

EUROPEAN PARLIAMENT

Working Documents

1979 - 1980

10 December 1979

DOCUMENT 1-582/79

Report

drawn up on behalf of the Committee on Budgets

on the ~~the~~ fixing of the ECSC levies and on the drawing
up of the operational budget of the ECSC for 1980
(Doc. 1-531/79)

Rapporteur: Mrs M. HOFF

12.1

PE 62.805/fin.

By letter of 16 November 1979 the President of the Commission of the European Communities forwarded to the European Parliament the proposal from the Commission on the fixing of the ECSC levies and on the drawing up of the operational budget of the ECSC for 1980.

The President of the European Parliament referred this proposal to the Committee on Budgets as the committee responsible and to the Committee on Energy and Research, the Committee on Economic and Monetary Affairs and the Committee on Social Affairs and Employment for their opinions.

On 27 November 1979 the Committee on Budgets appointed Mrs M. Hoff rapporteur.

It considered the draft report at its meetings of 21 and 27 November 1979, and at the last meeting adopted the motion for a resolution by 10 votes to 5 with one abstention.

Present: Mr Lange, chairman, Mr Notenboom, vice-chairman, Mrs Hoff, rapporteur, Mr Arndt, Mr Forth, Mr Gouthier, Mrs Gredal, Mr Nord, Mr Jackson, Mr Lega, Lord O'Hagen, Mr Orlandi, Mr Pfennig, Mr Simonnet, Mr J.M. Taylor and Mr Tuckman.

The opinions of the Committee on Energy and Research and the Committee on Social Affairs and Employment are attached.

CONTENTS

	<u>Page</u>
A. MOTION FOR A RESOLUTION.....	5
B. EXPLANATORY STATEMENT.....	6
Opinion of the Committee on Energy and Research.....	7
Opinion of the Committee on Social Affairs and Employment.....	9

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

on the fixing of the ECSC levies and on the drawing up of the operational budget of the ECSC for 1980

The European Parliament,

- having regard to the Commission's aide-memoire on the fixing of the ECSC levies and on the drawing up of the ECSC operational budget for 1980 (1-531/79),
 - having regard to the report of the Committee on Budgets and the opinions of the Committee on Energy and Research and the Committee on Social Affairs and Employment (Doc. 1-582/79);
1. Considers that any substantial alteration of the levy would be inappropriate in the present economic circumstances;
 2. Approves therefore the Commission's proposed rate of 0.31%, which, it is estimated, will yield revenue of 120m EUA;
 3. Takes the view that
 - (a) the funds necessary to cover the ECSC operational budget deficit should be provided out of the customs duties on coal and steel products collected by the Member States,
 - (b) it is extremely important that the loophole in the decision of 21 April 1970 by which, for the purposes of the EEC Treaty, contributions from the Member States were replaced by the Community's own-resources, should be closed, so that customs duties on ECSC products also go to the Community,

EXPLANATORY STATEMENT

1. Revenue from the levy is an essential part of the revenue side of the operating budget and depends on the rate of the levy which is fixed by the Commission but may not exceed 1% without the consent of the Council (cf. Article 50(2) of the ECSC Treaty). If the Commission wished to finance the total budget for 1980 of 211 m EUA entirely out of the levy, the rate would have to be increased from 0.29% to 0.47%. As the levy is imposed on the quantities of coal and steel produced by the Community, to make a substantial increase in the rate (for years frozen at 0.29%) would be highly counterproductive. It would in fact mean that the crisis-stricken coal and steel industry would have to give itself aid out of its own resources. This is not feasible for both economic and political reasons. However, the Committee on Budgets has been able to agree to a small increase in the rate proposed by the Commission (from 0.29% to 0.31%).

2. It is worth noting in this connection that, under the decision of 21 April 1970 on own resources, external duties on ECSC products do not accrue to the Community. It makes no sense that the oldest part of the Community, namely the ECSC, should remain outside the own resources system set up in 1970.

3. The financial deficit in the ECSC operating budget attributable to this loophole in the own resources system was bridged in 1978 and 1979 by means of special extra-budgetary contributions from the Member States. It is obvious that this system is in many respects unsatisfactory in that:

- the revenue is brought into the budgetary procedure so that when the budget is adopted there is still no guarantee that revenue and expenditure will balance,
- the size of the national contributions is determined arbitrarily and depends on informal 'agreements' between Member States.

OPINION OF THE COMMITTEE ON ENERGY AND RESEARCH

Letter from the chairman to the chairman of the Committee on Budgets

27 November 1979

Subject: the fixing of the ECSC levies for 1980 (Doc. 1/531/79 - COM(79) 565 fin.)

Dear Mr Chairman,

This basic document appears to have been forwarded by the Commission on 16 November, but was not distributed to the committees asked for their opinions, the Committee on Energy and Research included, until 20 November 1979. Therefore we did not have this document at our last meeting on 20/21 November.

Since we shall not be meeting again before 17/18 December, it will not be possible for the committee to deliver an opinion within the required period. Instead, I would request that you note the following points, which I make in my capacity as committee chairman:

May I ask you to use your influence to ensure that next year the basic document is forwarded in time for the committees asked for their opinions to express their views. The document is dated 30 October. From its years of experience the Commission must realize when such documents reach the parliamentary committees concerned. If it fails to take this into account in its planning, it is hard to believe that goodwill is being shown.

The ECSC levies of 0.29% should be retained next year. Since the Commission, as is apparent from page 53, requires special contributions of approximately 70m. u.a. and seemingly has an alternative means of financing this amount, we have no comments to make.

This is based on the information contained in the basic document dated 30 October. I learned, however, from the VWD information service (Europe) on 23 November 1979 that a Commission spokesman announced on Thursday, 22 November that the ECSC levies for the coming year would be increased from 0.29 to 0.3102% in order to reduce the deficit by 8m. u.a. to 62m. u.a.

Such measures, coming in the middle of the parliamentary procedure, strike me as questionable, and I am convinced that a revision of the basic document is necessary before the committees concerned come to a final decision. Subject to any conclusions that might be drawn from this, I would like to add the following comments:

For coal, the proceeds from the ECSC levies will remain the same if coal production continues at approximately 2.40m. tonnes. This at last, is the Commission's point of departure. However, as the Commission points out on page 9, Community production might increase if satisfactory outlets are found for German coal, as will doubtless be the case if nothing untoward happens. In this way the deficit requiring special financing, constituting one third of the total requirement of 211m. u.a., could be partially reduced.

The committee does not think that the prospects for the coal sector (pages 9 and 10) and the guidelines for coal policy (pages 13 and 14) call for particular comment; it would, however, urge the Council finally to adopt the Commission's proposals, already approved by Parliament, for implementing the planned projects.

On pages 14 and 15 the Commission has once again made protests to this effect.

It would therefore be desirable for you to point out in your report that the proceeds from the ECSC levies on coal will be placed in jeopardy if the Council does not finally adopt the appropriate measures.

The committee will probably have no particular comments to make on research grants financed by the ECSC levies. In the present situation, all research in the coal sector in pursuance of the objectives of the ECSC Treaty is bound to be welcome.

Since, in view of the above-mentioned circumstances, the committee has not been able to deliver an opinion before your final decision is taken, this letter should be regarded purely as a guide. I cannot and will not exclude the possibility that certain committee members, acting in an individual capacity or on behalf of their political groups, will express themselves more fully or put forward different views probably concerning the way in which the rate of the levy was changed so suddenly.

Yours sincerely,

Hanna WALZ

OPINION OF THE COMMITTEE ON SOCIAL AFFAIRS AND EMPLOYMENT

Letter from the chairman of the committee to the chairman of the
Committee on Budgets

26 November 1979

Dear Mr Chairman,

At its meeting of 19 and 20 November 1979 the Committee on Social Affairs and Employment considered the aide-memoire on the ECSC levies for the 1980 financial year.

The committee agreed with the Commission's arguments and, particularly in order to safeguard amounts spent on social action (approximately 60% of the total) recommends that the levy be neither reduced nor increased, but retained at its present level of 0.29%.

Yours sincerely,

F.G. van der GUN

