

EUROPEAN PARLIAMENT

Working Documents

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REPORT

drawn up on behalf of the Committee on Budgets

on the new 1980 draft budget

Section III - Commission

Rapporteur : Mr Pieter DANKERT

PART A : MOTION FOR A RESOLUTION

On 6 September 1979 the Committee on Budgets appointed Mr Pieter DANKERT rapporteur on the draft general budget of the European Communities for the financial year 1980 (Section III - Commission).

At its meeting of 25 June 1980 the Committee on Budgets adopted the following motion for a resolution by 20 votes to 10 with 3 abstentions on the new draft budget of Council submitted to it on 20 June 1980.

The Explanatory Statement will be presented separately.

There were present: Mr Lange, Chairman; Mr Notenboom, first Vice-Chairman; Mr Spinelli, second Vice-Chairman; Mr Dankert, rapporteur; Mr Adonnino, Mr Ansquer, Mr Arndt, Mr Baillot, Mr Balfe, Mr Barbi, Mr Bonde, Mrs Boserup, Mr Colla, Mr Fich, Mr Flanagan, Mr Forth, Mr Gouthier, Mrs Hoff, Mr Hord, Mr Robert Jackson, Mr Langes, Mr Lega, Mr Megahy (deputizing for Mr O'Leary), Lord O'Hagan, Mr Orlandi, Mrs Pruvot (deputizing for Mr Nord), Mrs Rabbethge (deputizing for Mr Aigner), Mr Schinzel (deputizing for Mrs Gaspard), Mr Konrad Schön, Mrs Scrivener, Mr Simonnet, Mr J.M. Taylor, Mr Tuckman and Mr Wawrzik (deputizing for Mr Pfennig).

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 new draft general budget of the European Communities for the financial year 1980.

The European Parliament,

- having regard to its decision of 13 December 1979 to reject in its entirety the draft 1980 budget,
- having regard to the Commission's new budgetary proposals (COM(80) 45 final),
- having regard to its resolution of 22 May calling for the speedy drafting of the 1980 budget (doc. 1-175/80),
- having regard to the decisions of Council on 30 May 1980 concerning agricultural prices and other measures and the net contribution of the United Kingdom to the Community's budget,
- having regard to the contacts which have taken place between Parliament's delegation and the Council,
- having regard to the declaration of the Commission concerning agricultural guarantee expenditure, endorsed by Council,
- having regard to Council's new draft budget (doc. 1-270/80),
- having regard to the report of the Committee on Budgets (doc. 1-281/80),
 - (a) whereas in its resolution of 7 November 1979¹ it set out the conditions that had to be fulfilled for it to agree to the adoption of the 1980 draft budget:

"but insists that it could only agree to the adoption of the budget if the unjustified cuts carried out by Council for non-compulsory sectors are overturned and if the first moves to control agricultural expenditure have been achieved, and if the European Development Fund and all the Community's lending and borrowing activities are included within the budget.",
 - (b) whereas these conditions were not fulfilled by Council when it examined Parliament's amendments and modifications at its meeting of 23 November, 1979.
 - (c) whereas lack of progress on these points led it to reject the 1980 draft budget,

- (d) whereas the rejection of the 1980 draft budget has led to a greater awareness in the Community of the need to exercise tighter control of agricultural spending and this awareness has had its effect in terms of action by the institutions of the Community in the following ways:
- (i) through the Commission's proposals on agricultural prices and related measures, and through the Commission's efforts to economise, particularly as regards refund spending, in the absence of a Community budget,
 - (ii) through declarations by various Councils concerning the need to curb agricultural spending,
 - (iii) through Council's decisions on May 30th which resulted in a more moderate price increase than expected, in the increase of the co-responsibility levy, in the agreement in principle to a supplementary levy should milk production continue to rise and in a commitment to re-structure the Community's budget by 1982.
- (e) whereas in contrast with the draft Council presented to Parliament in September 1979, the new draft contains an increase of some 500m EUA in non-compulsory commitment appropriations which reflects, in its amount and in its breakdown, to a large extent, the European Parliament's priorities and amounts to the largest increase in structural spending so far registered in a budgetary procedure,
- (f) whereas, while better information as regards the financing of the European Development Fund and the lending and borrowing operations of the Community has been supplied, no progress has been made on agreement to the principle of budgetisation of these items.
1. Observes that some progress towards the achievement of the objectives laid down by Parliament on 7 November 1979 has been achieved;
 2. Agriculture Considers that the decisions of Council of May 30 to increase the co-responsibility levy to 2%, to create if necessary a supplementary levy, the declaration of the Council of Ministers of 11 February 1980, and the budgetary consequences of those decisions as shown in the new budget the Commission's effort to reduce refund expenditure amount to a useful but insufficient attempt to obtain control of agricultural spending, in accordance with the objectives of the European Parliament, and along the lines suggested by it;
 3. Considers, however, that the problem of the escalating cost of support of products in structural surplus still represents a major threat to the functioning of the common agricultural policy and to the Community;
 4. Understands that, on the basis of existing commitments and policies, the available own resources may well be insufficient to finance the 1981 budget;

5. Insists therefore that the Commission and Council must strengthen their efforts during the 1980-1981 budgetary procedure to curb agricultural spending particularly as regards the costs of surplus production;
6. Believes that the economy measures already announced by the Commission, particularly those concerning refunds in the milk sector, must be strengthened through budgetary action in 1980;
7. Considers that no new incentives for extra production in the sectors with a structural surplus should be financed from the Community budget, at the same time the Commission should see to it that Member States do not take national measures which may encourage structural surpluses;
8. Therefore proposes that the Budgetary Authority should adopt the principle that the cost of extra production in these sectors should be financed by the producers themselves;
9. Believes that the revenue derived from the co-responsibility levy should be used to lower milk sector spending;

/Structural spending/

10. Notes the growth in commitment appropriations for other Community policies which firm Parliamentary action in the 1980 budgetary procedure has achieved and which exceeds by far the growth arrived at in previous budgetary procedures;
11. Considers, however, that the Community's role in contributing to the solution of the economic and social problems confronting it requires a further strengthening of appropriations for new structural policies;
12. Has taken into account throughout the Commission's record in committing and spending appropriations for the different policies, and its possibilities for the future implementing of the budget;
13. Insists, in addition to the extra spending for regional and social policies, that extra finance should be made available for the energy and development aid sectors; for industrial policy and for new policies and underlines the importance of the token entry entered for support measures in the steel sector;
14. Draws attention to the need to strengthen Community food aid in view of the growing crisis of world hunger;
15. Therefore adjusts Council's draft to take account of Parliament's priorities;

Budgetary and financial policy

16. Insists that the Budgetary Authority now commits itself to full budgetisation of the European Development Fund at the time of the entry into force of the 6th European Development Fund;
17. In the meantime calls on the Commission to continue to supply it with the fullest possible financial information relating to the Fund;
18. Insists equally that the Budgetary Authority should now commit itself to a rapid conclusion of the examination of the Commission's proposal to amend the financial regulation to achieve full budgetisation of the Community's lending and borrowing operations;
19. In the meantime re-tables its amendment restoring the Commission's proposals for budgetising lending and borrowing operations for the 1980 budget;
20. Points out to Council that further procrastination by it on these points will indicate a lack of willingness on its part to share financial responsibilities with the other part of the Budgetary Authority, thus creating an atmosphere of conflict.
21. Asserts that the new supplementary measures for the United Kingdom, and the interest rate subsidies proposed in the context of the European Monetary System, introduced under the auspices of Article 235 of the Treaty can only be classified as non-compulsory expenditure; given that the Council does not share this view, demands the opening of the conciliation procedure; undertakes, however, not to alter the amounts agreed upon by Council at its meeting of 30 May;
22. Insists that the long-running dispute over the status and role of Management Committees and other advisory committees be concluded by a joint declaration of the Budgetary Authority that these committees, in accordance with Article 205 of the Treaty, should only exercise consultative responsibilities;
23. Recommends to Council that it indicates its agreement to Parliament's interpretation of Article 203 of the Treaty which requires the Budgetary Authority to examine each amendment and modification to the budget on its merits, and then, and only then, to decide, by common agreement, the appropriate rate of growth for the budget.
24. Decides that the agreement reached during the 1978 budgetary procedure between Council and Parliament determining that the same rate of increase for non-compulsory payments should also apply to commitments, should be reviewed, in view of the practical difficulties that this temporary agreement has provoked.

/Conclusion of the 1980 budgetary procedure/

25. - considering that the interests of the Community are now best served by an accelerated conclusion of the 1980 budgetary procedure
- considering that the changes proposed by Parliament to the new draft presented by Council are moderate

amends and modifies the 1980 draft budget as follows;

invites the President of Council to notify Parliament's President of Council's assent to these changes without delay thus permitting Parliament's President to declare the 1980 budget definitively adopted.

