

EUROPEAN PARLIAMENT

Working Documents

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DOCUMENT 1-791/83

REPORT

drawn up on behalf of the Committee on Budgets

on the Draft Supplementary and Amending Budget No. 2
of the European Communities for 1983 (Doc. 1-643/83)

Rapporteur: Mr Robert Jackson

On 12 July 1983 the Commission of the European Communities submitted to the Council and notified Parliament of the Preliminary Draft Supplementary and Amending Budget No. 2 for the financial year 1983.

On 22 July 1983 the Council established the Draft Supplementary and Amending Budget No. 2 for 1983.

The President of the Parliament referred the Draft Budget to the Committee on Budgets as the committee responsible and to the Committee on Agriculture for an opinion.

Mr. JACKSON was appointed rapporteur for the 1983 supplementary and/or amending budgets and for budgetary matters arising in this connection.

At its meeting of 29 September 1983, the Committee on Budgets considered this Draft Budget along with the draft amendments and proposed modifications tabled to it.

During this meeting the Committee on Budgets adopted the following motion for a resolution by 10 votes to 5 votes with 4 abstentions.

PRESENT: Mr LANGE, Chairman; Mr NOTENBOOM, Vice-Chairman, Mr ROSSI, Vice-Chairman; Mr JACKSON, rapporteur, Mr ABENS, Mr AIGNER (deputizing for Mr LANGES), Mr ARNDT, Mr BAILLOT, Mr BALFOUR, Mrs BOSERUP, Mr CHANTERIE (deputizing for Mr CROUX), Lord DOURO, Mr Ed. KELLETT-BOWMAN, Mrs KELLETT-BOWMAN (deputizing for Mr PRICE), Mr LOUWES, Mr ORLANDI, Mr PFENNIG, Mr PROTOPAPADAKIS, Mr SABY and Mrs SCRIVENER:

The opinion of the Committee on Agriculture is attached.

This report was tabled on 3 October 1983.

C O N T E N T S

	<u>Page</u>
A. MOTION FOR A RESOLUTION	5
B. EXPLANATORY STATEMENT	7
Result of the deliberations of the Committee on Budgets on the draft amendments and proposed modifications	17
Opinion of the Committee on Agriculture	20

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 Draft Supplementary and Amending Budget No. 2 of the European Communities for 1983

The European Parliament,

- A. having regard to the Draft Supplementary and Amending Budget No. 2 for 1983, (Doc. 1-643/83),
- B. having regard to its resolutions of 14 and 16 December 1982⁽¹⁾ on Draft Supplementary and Amending Budget No. 1 for 1982, and of 10 February 1983⁽²⁾ on the Draft Supplementary and Amending Budget No. 1 for 1983,
- C. having regard to its resolutions of 10 February 1983⁽³⁾ on the regulations on supplementary measures in the United Kingdom and the specific measures of Community interest relating to energy strategy,
- D. having regard to the report of the Committee on Budgets and the opinion of the Committee on Agriculture (Doc. 1-791/83)
- I. With regard to Community revenue:
 1. Accepts the principal changes to the revenue side of the budget but regrets the over-hasty procedure adopted, and the lack of consultation with Parliament, which undermined the conciliation process; will amend the budget to correct the entry for the VAT balance in respect of previous years;

(1) OJ No. C 13 of 17.1.83, p.35 and p.67

(2) OJ No. C 68 of 14.3.83, p.68

(3) OJ No. C 68 of 14.3.83, pages 77 and 71

(4) OJ No. C 172 of 13.7.81, p.32

II. With regard to the smaller items in the budget:

2. Agrees to the release of funds from Chapter 100 for management and consultative committees in view of the steps which the Commission has taken in response to Parliament's resolutions on this matter; resolves to place funds for such committees in Chapter 100 of the 1984 Budget to ensure that the rationalization of these bodies is sustained;
3. Calls for the restoration of payment appropriations in Chapter 100 destined for the Social Fund; and reinstates the full Commission proposal of 14 mECU in aid to Poland;
4. Contests the provisional classification of Items 3291, 3292 and 3891 in the EAGGF Guidance Sector as compulsory expenditure;

III. With regard to the funds for supplementary measures (Article 530) and the special energy programme (Article 707)

5. Has placed the funds arising from the risk-sharing formula in Regulation (EEC) No. 624/83 in Chapter 100 destined for new energy projects of Community interest to be transferred to a new line 707 when the European Council at Athens defines a clear concept for the future financing of the Community designed to prevent the recurrence of unacceptable situations for certain Member States;

IV With regard to agricultural spending

6. Notes that in 1983 farm spending will be substantially higher than initially estimated; considers that this development underlines the complacent attitude which the Community has shown to tackling the underlying causes of structural agricultural surpluses;

V General assessment

7. Concludes that this budget cannot be accorded the accelerated passage desired by the Commission and Council unless the Council agrees to Parliament's amendments;

EXPLANATORY STATEMENTI. The purposes of Draft Supplementary Budget NO. 2 of 1983

1. This Budget has several purposes :

- (i) it supplements the resources for the Agricultural Guarantee sector where expenditure is running well above the lines foreseen in the 1983 Budget;
- (ii) it provides additional funds for the supplementary measures and special energy programme being carried out in the United Kingdom and Germany; these are required because the net contribution of the United Kingdom in 1982 was greater than estimated and the "risk-sharing" agreement in the regulation governing these rebates will come into operation;
- (iii) it makes certain adjustments on the revenue side : it reduces the estimates of agricultural levies and customs duties by 478 mECU, reduces the VAT basis of assessment by 200 mECU and enters a negative balance of 204 mECU in VAT from previous years;
- (iv) it creates several new articles, authorizes certain increases in staff and effects a number of transfers of appropriations, notably from Chapter 100 to various articles.

II The conciliation meeting of 20 July between Parliament and Council

2. At this meeting the Parliament's delegation proposed to Council that the second supplementary budget for 1983 should provide only the minimum funds essential for the financing of the CAP until November. The part of the additional farm expenditure for December and all the other items in the preliminary draft would be included in the third supplementary budget which was then foreseen to amend the estimates of revenue.

III The revenue changes

3. The principal changes to the revenue side can be summarized as follows :

mECU			
Title	1983 Budget after Suppl. No. 1	1983 Draft Suppl. No. 2	New total
Customs duties, agric. levies, etc	10,146.22	- 477.67	9,668.55
Own resources from previous years (VAT)	p.m.	- 204 ⁽¹⁾	-204 ⁽¹⁾
VAT 1 % assiette.	13,919	- 200	13,719
Greek contribution	175.14	+ 40.94	216.08
Miscellaneous revenue	184.74	+ 3.98	188.73
Surplus from previous year	1,337.37	+ 149.36	1,486.73
Total resources available to EC	25,762.47	- 687.39	25,075.03
Total expenditure to cover	22,895.9	+ 2,096.4	24,992.3
VAT rate required to cover expend.			0.994%
Margin within ceiling			82.7%

4. The effect of the various changes on the revenue and expenditure sides of the Budget is to bring the Community to the brink of exhausting its own resources. This once again underlines the importance of the urgent implementation of reforms to the Common Agricultural Policy to bring its costs under control.

5. In accordance with the usual timetable the Commission had originally intended to make proposals to amend the estimates of revenue later in the year when more reliable figures would be available. However, although fully aware of Parliament's wish that these matters should be treated later in the year, the Commission bowed to Council pressure and presented an oral letter of amendment to the estimates of revenue at the Council meeting of 20 July - thus apparently removing the necessity of a third supplementary budget for 1983. On this basis, Council established the revised estimates in the present draft budget.

(1) The Commission has now supplied a revised figure of 190.888 mECU

6. The relevant Regulations ⁽¹⁾ provide that adjustments to the revenue estimates of a budget year should normally be made in the autumn of the following year. If, however, this procedure had been followed this year, the likely consequence would have been a reduction in the funds available for 1984. The rapporteur, therefore, does not suggest amending the Council's proposals on the revenue side, other than to correct the entry for the VAT balance in respect of 1982. This means that there will be no unnecessary burden on the 1984 draft budget.

IV The smaller lines

7. The principal Commission proposals accepted by the Council are as follows :-

- (i) 12 posts of the 35 requested for DG XIV - Fisheries;
- (ii) Increased appropriations of 8 mECU for staff;
- (iii) Increased appropriations for management committees of 1 mECU (by transfer from Chapter 100);
- (iv) Increases of 24.9 mECU for the EAGGF Guidance Section and 15.45 mECU in commitment appropriations for fisheries;
- (v) The appropriations for integrated actions in Belfast;
- (vi) An appropriation of 10 mECU for Poland.

It should be noted that, whereas the Council has substantially reduced the appropriations for staff and other administrative expenditure proposed by the Commission, it has accepted in full the increase requested for management and consultative committees (Articles 250 and 251) despite the evidence in the Interim Report presented by Mrs. BOSERUP on behalf of the Committee on Budgetary Control (Doc. 1-446/83) that there is a lack of discipline in the management of the resources accorded to this sector. In view of the efforts which the Commission is trying to make in this area, however, the rapporteur suggests that this proposal be accepted, and that part of the appropriation for the two Articles in the 1984 Budget be placed in Chapter 100 to encourage the Commission to press on with its review of these committees. The proposed expenditure which the Council has not entered in its Draft Budget includes the following items:

Part A of the Budget

8. A total of 3.663 mECU has been pared from the appropriations in the PDB for Part A, the administrative section of the Budget. The principal reductions of 2.714 mECU are made in Chapter 11 - Staff - and most of this reduction (1.7 mECU) comes from the line for staff salaries. The Rapporteur suggests that this cut should be accepted.

(1) Council Regulations 2891 of 1977 and 2892 of 1977

9. The Council has also refused the Commission's request for 667,000 ECU to purchase a residence for the Commission representative in Bangkok. This request, initially put forward in the context of Transfer No. 5 of 1983, was narrowly rejected in the Committee on Budgets after Council's negative opinion. The Committee's latter opinion was based in part on the principle that such proposals should be made by means of a budget. The rapporteur, having examined the matter, suggests that the purchase of this residence is justified, and that this supplementary budget provides an appropriate occasion to authorize the necessary funds.

Title 3 - EAGGF Guidance

10. Some 9 mECU have been cut from Item 3813, the swine fever eradication programme, and 3 mECU in commitment appropriations for a new Item 3892, slaughtering of pigs and processing of pigmeat in the United Kingdom, has been deleted. In total, Title 3 has been cut by 13.5 mECU in commitments and 12.1 mECU in payments.

Title 6 - Social Fund and Environment

11. During the implementation of the 1983 Budget it has become clear that the rate at which payments have fallen to be discharged is substantially slower than anticipated, and a large volume of payment appropriations will be carried over from 1983 to 1984. Accordingly, the contingency funds placed under this heading in Chapter 100 will not be spent. The Committee has, however, decided to restore this appropriation.

12. The Council has not included the 1.35 mECU which the Commission had proposed for Item 6641 - Application of legislation relating to pollution by toxic and dangerous chemicals. The Rapporteur suggests that this cut should be restored.

Title 7 - Energy, industry, research, nuclear, transport

13. In addition to the reductions made in Article 707, the special energy programme, Council has cut most of the funds for smaller programmes. These were spread over several policies comprised in this Title - research, industry and transport. The largest cut, -18.2 mECU, falls on the appropriations destined for the salaries of those working in the research centres. The Rapporteur suggests that this cut should be accepted.

Title 8 - Repayments and aid to Member States

14. The changes to expenditure in this Title result from changes in other parts of the Budget.

Title 9 - Cooperation with developing and other non-member countries

15. The Council has reduced the appropriations intended for Poland from 14 mECU to 10 mECU, rejected the Commission's proposal to create a new line for these funds, and entered them in the existing Article 950. The Committee on Budgets proposes the reinstatement of these appropriations in full.

16. Additional funds requested by the Commission for the various protocols agreed with third countries have been rejected by Council.

V Supplementary measures for the United Kingdom (Article 530) and the special energy programme for the United Kingdom and Germany (Article 707)

mECU				
Article	P.D.B.	Draft Budget	Variation	Provisional classification
530	244.55	195.56	-48.99	Compulsory
707	218.14	174.44	-43.7	Non-compulsory
Total	462.69	370	-92.69	

United Kingdom	384.54	307.51	-77.03
Germany	78.14	62.48	-15.66
Total	462.69	369.99	-92.69

17. These payments are the technical application of the two-way risk-sharing agreement attached to the regulation on which Parliament gave an opinion in February of this year. A copy of the regulation is annexed.

18. The Council has reduced the appropriations entered in the Preliminary Draft by 92.69 mECU in total, reducing the United Kingdom share by 77 mECU gross and the German share by 15.6 mECU gross.

19. The Commission states that it has calculated its figure for the British net contribution on the basis of a mechanical application of the formula agreed in the Regulation for the two-way risk-sharing arrangement. The Council's proposals in the Draft Budget have been admitted by the Presidency to represent an arbitrary political compromise. The Committee has decided to retain the Council's proposal.

20. With regard to classification, the Commission proposed that the funds be divided so that 53 per cent was attached to Article 530 (provisionally classified as compulsory expenditure) and 47 per cent to Article 707 (classified as non-compulsory expenditure). The Council has adopted this division which corresponds approximately to that used in the first Supplementary Budget. But it has made no progress in the direction, approved by Parliament, of making all such expenditure non-compulsory.

21. The Committee has decided that amendments should be made to the Draft Budget which will transfer the funds in Article 530 to a new Item 7071; as it falls in the energy sector, it will be accepted as non-compulsory by both branches of the budgetary authority. The new item will be reserved for new projects to be implemented after 22 July 1983.

22. The Committee has decided that the whole of the sum destined for compensation to the United Kingdom and the Federal Republic under the risk-sharing regulation for 1982 shall be placed in Chapter 100, to be rapidly released if the European Council meeting in Athens arrives at the definition of a clear concept for the future financing of the Community so as to rule out the recurrence of situations which are unacceptable to certain Member States.

23. The Commission has recently issued its fifth report to Parliament and Council on the implementation of the supplementary measures (COM(83) 415) covering the period 1 January to 30 June 1983. This document records that all eight programmes have now been inspected by

Commission staff, and it shows that the proportion of Community funds in the programmes is on average about 30 per cent. Parliament should seek further assurances from the Commission on the conformity of the programmes with the criteria laid down in the relevant regulations.

VI Agricultural spending

24. The increased appropriations required to finance the CAP absorb some 84 per cent of this Budget and should accordingly be subject to the closest examination. The total agricultural appropriations in this budget are summarized in the following table:

mECU

1983	P.D.B.	Council abatement	Draft Budget	New Total	Percentage of 1983 Budget
14,050*	+ 1,811.3	- 50.3	+ 1,761	15,811	63.3

* Excluding fishing appropriations

The Council's reductions amount to some 2.4 per cent of the new appropriations requested.

25. The increase in Guarantee spending is the result of a series of movements - some downwards, most upwards - in the appropriations for individual items. The general pattern is one of less spending on export refunds as the export possibilities for milk, cereals, rice and beef lessen and a consequent increase on storage and the special schemes for the disposal of surplus production.

26. The Commission's requests for additional guarantee finance must therefore be seen in the context of its undoubted ability to economize in the management of this sector, and of the recent changes which have occurred in world markets. It is, however, impossible for Parliament to make an exact evaluation of the savings which may thus be possible. The Committee has decided, therefore, not to propose any modifications to the Council's draft in respect of guarantee expenditure.

VII Classification of expenditure

27. The Council has marked its accord with the Commission's recommendations for the classification of the new lines entered in the Budget. The rapporteur considers, however, that the classification as compulsory of the following items should be contested :

Item 3291 : EAGGF (Guidance) - Technical agricultural advisers in Greece;

Item 3292 : " " - Launching of an irrigation programme in Greece;

Item 3891 : Special emergency measure for stock-farming in Italy.

These new items fall within the Guidance sector which, it was widely understood, would progressively develop into a wholly non-compulsory sector.

28. Moreover, the reason given by the Commission for classifying the lines as compulsory - that the regulations "... provide that the costs incurred will be repaid from the Community Budget, giving rise to an obligation which the budgetary authority must respect..." - is not a sufficient condition for establishing that they are compulsory expenditure. This matter should be discussed in the proper forum.

COUNCIL REGULATION (EEC) No 624/83
of 15 March 1983

amending Council Regulation (EEC) No 2744/80 establishing supplementary measures in favour of the United Kingdom

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 235 thereof,

Having regard to the proposal from the Commission⁽¹⁾,

Having regard to the opinion of the European Parliament⁽²⁾,

Whereas, in accordance with the conclusions reached by the Council on 30 May 1980⁽³⁾, payments in favour of the United Kingdom relating to the years 1980 and 1981 have been made by means of the supplementary measures established by Regulation (EEC) No 2744/80⁽⁴⁾;

Whereas, in accordance with the said Council conclusions of 30 May 1980, the Community is pledged to resolve the problem for 1982 by means of structural changes; whereas, in the absence of such a solution, the said conclusions provide that the Commission will make proposals along the lines of the 1980 to 1981 solution;

Whereas a separate Regulation establishes specific measures of Community interest relating to energy strategy which will also apply to the United Kingdom;

Whereas, in accordance with the conclusions reached by the Ministers for Foreign Affairs on 26 October 1982, the solution for 1982 continues within the framework laid down for 1980 and 1981, which includes the amended financial mechanism and the supplementary measures; whereas there is also a need to take account of the amount used for the implementation of the aforementioned energy measures in the United Kingdom;

Whereas the total amount of the Community's financial contribution in favour of the supplementary measures in the United Kingdom is estimated as 692 million ECU; whereas this amount will be adjusted to

take account of the conclusions reached by the Ministers for Foreign Affairs on 26 October 1982;

Whereas it is consequently necessary to adapt and to extend Regulation (EEC) No 2744/80; whereas the Treaty has not provided for the specific powers of action required to this end,

HAS ADOPTED THIS REGULATION:

Article 1

Regulation (EEC) No 2744/80 is hereby amended as follows:

1. Article 1 shall be replaced by the following:

Article 1

In addition to the amounts which will be transferred to the United Kingdom under Council Regulation (EEC) No 1172/76 of 17 May 1976 establishing a financial mechanism⁽⁵⁾, as amended by Regulation (EEC) No 2743/80⁽⁶⁾, this Regulation provides for supplementary measures relating to 1980, 1981 and 1982.

With regard to the supplementary measures relating to 1982, the total amount of the Community's financial contribution in favour of these measures shall be 692 million ECU, less the sums which will be paid to the United Kingdom under the financial mechanism. This amount shall be adjusted to take account of the conclusions reached by the Ministers for Foreign Affairs on 26 October 1982.

⁽¹⁾ OJ No L 131, 20. 5. 1976, p. 7.

⁽²⁾ OJ No L 284, 19. 10. 1980, p. 1.

2. Article 2 (2) shall be supplemented by the following:

'For the supplementary measures relating to 1982, the regions concerned shall as a general rule be those covered, on 1 January 1982, wholly or in part, by areas eligible for State regional aid.'

3. The following sentence shall be added to Article 4 (3):

'As regards the supplementary measures relating to 1982, the Commission shall take into consideration the payments made and estimated by the public authorities in the United Kingdom as from 1 April 1982.'

⁽¹⁾ OJ No C 35, 8. 2. 1983, p. 5.

⁽²⁾ OJ No C 68, 14. 3. 1983, p. 71.

⁽³⁾ OJ No C 158, 27. 6. 1980, p. 1.

⁽⁴⁾ OJ No L 284, 29. 10. 1980, p. 4.

4. The following shall be added to Annex II:

5. On the basis of the Commission's estimate (1 530 million ECU), net compensation for the United Kingdom for 1982 is fixed at 850 million ECU. Gross compensation to the United Kingdom amounts to 1 092 million ECU⁽¹⁾. However, for supplementary measures, it is necessary to deduct from this latter amount the sum which will be used for the implementation of specific measures of Community interest relating to energy strategy for the United Kingdom.

6. Corrections be made for 1980 and 1981 in the light of the actual figures will be taken into account when defining the subsequent solution.

7. At that time, adjustments will be made if the actual figure proves to be higher or lower than the 1982 base referred to in point 5. If the actual figure is higher than 1 530 million ECU but lower than 1 580 million ECU, the net compensation to the United Kingdom shall remain unchanged. If the actual figure is higher than 1 580 million ECU but lower than 1 730 million ECU, the net compensation shall be increased by 50 % of the difference between the actual figure and 1 580 million ECU. If the actual figure is higher than 1 730 million ECU, the net compensation shall be increased by 75 million ECU, plus 75 % of the difference between the actual figure and 1 730 million ECU.

If the actual figure is lower than 1 530 million ECU, but higher than 1 480 million ECU, the

net compensation to the United Kingdom shall remain unchanged. If the actual figure is lower than 1 480 million ECU, the net compensation to the United Kingdom shall be reduced by an amount equal to 75 % of the difference between the actual figure and 1 480 million ECU.

8. Any adjustment of the gross figure in point 5, to take account of the correction provided for in point 7, will be entered in the budget of the European Communities for the 1983 financial year.

9. The gross amount referred to in point 5 has been calculated on the basis of the VAT shares contained in the budget of the relevant budgetary year. It will be adjusted so as to reflect the actual VAT figures of the years in question.

(¹) However, should the financial mechanism yield any payment to the United Kingdom for 1982, the amount of such payment will be deducted from payments to the United Kingdom under the supplementary measures.

Article 2

This Regulation shall enter into force on the day of its publication in the *Official Journal of the European Communities*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 15 March 1983.

For the Council

The President

H.-W. LAUTENSCHLAGER

Result of the deliberations of the Committee on Budgets on the draft amendments and proposed modifications at its meeting of 27/28 September 1983

NOMENCLATURE				POSITION OF COMMITTEE ON BUDGETS					
Chapter Article Item	Heading	Payments ECU's	Commitments ECU's	DA	PM	Author	Decision or opinion		Result of vote and remarks
							Pos.	Neg.	
Ch. 31 revenue	Surplus of VAT own resources and financial contributions from previous financial years	+ 13,121,500		PE 86.771/1		JACKSON	X		17/7/5
Estab. plan	23 posts for DG XIV (Fisheries)			6		PERY		X	3/21/4. The Cttee considered that this amdt should be dealt with in the 84 Budget
Title 2/A									
Art. 206	Acquisition of immovable property	+ 667,000		PE 86.667/3		JACKSON	X		14/9/1
Art. 250	Meetings in general	- 500,000		PE 86.677/4		JACKSON			Withdrawn) a similar freezing of
Art. 251	Committee meetings	- 500,000		PE 86.677/5		JACKSON			Withdrawn) approps. would be considered for 1984
Title 2/B									
Item 2049	Other measures	+ 350 mECU			7	CURRY			The Committee decided by 12/5/80 that it could not vote on this modification as revenue available was insufficient to cover expenditure.
Art. 290	Provisional appropriations for the EAGGF Guarantee section	+ 438 mECU (compensation)		PE 86.677/2		JACKSON			Withdrawn
Title 3/B									
Item 3892	Slaughter of pigs and treatment of pigmeat	+ 3 mECU (commitments)		3		Mr BALFOUR & colleagues		X	10/16/4
Title 5/B									
Art. 530	Supplementary measures in favour of the UK	+ 48,989,240			5	ED Group		X	6/20/-
Art. 530	"	-195,560,760			1	Mr BAILLOT & colleagues		X	2/25/2

NOMENCLATURE						POSITION OF COMMITTEE ON BUDGETS			
Chapter Article Item	Heading	Payments ECU's	Commitments ECU's	DA	PM	Author	Decision or opinion		Result of vote and remarks
							Pos.	Neg.	
Art. 530	Supplementary measures in favour of the UK	- 195,560,760				ANSQUER			Covered by previous vote
Art. 530	"	- 195,560,760 to be transferred to Art. 707		PE 86.677/7		JACKSON		X	2/22/4
Art. 530 Art. 707	Community measures relating to energy strategy	- 195,560,760 - 174,439,240 transferred to Chapter 100 for new Article 708		10		BARBARELLA	X		20/8/1; by oral amendment the destination of the funds was amended to new Item 7071 in Ch. 100
<u>Title 6/B</u>									
Ch. 60 & 61	European Social Fund	+ 64.5 mBCU in Ch. 100		-		Oral amendment by Mr. ARNDT and others	X		12/7/1 The Cttee decided by 14/1/- to increase revenue, pointing out that the need for new revenue resulted from the Council proposal to use these funds for other purposes
Item 6110	Aid to improve the employment situation in certain regions	+ 64.5 mBCU		11		PATERSON & colleagues	Covered by previous vote		
Item 6641	Application to legislation relating to pollution by toxic and dangerous chemicals	+ 1,350,000 ECU		PE 86.677/6		JACKSON			By 10/6/4 the Committee decided to consider this amendment in the context of the 1984 Budget
<u>Title 7B</u>									
Ch. 100	Specific Community measures re- lating to energy strategy	+ 92,690,000 (Art. 707)		PE 86.677/ 13		JACKSON			withdrawn
Art. 707	"	+ 43,700,760		4		ED Group			Covered by previous votes
Art. 707	"	- 174,439,240		2		BAILLOT & colleagues			"
Art. 707	"	- 174,439,240		9		ANSQUER			"
Ch. 71	Nuclear safeguards	+ 150,000		PE 86.677/8		JACKSON			The Committee decided by 12/9/0 not to consider amendments nos. 3, 9, 10, 11 & 12 now, but in the context of the 1984 Budget
It. 772	Community strategy for machine tool industry	+ 600,000		9					
It. 775	Japanese market	+ 350,000		10					
Art. 786	Operation of freight markets	+ 400,000		11					
new Art. 789	New transport technologies	+ 300,000		12					

NOMENCLATURE				DA	PM	Author	POSITION OF COMMITTEE ON BUDGETS		Result of vote and remarks
Chapter Article Item	Heading	Payments ECU's	Commitments ECU's				Decision or opinion	Pos.	
Art. 861	Compensation for Greece	Remarks	-			NIKOLAOU			The Committee did not vote on this amendment as a text was not available
Art. 950	Aid to disaster victims in developing and other non-member countries	+ 4 mECU				JACKSON (orally)	X		By 10/5/3 the Committee decided to consider this oral amendment. By 11/1/7 the amendment was adopted

OPINION of the Committee on Agriculture - Draftsman: Mr I. FRUH

The Committee on Agriculture confirmed the appointment of Mr Früh as draftsman.

It considered the draft opinion at its meetings of 13 September 1983 and 27/28 September 1983.

At the latter meeting it unanimously adopted the draft opinion.

The following took part in the vote:

Mr CURRY, chairman; Mr Früh, vice-chairman and draftsman; Mr Barbagli (deputizing for Mr Diana), Mr Blaney, Mr Bocklet, Miss Brookes (deputizing for Mr Hord), Mrs Castle, Mr Clinton, Mr Dalsass, Mr Eyraud, Mr Helms, Mrs Herklotz, Mr Ligios, Mr McCartin (deputizing for Mr Kaloyannis), Mr Maher, Mr Mertens, Mr Mouchel, Mr Papapietro, Mr Pranchère, Mr Provan, Mr Simmonds, Mr J.D. Taylor (deputizing for Mr Battersby), Mr Thareau, Mr Tolman, Mr Vernimmen, Mr Vgenopoulos, Mr Vitale and Mr Woltjer.

C O N T E N T S

	<u>Page</u>
I Introduction	3
II EAGGF - Guarantee Section	3
III EAGGF - Guidance Section and other agricultural expenditure ...	5
IV Fisheries	5
V Other measure	6
VI Conclusions	6

I. INTRODUCTION

1. Supplementary and amending budget No. 2 for 1983 reveals a need for additional appropriations for the EAGGF, Guarantee Section, of 1,761 m ECU, an increase of 12.53% over the original estimates. The appropriations for the EAGGF, Guarantee Section go up from 14,500 to 15,811 m ECU, including expenditure improperly charged to the Common Agricultural Policy, such as food aid refunds, ACP sugar, agri-monetary expenditure and products imported in derogation from Community preference.

II. EAGGF - GUARANTEE SECTION

2. Of this 1,761 m ECU, the Council's agricultural price decisions of 16/17 May 1983 account for 438 m ECU. It should be recalled that the Commission, in its document on the financial implications of the price proposals for 1983/84 (COM(82) 650 final - Volume II), had estimated the effect of its proposals on the EAGGF, Guarantee Section, at 334 m ECU and on own resources at 32 m ECU.

3. The Commission puts forward the following arguments to justify supplementary and amending budget No. 2:

- Community output of a number of products (cereals, milk products, sugar, oilseeds, wine, apples), has been higher than was assumed for the 1983 budget, which shows how uncertain forecasts are in the agricultural field;
- world market price levels have been lower than expected for most products, which has meant an increase in export refund rates and some production aid rates;
- exports have failed to achieve the expected growth rates, particularly in the dairy sector, owing in particular to competition from third countries. This has resulted in increased stocks and made it necessary to step up measures to dispose of dairy products within the Community;
- payments for measures relating to a number of Mediterranean products have risen faster than anticipated (as a result of the accession of Greece and of efforts to catch up on past payments which had fallen behind) so that payments for 1983 are higher than those for a single marketing year;
- the net impact of monetary readjustments and changes in representative rates has seen an increase in expenditure.

4. However, it will be observed that the Council has departed somewhat from the Commission's preliminary draft, which proposed increasing the appropriations for the EAGGF, Guarantee Section, by 1,811.3 m ECU.

The Council justified this reduction of 50.3 m ECU by comparison with the Commission's estimates by the limitation of the own resources available for 1983 (the margin of VAT available amounts to 82.74 m ECU only).

5. With regard to revenue, cuts have been made in agricultural levies (-83.1 m ECU) and sugar and icoglucose levies (-54.67 m ECU). The Commission explains all this in detail in its preliminary draft (see COM(83) 320 final, p. 55).

6. As regards expenditure, increases have been entered under the following headings:

cereals and rice	: + 292.7 m ECU
oilseeds and protein plants	: + 301.5 " "
textile plants and silkworms	: + 20.5 " "
fruit and vegetables	: + 153.2 " "
wine	: + 164.9 " "
other sectors	: + 6.8 " "
milk and milk products	: + 595.3 " "
beef and veal	: + 191.2 " "
sheepmeat	: + 120.0 " "
products not covered by Annex II	: + 19.5 " "
MCAs	: + 171.7 " "

This expenditure reflects the difficult situation experienced by these sectors in 1982/83 as a result of better harvests than anticipated.

7. Headings under which appropriations have been reduced are as follows:

sugar	: - 102.0 m ECU
olive oil	: - 66.0 " "
ACAs	: - 0.6 " "

To this must be added a clearance of previous years of -108.1 m ECU representing the reimbursement of expenditure wrongly paid during the financial years 1976 and 1977.

8. As regards both the increases and the reductions, the explanations provided by the Commission remain valid despite the (minimal) changes made by the Council.

III. EAGGF - GUIDANCE SECTION AND OTHER AGRICULTURAL EXPENDITURE

9. As regards the EAGGF, Guidance Section, the Council has endorsed the Commission's proposal to increase by 16.75 m ECU the commitment appropriation earmarked for measures to improve the conditions under which agricultural products are processed and marketed (Regulation (EEC) No. 355/77) for the least prosperous countries (Item 3010) and to increase by 6 m ECU the commitment appropriations for a similar scheme in Greece (Item 3014).

10. Article 329 'EAGGF, Guidance Section, Specific regions - Greece' has been broken down into two items to distinguish the future measures to be taken in this Member State, i.e. in the acceleration of the agricultural development in certain regions of Greece, a technical agricultural advisory service and an irrigation programme.

11. All the veterinary measures have been grouped together in Chapter 38, which improves the budgetary presentation, and the appropriations for these measures have been increased (+17.6 m ECU).

12. Article 389 has been broken down to cover agricultural surveys in Italy (new Item 3890 - ex Article 389), special emergency measures for stock farming in Italy (Item 3891) and a measure for the slaughtering of pigs and processing of pigmeat in the United Kingdom (Item 3892). A token entry will be entered against the latter two items for the time being.

IV. FISHERIES

13. As regards fisheries, the financial participation of the Community in inspection and surveillance operations in the territorial waters of Denmark and Ireland is going to be increased by 12.2 m ECU to the benefit of the latter country, which was not able to carry out the expected investments in 1982. It is therefore a question of catching up.

14. A budget line with a token entry (instead of the 60,000 ECU proposed by the Commission) is to cover expenditure connected with the fisheries agreement between the Community and Canada (see Article 423).

15. Finally, Article 460 'Common measures to restructure, modernize and develop the fishing industry and to develop aquaculture' is to receive an additional commitment appropriation of 3.25 m ECU for Italy, Ireland and Greece.

16. On the other hand, the Council has not felt obliged to accept the Commission's proposal either as regards additional funds for the coordination of surveillance operations by the Member States (the Commission requested 55,000 ECU on top of the 100,000 ECU already available), or as regards the increase in staff at DG XIV made necessary by the agreement reached on the new common fisheries policy in January. The Council has only accepted 12 of the 35 new officials requested by the Commission.

V. OTHER

17. The Council, following the compromise on agricultural prices in May, has provided 20 m ECU as special aid in the raw tobacco sector for Italy as a result of the earthquake of November 1980.

VI. CONCLUSIONS

18. The Committee on Agriculture accordingly submits to the Committee on Budgets the following observations:

The Committee on Agriculture

1. Stresses that agricultural expenditure, which in the case of market policy is compulsory, is very uncertain as it depends on a number of factors which make it difficult, if not impossible, to make long-term forecasts;
2. considers, therefore, that draft supplementary and amending budget No. 2 for 1983 should be approved so as not to hamper the operation of the Community's market policy and not to exacerbate the income situation of many farmers;
3. Regrets that the Council has not provided for a larger increase in the staff of DG XIV; reserves the right to return to this point when considering the draft budget for 1984.

