REPORT
drawn up on behalf of the Committee on Budgets

on the guidelines for the Community's budgetary policy for 1987

Rapporteur: Mr David CURRY
On 23 January 1986, the Committee on Budgets appointed Mr. Curry rapporteur on matters concerning the budget for the 1987 financial year (Section III - Commission).

In keeping with the procedure followed in recent years by the different institutions for the consideration of the main guidelines for the budget of the following financial year, the Committee on Budgets considered the general guidelines for the budget of the European Communities at its meetings of 26/27 February, 10 March and 19/20 March 1986.

At the meeting of 19/20 March, the committee considered the motion for a resolution and adopted it by 28 votes with 1 abstention.

The following were present: Mr Cot, chairman; Mr Ryan, Sir James Scott-Hopkins and Mrs Barbarella, vice-chairmen; Mr Curry, rapporteur; Mr Arias Canete, Mr Bardong, Mr Bonde, Mrs Boserup, Mrs Castle (deputising for Mr Abens), Mr Christodoulou, Mr Ciciomessere, Mr Colom I Naval, Mr Cornelissen, Mr Dalsass (deputising for Mr Deprez), Mr Dankert, Mr James Elles, Mr Eyraud (deputising for Mr Baron Crespo), Mr Fich, Mrs Fuillet, Mr Garcia Raya, Mr Hackel, Mrs Hoff, Mr Langes, Mr Louwes, Mr Lucas Pires, Mr Luis Paz, Mr Marques Mendes (deputising for Mr Pasty), Mr Mizzau, Mr Br. Nielsen (deputising for Mr Di Bartolomei), Mr Papakyriazis (deputising for Mr Arndt), Mr Papoutsis, Mr Pitt, Mr Pötschki (deputising for Mr Chiusano), Mr Price (deputising for Sir Fred Catherwood), Mr Rosa, Mr Schön, Mr Schreiber (deputising for Mr Rigo), Mrs Scrivener, Mr Tomlinson, Mr Von der Vring.

The opinion of the Committee on Transport is attached. The opinions of the Committee on Energy, Research and Technology and the Committee on Social Affairs and Employment were presented in the form of amendments to the draft report.

The explanatory statement will be delivered orally by the rapporteur.

The report was tabled on 21 March 1986.

The deadline for tabling amendments to this report will be indicated in the draft agenda for the part-session at which it will be debated.
MOTION FOR A RESOLUTION

on the guidelines for the Community's budgetary policy for 1987,

The European Parliament,
- having regard to its resolution of 16 April 1985 embodying comments forming part of the decision granting a discharge to the Commission in respect of the implementation of the budget of the European Communities for the 1983 financial year, ¹
- having regard to its resolution of 12 December 1985 on the draft general budget of the European Communities for the financial year 1986, Section III - Commission, as modified by Council,
- having regard to the report of the Court of Auditors concerning the financial year 1984, accompanied by the replies of the institutions, ²
- having regard to the Communication of the Commission of 18 December 1985 to the Council and to the European Parliament on 'A future for Community agriculture' (COM(85)750 final),
- having regard to the Commission proposals on the fixing of prices for agricultural products and related measures (1986/1987) (COM(86)20 final)
- having regard to the report of the Committee on Budgets and the opinion of the Committee on Transport (Doc. A 2-18/86),

A. Priorities for the Preliminary Draft Budget

1. Identifies the following priorities as far as action within the Community is concerned:

¹ OJ L132, 21.5.1985
² OJ C326, 16.12.1985
a) the fight against unemployment by means of productive investment, including the promotion at Community level of industrial collaboration on pre-competitive research and development, and by promotion of training in new skills and technologies;

b) the promotion and development of the internal market according to the timetable designed to achieve a single Community-wide market by 1992, this to be accompanied by the promotion of more equal economic performance ("convergence") across the Community, notably by the resource transfer mechanisms of the structural funds but also by specific programmes like IMPs, designed to address specific structural deficiencies;

c) the honouring of commitments legally entered into by the joint budgetary authority in the structural funds in previous years which represented policy decisions in the twin fields of economic convergence and the fight against unemployment;

2. Considers that these priorities form a coherent and interdependent whole essential for the balanced development of the Community;

3. Gives priority, as far as action outside the Community is concerned, to the fight against hunger, poverty and disease in the developing world;

4. Insists that non-compulsory expenditure ranks equally with compulsory expenditure and that the growth of expenditure on agriculture must not be permitted to pre-empt the development of existing policies, or the launch of new policies, in the non-compulsory sector;

5. Affirms that control of agricultural expenditure, due allowance being made for genuinely exceptional circumstances, is an essential element in achieving a greater balance of Community expenditure between compulsory and non-compulsory sectors and towards observing the principle that the growth in agricultural expenditure should be less than the growth in own resources;

6. Believes that the demands of market management and budget control on the one hand and the demands for the maintenance of acceptable levels of farm incomes on the other are becoming more and more irreconcilable; considers
therefore that the link between price support and income maintenance must be made more flexible by providing non-price supports for categories of producers in areas where agriculture fulfils special social, economic or environmental roles;

7. Notes the paragraphs on stock disposal in "A Future for Community Agriculture" and agrees that the clearance of stocks, by responsible action on the domestic and international market, together with measures to ensure they do not accumulate again, is an essential element in improving financial returns from the market place; urges the Commission to explore fully methods of financing stock clearance outside normal budget revenue, notably by raising

8. Invites the Commission to set the 1987 budget firmly within the context of a multiannual framework which establishes political priorities on the basis of Parliament's guidelines and accompanies these priorities with medium-term options for revenue-raising and expenditure;

9. Calls on the Commission to ensure, in accordance with the assurance given to Spain and Portugal by the Heads of State or Government, that the reduction in their refunds to both countries scheduled for 1987 should be compensated for by an additional increase in payment appropriations under the structural funds;

10. Requests the Commission to present a budget which has been rationalised in such a way as to dispense with redundant or unnecessary lines;

B. Observations addressed to the Council

11. Affirms that, as always, the Parliament will embark on the budgetary procedure with a genuine desire to find agreement on a 1987 budget and invites the Council to affirm that it will adopt the same attitude;

12. Warns the Council not to maintain the conduct which effectively deprives Parliament of a complete first reading of the budget and thus contravenes Article 199 of the Treaty;
13. Insists that the margin of manoeuvre of the Parliament exists to enable it to make political choices and that the allocation of expenditure within the margin is within the Parliament’s sole competence; affirms, further, that the Parliament will not use its margin to reinstate or introduce appropriations which are necessary to ensure the normal functioning of established Community programmes for which the Council should make due provision;

14. Believes accordingly that constructive discussion between the two arms of the joint budgetary authority will be greatly promoted if the Council understands clearly that the Parliament is bound to resist attacks on its legitimate powers conducted through the budgetary procedure;

15. Accepts that discipline must be exercised over the growth of expenditure but rejects the Council’s claim to establish expenditure targets unilaterally; maintains that a disciplined approach to the budget must include the honouring of commitments legally entered into;

16. Stresses the budget’s role as the expression of the Community’s policies for the coming year; calls on the Council, accordingly, to justify the differences between the Preliminary Draft Budget and the Draft Budget, in particular in relation to non-compulsory expenditure, specific details to be provided on the following:

- the honouring of previous commitments under the Funds, now due,
- the special arrangements to compensate Spain and Portugal for the reduction in their refunds,
- quantitative progression in the volume of operating appropriations for the Funds and the IMPs,
- the future of the other policies in hand,
- expenditure on development-related policies and food aid,
- the launching of new policies as evidence of the further development of the Community,
- the projected maximum rate of increase and the implications thereof for Parliament’s margin for manoeuvre.
Endorses the decision by Council and Parliament with regard to the assurance, given to Spain and Portugal, of budgetary neutrality over the transitional period.

Affirms that budgetary neutrality should be ensured by a corresponding increase in structural-fund appropriations; stresses that the maximum rate of increase must be raised and that such expenditure must not be made at the expense of appropriations for the normal development of the Funds; draws Council's attention to the fact that, should this not be the case, Parliament would effectively be denied any real policy-making role and relegated to an unacceptable subsidiary function; accordingly invites the Council to discuss this question with the Parliament in advance of the normal budgetary procedure;

18. Affirms that the conciliation procedure would be improved by giving more substance to the exchanges of view between Council and Parliament which forms part of it, notably in the following ways:

(a) The President of Council should invite his colleagues to present their initial reactions to the Preliminary Draft Budget before the first conciliation meeting with the Parliament's delegation so that the substantive issues could be identified at an earlier stage in the procedure;

(b) More use could be made of informal meetings between the President and the Parliament delegation beginning with the first reading, it being recognised that each side would have to seek approval of their respective "parent" body for positions adopted;

19. Urges the Council to accept the amended proposal for a regulation on the revision of Regulation No. 2891/77 whereby the Commission's "own resources" accounts with national treasuries would bear interest;

C. Guidelines for the Parliament's action

20. Reaffirms that the inclusion of appropriations in the budget constitutes by itself a legal base for expenditure except where an amount entered for significant new Community action requires a basic regulation; notes the shortcomings in the procedure envisaged in the June 1982 Joint Declaration for ensuring that appropriations voted by the Parliament are implemented; decides in these circumstances to accord priority to those initiatives where there is a realistic possibility of appropriations being spent effectively;
21. Notes that the President of the Commission has invited the Parliament to present initiatives in legislative form as a means of participating more fully in policy-making; draws attention, therefore, to the need to support action in the purely budgetary field with complementary initiatives to obtain action from the Commission and Council;

22. Believes that Parliament's priorities expressed through the budget must be consistent with its votes on other consultations;

23. Recognizes the need to calculate commitment appropriations in future in such a way as to ensure programmed increases geared to the Community's political objectives and, on this basis, to balance commitment and payment appropriations; stresses, however, that this presupposes medium-term financial planning agreed by Council and Parliament;

24. Invites the parliamentary committees to appoint their draftsmen for the budget immediately so that they may engage in early consultations with the rapporteur-general;

25. Requests committees to make spending proposals which do not involve the creation of new lines except where absolutely necessary and which are capable of being spent effectively;

26. Calls on the spending committees to cooperate with the Budgets and Budgetary Control Committees in devising arrangements to monitor spending continuously throughout the year;

27. Instructs its President to forward this resolution to the Commission and the Council.
The Committee on Transport at its meeting of 25 February 1986 nominated Mr William Newton Dunn draftsman for the budgetary procedure 1987 and adopted unanimously the following opinion on the guidelines for the budgetary policy for 1987 as well as the attached amendment to the draft report by Mr Curry.

The following took part in the vote:

ANASTASSOPoulos (Chairman), KLINKENBORG, BUTTAUOCO (Vice-Chairmen), NEWTON DUNN (draftsman), BENCOMO MENDOZA, CabezON ALONSO, CAROSSINO, CLINTON (deputizing for BAUDIS), K.H. HOFFMAN, LALOR (deputizing for ROUX), COIMBRA MARTINS, REMACLE, ROSSETTI, SAPENA GRANELL, STEVENSON, VISSERT, WIJSENBEEK

The ruling by the Court of Justice that the Council of Ministers has been guilty of failure to act in respect of the common transport policy and the decisions on the completion of the internal market by 1992 are a powerful stimulus for progress in the establishment of a common transport policy.

One of the most important areas of transport policy is infrastructures policy, and in this field Parliament, using its budgetary powers, has developed an effective Community instrument: financial support for transport infrastructure projects of Community interest. This also includes projects in third countries that are important for Community transit traffic. By providing direct support for productive investment from the budget the Community can help to

- eliminate obstructions and bottlenecks in the transport of goods and persons between regions within the internal market, and

- stimulate employment.
After several years of dynamic development, the common transport infrastructures policy experienced a setback in the 1986 financial year. This was due partly to a shortage of appropriations and partly to the fact that the Commission was late in presenting a list of projects that deserved support to Parliament. These problems should be avoided in the 1987 financial year and the policy's continued development secured with appropriate resourcing.

It is also important for transport policy that the diffident moves that have been made towards Community road safety measures should be vitalized and continued.

In its guidelines for the 1987 budget Parliament should therefore call on the Commission to present together with the preliminary draft budget 1987 a list of priority transport infrastructure projects, which should benefit of increased financial contributions from credits provided in the Community budget 1987 and to provide ongoing funding for Community road safety schemes.

**AMENDMENT to the draft report**

by Mr CURRY

on the guidelines for the Community's budgetary policy for 1987

(PE 103.742)

 tabled by Mr NEWTON DUNN

After paragraph 7, insert the following new paragraph:

Believes that financial support for transport infrastructure projects of Community interest is an efficient Community instrument for

- eliminating bottlenecks which obstruct the transport of persons and goods within the internal market and on important transit routes through third countries;

- stimulating new employment opportunities by productive investment.

Calls on the Commission to present together with the preliminary draft budget 1987 a list of priority transport infrastructure projects, which should benefit of increased financial contributions from credits provided in the Community budget 1987; calls further for continued Community financing of measures to improve road safety.

- 12 - PE 103.742/fi.