

PRESS RELEASE
11008/81 (Presse 154)

741st meeting of the Council

- Budget -

Brussels, 23, 24 and 25 November 1981

President: Nicholas RIDLEY
Financial Secretary to the
Treasury of the United Kingdom

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

Belgium

Mr Guy MATHOT
Minister for the Budget

Denmark

Mr Otto MØLLER
State Secretary,
Ministry of Foreign Affairs

Germany

Mr Horst SCHULMANN
State Secretary,
Federal Ministry of Finance

Greece

Mr Antoine EXARCHOS
Deputy Permanent Representative

France

Mr André CHANDERNAGOR
Minister-Delegate to the
Ministry of External Relations,
responsible for European
affairs

Ireland

Mr Barry DESMOND
Minister of State,
Ministry of Finance

Italy

Mr Carlo FRACANZANI
State Secretary,
Ministry of the Treasury

Luxembourg

Mr Ernest MUHLEN
State Secretary for Finance

Netherlands

Mr H. van den BROEK
State Secretary for
Foreign Affairs

United Kingdom

Mr Nicholas RIDLEY
Financial Secretary to the Treasury

Mr Jock BRUCE-GARDYNE
Minister of State at the Treasury

Commission

Mr Christopher TUGENDHAT
Vice-President

MEETING WITH A DELEGATION FROM THE EUROPEAN PARLIAMENT

In its proceedings on the preparation of supplementary and amending budget No 2 of the Communities for 1981 and on the preparation of the General Budget of the Communities for 1982, the Council met a delegation from the European Parliament led by Mrs VEIL, President of the European Parliament. The delegation also included:

Mr LANGE, Chairman of the Committee on Budgets;
Mr NOTENBOOM, 1st Vice-Chairman of the Committee on Budgets;
Mr SPINELLI, 2nd Vice-Chairman of the Committee on Budgets
and Rapporteur for Section III of the Budget;
Mr ROSSI, 3rd Vice-Chairman of the Committee on Budgets;
Mr ANSQUER, Rapporteur for Sections I, II, IV and V of the 1982 Budget;
Mr ADONNINO, Rapporteur for amending budget No 2 - 1981;
Mr DANKERT, Member of the Committee on Budgets and Vice-President
of the European Parliament; Mr BALFOUR and Mr LANGES, Members of the
Committee on Budgets.

The meeting enabled the delegation from the European Parliament to give the reasons for its amendments and proposed modifications to the draft 1981 supplementary and amending budget and the draft 1982 General Budget and also enabled the Council to inform the European Parliament of its views on the matter. The discussions also made it possible for those taking part to consider together the question of classification of the Communities' budget expenditure.

Following this exchange of views the President of the Council said that the Council would forthwith consider the Parliament's amendments and proposed modifications to the draft budgets in the light of the comments made at the meeting.

DRAFT SUPPLEMENTARY AND AMENDING BUDGET No 2 FOR THE FINANCIAL
YEAR 1981

The Council examined the amendments and a proposed modification to draft supplementary and amending budget No 2 for 1981, bearing in mind the views of the European Parliament delegation.

The Council agreed to provide 10 million ECU for the supply of food aid to Poland. This supply would be financed from the EAGGF under the same heading as previous similar supplies.

DRAFT GENERAL BUDGET FOR THE FINANCIAL YEAR 1982

The Council then examined point by point the amendments and proposed modifications to the draft 1982 budget in the light of the wishes expressed by the European Parliament delegation.

As regards the most important items of non-compulsory expenditure (NCE) in this draft budget, the Council reached agreement on the following increases in commitment appropriations to the draft drawn up by the Council in July 1981:

European Regional Development Fund	:	+ 157 MECU
European Social Fund	:	+ 174 MECU
Energy policy	:	+ 18 MECU
Aid to non-associated developing countries	:	+ 25 MECU
Microelectronics	:	+ 30 MECU.

The increases in commitment appropriations to the NCE decided on by the Council amounted to 425 MECU in all. The Council decided to propose the fixing of a new rate for payment appropriations to the European Parliament. In addition the Council agreed to some of the European Parliament's proposed modifications in the area of compulsory expenditure and agreed to a reduction in expenditure under the EAGGF. This reduction mainly involves expenditure in connection with the consequences of monetary adjustments and with certain aspects of the milk sector.

The amended draft budget will be forwarded to the European Parliament for discussion at its next plenary session from 14 to 18 December in Strasbourg.

MISCELLANEOUS DECISIONS

Food aid

The Council adopted in the official languages of the Communities,

- a Decision on the granting of exceptional food aid to Tanzania in the form of 10,000 tonnes of cereals;
- a Regulation on the supply of 500 tonnes of skimmed milk powder as food aid to the Sudan.

Relations with Yugoslavia

The Council adopted in the official languages of the Communities the Regulation providing for a reduction in the levy applicable to imports into the Community of certain beef and veal products originating in and coming from Yugoslavia.

Relations with the ACP States

The Council adopted in the official languages of the Communities the Decision on the application of derogations from the definition of the concept of originating products under the second ACP-EEC Convention.

Commercial policy and customs union

The Council adopted in the official languages of the Communities the Decision concerning the conclusion of the Protocol for the accession of Colombia to the General Agreement on Tariffs and Trade.

It also adopted in the official languages of the Communities the Regulation temporarily suspending the autonomous Common Customs Tariff duties on certain industrial products.

Fisheries

The Council adopted in the official languages of the Communities the Regulation amending Regulation (EEC) No 2228/81 concerning the management and control of certain catch quotas for 1981 for vessels flying the flag of a Member State and fishing in the Regulatory Area defined in the NAFO Convention.

Agriculture

The Council adopted in the official languages of the Communities the Directive amending for the third time Directive 70/357/EEC on the approximation of the laws of the Member States concerning the antioxidants authorized for use in foodstuffs intended for human consumption.

Appointments

Acting on a proposal from the Danish Government the Council appointed Mr Iwan NØRLOV, Arbedjs- og socialrad, Danmark faste repraesentation ved De europaeiske Faellesskaber, a full member of the European Social Fund to replace Mr Morton FENGER, who has resigned, for the remainder of the latter's term of office, i.e. until 9 November 1982.

Acting on a proposal from the United Kingdom Government, the Council also appointed Mr H.W.L. MORTON, Director of Social Affairs, Administration and Advisory Services, Confederation of British Industry, a full member of the Advisory Committee on Freedom of Movement for Workers to replace Mr Paul BRADBURY, who has resigned, for the remainder of the latter's term of office, i.e. until 16 March 1982.

Lastly, acting on a proposal from the United Kingdom Government, the Council appointed Mr M. WESTON, Manpower Services Commission, Training Services Division, an alternate member of the Advisory Committee on Vocational Training to replace Mr J.D. RIMINGTON, who has resigned, for the remainder of the latter's term of office, i.e. until 16 September 1983.

Bruxelles, le 20 novembre 1981.

Note BIO (81) 458 aux Bureaux Nationaux
cc. aux Membres du Groupe du Porte-Parole

RENDEZ-VOUS DE MIDI DU 20.11.81 (P. van Enk)

433

INFORMATION ORALE

PREPARATION DU CONSEIL BUDGET.

Le Conseil budget des 23 et 24 novembre 1981 sera consacree a la deuxieme lecture du 2e budget supplementaire et rectificatif 81 ainsi que du projet de budget 82.

En ce qui concerne le 2e budget supplementaire et rectificatif 81, le Conseil est appele a decider sur trois amendements votes par le Parlement europeen :

- l'un concernant une aide sociale inscrite au budget CECA a concurrence de 62 MUCE
- le second amendement concerne l'aide envisagee en faveur des PVD les moins prosperes dont la base juridique fait l'objet d'un litige entre le Parlement et le Conseil
- le troisieme amendement porte sur une aide alimentaire en faveur de la Pologne. Le Parlement souhaite faire un geste supplementaire.

Pour ce qui est du projet de budget 1982, le Conseil devra traiter d'une serie d'amendements adoptes par le Parlement dans sa session budgetaire de novembre, amendements qui concernent notamment les Fonds social et regional, les aides alimentaires et les depenses agricoles.

Le Conseil debutera lundi 12h en session restreinte. A 15h, le Conseil recevra une delegation du Parlement pour une reunion de concertation.

Mardi le 24 novembre, la session reprendra a 10h.

MATERIEL DIFFUSE

Calendrier (voir BIO 457)

IP 223 Aide d'urgence en faveur du Centrafrique

Economie europeenne no 11, nov. 81 supplement A

Budget 1982 : comparaison des credits entre l'avant-projet et le projet du budget 82.

Fiche - Relations CE-Canada a la veille des consultations a haut niveau, la semaine prochaine a Ottawa.

Amities,

M.G. Van der Pas . 12h30

NOTE BIO(81) 462 AUX BUREAUX NATIONAUX
CC/ AUX MEMBRES DU GROUPE DU PORTE PAROLE

CONSEIL BUDGET DU 23 NOVEMBRE 1981 (R. ELPHICK

THE COUNCIL STARTED THE PROCESS OF READING THE 1982 BUDGET A SECOND TIME BY HOLDING A CONCILIATION MEETING WITH A PARLIAMENTARY DELEGATION HEADED BY ITS PRESIDENT, MME SIMONE VEIL. DISCUSSION CENTRED AROUND THE AMENDMENTS MADE BY PARLIAMENT TO THE DRAFT BUDGET ACCEPTED BY COUNCIL LAST JULY. THIS BROUGHT BACK CREDITS IN THE SOCIAL AND REGIONAL FUND STUCK OUT BY COUNCIL, RESTORING THE BALANCE ORIGINALLY PROPOSED BY COMMISSION.

MME VEIL OUTLINED THE PARLIAMENT'S PRIORITIES AND POINTED OUT THAT THERE WAS STILL SOME 700 MECU LEFT BEFORE OWN RESOURCES WERE EXHAUSTED. THE OTHER MAIN PROBLEM WAS THE CLASSIFICATION OF OBLIGATORY AND NON-OBLIGATORY EXPENDITURE WHERE THERE WERE THREE DIFFERENT VIEWPOINTS, COUNCIL'S, PARLIAMENT'S AND COMMISSION'S.

FOR THE COUNCIL, MR. RIDLEY OFFERED PARLIAMENT THE IDEA OF DISCUSSING THE CLASSIFICATION PROBLEM IN A WORKING GROUP COMPOSED OF COUNCIL, PARLIAMENT AND COMMISSION REPRESENTATIVES. THE BELGIAN REPRESENTATIVE SAID THE BELGIAN PRESIDENCY WAS READY TO ORGANISE THE WORKING GROUP IN 1982. MR. TUGENDHAT SAID THE COMMISSION WOULD SUPPORT THIS. MME VEIL GAVE A GUARDED WELCOME TO THIS. THERE REMAINS HOWEVER THE PROBLEM OF THE CURRENT BUDGET WHICH THE COUNCIL SAYS SHOULD BE DISCUSSED ON THE BASIS OF EXISTING RULES. MR. SPINELLI POINTED OUT THAT A LOT HAD TO BE DONE BEFORE THE PARLIAMENT DEALS AGAIN WITH THE BUDGET IN DECEMBER. MR. LANGE, CHAIRMAN OF THE PARLIAMENTARY BUDGET COMMITTEE COMPLAINED THAT COUNCIL HAD NOT MOVED ONE MILLIMETRE. THE PARLIAMENTARY DELEGATES EMPHASISED THEIR INTEREST IN SEEING 40 MECU GOING TO FOOD AID IN 1981 AND MORE IN 1982 ON WHICH MR. RIDLEY COMMENTED THERE WOULD BE NO LEGAL BASE AND HE HOPED PARLIAMENT WILL RECONSIDER. THEY ALSO LAID EMPHASIS ON THE 10 MECU THEY SUGGEST SHOULD BE OFFERED POLAND IN 1981 TO DEFRAY TRANSPORT COSTS FOR THE FOOD THEY ARE GETTING FROM US, AND ON THE 62 MECU PROPOSED TO BE TRANSFERRED TO THE ECSC BUDGET TO PAY FOR SOCIAL MEASURES HELPING DISPLACED STEEL WORKERS.

THE COUNCIL WILL BE STUDYING PARLIAMENT'S ATTITUDE DURING THE SECOND READING OF THE BUDGET PAPER STARTING TOMORROW (TUESDAY).
■(A SUIVRE). 18.30 H.

AMITIES,
P. CERF COMEUR
■■■■NNNN

NNNN

R. ELPHICK GPP B. 1/11 6802 23.11.81 X X

P. CERF

Brussels, 24 November 1981

NOTE BIO (81) 462 (suite 1) AUX BUREAUX NATIONAUX
CC AUX MEMBRES DU GROUPE

BUDGET COUNCIL (R. ELPHICK)

433

The Council spent all morning discussing the second rectifying letter to the 1981 budget without result. Ministers got themselves into a considerable procedural tangle over how to fund the 62 MECU proposed for social measures in the steel sector and the 10 MECU proposed by Parliament to defray transport costs of the food Poland is buying from the Community. Permanent Representatives were thrown the problem to attempt to sort something out over lunch. The Council failed to respond to repeated pleas from Vice-President Christopher Tugendhat about the urgency of these two measures and the importance the Commission attaches to them. As for the 40 million ECU proposed as food aid to the poorest countries, the Council again were unable to agree on the expenditure after a wrangle about whether or not a legal base existed. The President said he would inform the Parliamentary Budget Committee tomorrow that if Parliament would provide the opinion they have so far refused, the Council would then consider the proposal. The Council will come back to the 1981 rectifying budget later.

They began consideration of the 1982 budget just before breaking for lunch.

More later.

AMITIES,

M. SANTARELLI COMEUR 15.30 ////



Brussels, 24 November 1981

NOTE BIO(81)462 (suite 2) AUX MEMBRES DU GROUPE
CC AUX BUREAUX NATIONAUX

BUDGET COUNCIL (R. ELPHICK)

By late afternoon the Council looked as though it was reaching agreement on increases in the Social and Regional Funds as well as the 30 MECU aid for Northern Ireland although there was some concern among ministers about exceeding the maximum rate. They will have to go back over their decisions once the final totals are drawn up. The Council did take one decision in principle in voting by qualified majority to invert into the 1981 rectifying budget 10 MECUs for transport of food aid to Poland. The Council resolved its difficulties by deciding that this figure should be taken from Agricultural Guarantee Funds.

The meeting looks like lasting well into the night.

More in due time.

AMITIES,

M. SANTARELLI / COMEUR 18.00 ////

A handwritten signature in black ink, appearing to be 'M. Santarelli', written over the typed name and time.

Bruxelles, le 25 novembre 1981.

Note BIO (81) 462 (suite 3 et fin) aux Bureaux Nationaux
cc. aux Membres du Groupe du Porte-Parole

BUDGET COUNCIL (B. Elphick)

The Council ran into great procedural difficulties as the day wore on and became deadlocked early in the evening. This was only overcome after a prolonged restricted session lasting into the small hours of the morning. Eventually after some sixteen hours the Council managed to put together a compromise of sorts on non-obligatory spending which they will have to present to Parliament. The final package cuts some 240 MECU off the allocation in the first reading devoted to compensation for MCAs and keeps within the maximum rate on commitment appropriations and allows a small growth of expenditure on payments appropriations. The net effect on the budget totals is to maintain the figure the Council retained in their first reading for payments at around 21,758 MECU both well below Parliaments total at first reading (minus about 450 MECU on payments and about 785 MECU on commitments). In spite of repeated pleas from Vice-President Tugendhat not to ignore Parliaments' sensibilities, the ministers took a highly restrictive line towards any increased expenditure which led Mr. Tugendhat to express his concern for the changes of getting any budget agreed this year. He particularly pointed to the priority the Commission as well as Parliament attached to the proposed 50 MECU expenditure on the social volet in the steel sector and to 30 MECU suggested for housing in Northern Ireland. The Council however spent several hours in a discussion over the required legal base which was only resolved by striking out all amounts on the line and replacing them with token entries. They did however state for the benefit of the minutes that they remained committed to the steel social volet and were convinced of the need for adequate measures to alleviate the grave social consequences of restructuring the European steel industry. The Council also confirmed that it would strive for the necessary funds in 1981 and 1982 and would take a final decision on means of finance at its meeting on 7/8 December.

On Northern Ireland, Council members said they had not yet studied the Commission proposal dated 19 November. In a statement for the minutes however they added that they would examine this immediately and would draw the necessary budgetary conclusions as soon as possible. In his final press conference, the president of the Council, M. Ridley denied that the Council had failed in political will. The Council had, in spite of continued stringency maintained in national budgets, managed to make some increases in real terms in the European budget. He hoped Parliament would be understanding although he was certain they would be disappointed that the atmosphere of austerity had to involve the budget process.

Mr. Tugendhat left the Council building immediately after the conclusion of the Council meeting shortly before a quarter to four this morning and will be reporting to the Commission later today as well as attending a scheduled meeting of Parliament's budget committee.

END

AMITIES,

M. SANTARELLI

