further cuts of 39,1 MECUS in commitment appropriations and 63 MECUS in payment appropriations as compared to the amounts resulting from discussions in COREPER. These cuts are reflected in :

- A decision to keep the Commission's request for 218 new posts pending until a report will have been submitted in September on posts created in 1988. The European Parliament could give its opinion on this request in October and the Council could then decide on the occasion of the second reading in November.
- Transport policy. Since the medium-term programme has not yet been approved by the Council, no legal base exists for the time being. Appropriations therefore were reduced to mainly cover existing commitments.
- Linear reductions on other non-privileged non-compulsory expenditure.

Regards,


C. D. EHLERMANN