

COUNCIL OF THE EUROPEAN COMMUNITIES
GENERAL SECRETARIAT

PRESS RELEASE

8987/82 (Presse 119)

791st meeting of the Council

- Budget -

Brussels, 27/28/29 July 1982

President: Mr Otto MØLLER,
State Secretary,
Ministry of Foreign Affairs
of the Kingdom of Denmark

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

Belgium:

Mr Paul de KEERSMAEKER
State Secretary,
European Affairs and Agriculture

Denmark:

Mr Otto MØLLER
State Secretary,
Ministry of Foreign Affairs

Germany:

Mr Günter OBERT
State Secretary,
Federal Ministry of Finance

Greece:

Mr Antoine GIORGIADIS
State Secretary,
Ministry for the National
Economy

France:

Mr André CHANDERNAGOR
Minister attached to the
Minister for External Relations
responsible for European affairs

Ireland:

Mr Sylvester BARRETT
Minister of State,
Ministry of Finance

Italy:

Mr Carlo FRACANZANI
State Secretary,
Treasury

Luxembourg:

Mr Ernest MÜHLEN
State Secretary,
Ministry of Finance

Netherlands:

Mr H. van den BROEK
State Secretary,
Ministry of Foreign Affairs

United Kingdom:

Mr Nicolas RIDLEY
Financial Secretary
to the Treasury

Commission:

Mr Christopher TUGENDHAT
Vice-President

Mr Richard BURKE
Member

MEETING BETWEEN A DELEGATION FROM THE EUROPEAN PARLIAMENT AND THE COUNCIL

On the afternoon of 27 July a meeting took place between the Council and a delegation from the European Parliament headed by Mr DANKERT, President of the European Parliament, and composed of Mr LANGE, Chairman of the Committee on Budgets, Mr NOTENBOOM, 1st Vice-Chairman of the Committee on Budgets, Mrs BARBARELLA, 2nd Vice-Chairman of the Committee on Budgets, Mr Robert JACKSON, Rapporteur for Section III of the 1983 Budget, Mr SABY, Rapporteur for other sections, Mr ANSQUER and Mr BONDE, Members of the Committee on Budgets and Mr AIGNER, Chairman of the Committee on Budgetary Control.

This meeting, which was characterized by an atmosphere of openness inspired mainly by the statement on budgetary matters signed by the Presidents of the three institutions on 30 June 1982, provided the opportunity for a wide-ranging discussion on both the preliminary draft supplementary and amending budget No 1 to the 1982 budget and the preliminary draft general budget for the financial year 1983.

The discussions between the Parliamentary delegation and the Members of the Council on the two preliminary drafts enabled the Members of Parliament to highlight the political choices they wished to see reflected in the budgets.

The Members of Parliament referred in their comments to the Resolutions adopted on 8 July 1982 on the two preliminary drafts and to the Resolution of 22 April 1982 on the European Parliament's guidelines for the 1983 budget. In particular, they thought that the two branches of the budget authority should give the highest priority to appropriations for Community policies which directly or indirectly enabled the Community to make a contribution to the fight against the ever growing problem of unemployment. In this connection they

also emphasized the need to develop or strengthen Community policies with an impact on restructuring and innovation in economic activities within the Community. They also stressed the importance they attached to increasing resources aimed at solidarity with the developing countries. With more specific reference to the preliminary draft supplementary and amending budget for 1982, the Members of Parliament supported the Commission's proposal to use - in line with the general guidelines mentioned above - a proportion of the savings made in the sphere of management of the agricultural markets for specific projects in the social sector and for aid to the most needy developing countries.

Although the members of the Council shared the aims mentioned by the Members of Parliament, particularly with regard to the need to combat unemployment effectively, they took a more qualified view of the means to be chosen and the budgetary consequences to be drawn. Several Council members underlined the major importance of reconciling the need to develop Community policies with the constraints arising from the economic situation which dictated strict austerity in spending both at national and Community level.

With regard to co-operation in general between the two branches of the budget authority - Parliament and Council - all the participants stressed their high hopes that the tripartite statement of 30 June would in future settle the co-operation problems which had bedevilled relations in the past.

Winding up the discussion, the President of the Council assured the Parliamentary delegation that, when considering the two preliminary drafts in detail, the Council would bear in mind the guidelines and views submitted by Parliament.

DRAFT GENERAL BUDGET FOR 1983

After studying in detail the preliminary draft budget submitted by the Commission, the Council established the draft general budget for 1983.

The total budget figure will be approximately 21,098 MECU (*) in the form of payment appropriations and approximately 22,399 MECU (*) in the form of commitment appropriations.

The Council's discussions were focused more especially on the appropriations to be entered for non-compulsory expenditure.

For such expenditure the Council decided on an overall increase of 6.7% in the case of commitment appropriations, which gives a total of 5,984 MECU, 1,910 MECU of which will be for the Regional Fund, 1,442 MECU for the Social Fund and 2,632 MECU for other non-compulsory expenditure. The corresponding figures for payment appropriations are an overall increase of 8.2%, which is equivalent to about 4,776 MECU, 1,175 MECU of which will be for the Regional Fund, 1,090 MECU for the Social Fund and 2,511 MECU for other non-compulsory expenditure.

(*) subject to final calculations and on the understanding that the guidelines arrived at by the Ministers for Foreign Affairs on 25 May with regard to compensation for the United Kingdom and related problems are not reflected in this draft.

In allocating these appropriations to the Regional Fund and more especially to the Social Fund, the Council to a large extent took into account the concern clearly brought out at the meeting with the European Parliament with regard to combating unemployment and strengthening the Community's structural policies. It believed that present constraints on both national and Community budget authorities caused by the economic situation made it impossible to go beyond these increases.

The draft general budget for 1983 as now established will - after finalization of the text - be forwarded to Parliament at an early date and be formally presented by the President of the Council on 15 September at a plenary sitting of Parliament.

SUPPLEMENTARY AND AMENDING BUDGET FOR 1982

After discussing preliminary draft supplementary and amending budget No 1 submitted by the Commission, the Council decided not to establish a draft. It was of the opinion that urgent financial needs in the spheres concerned could suitably be met by transfers of appropriations to be decided on in accordance with the usual procedures, on the basis of proposals from the Commission.

With this in mind, the Council recorded its immediate agreement in principle to a 65 MECU transfer of appropriations to the Social Fund.

WINE

The Council formally adopted the Regulations amending Regulation (EEC) No 337/79 on the common organization of the market in wine and Regulation (EEC) No 338/79 laying down special provisions relating to quality wines produced in specified regions. ⁽¹⁾

This decision constituted a follow-up to the discussions at the Agriculture Council meeting on 19 and 20 July 1982, at which the Council had already obtained the agreement of nine delegations on the substance of the above draft Regulations.

⁽¹⁾ The most important amendments to these Regulations are mentioned in 8779/82 (Presse 113)

- I -

MISCELLANEOUS DECISIONSEnergy

The Council adopted in the official languages of the Communities a Decision on the granting of support for Community projects in the hydrocarbons sector (1982). This provides for the granting of support to 36 projects in the period 1982-1984 amounting to a total of 25,977,600 ECU.

The Council also adopted in the official languages of the Communities a Recommendation concerning the encouragement of investment in the rational use of energy (RUE). See Press Release 8552/82 (Presse 109) - pages 6 to 12 - of 13 July 1982.

Medium-term economic policy

The Representatives of the Governments of the Member States, meeting within the Council, adopted in the official languages of the Communities a Decision adopting the fifth medium-term economic policy programme.

Export credits

The Council adopted a Decision which, following the entry into force on 6 July 1982 of the revised Arrangement on guidelines in the field of officially supported export credits, amends the previous Community Decisions concerning the EEC's application of the Arrangement.

The Council also adopted a Decision extending the period of the Community's application of the OECD Understanding on Export Credits for ships.

Food aid

- Emergency aid to Afghan refugees in Pakistan

The Council adopted a Regulation on the supply of 3,000 tonnes of skimmed milk powder to the UNHCR as emergency aid for Afghan refugees in Pakistan within the reserve for 1982.

It also agreed to allocate, for the same refugees, emergency food aid of 24,696 tonnes of wheat on the terms envisaged by the Commission, beginning with the quantities already made available to the WFP under the IEPR for 1981.

- Aid from the Community to UNRWA

On a proposal from the Commission, the Council agreed in principle on a favourable response to the UNRWA's request that the Community provide the Agency with less food aid while broadening the range of products supplied and participate up to an amount of 16 MECU in the financing of the education programme implemented by UNRWA in both 1982 and 1983 under the UNRWA-EEC three-year Convention. To this end, the Council instructed the Commission to negotiate without delay the necessary amendments to the Convention between the EEC and UNRWA.

The Council also adopted a Decision on granting UNRWA 1,187 tonnes of cereals food aid within the 1981 reserve.

- Community aid to Mozambique

In the same Decision, the Council agreed to grant Mozambique 13,581 tonnes of cereals food aid within the 1981 reserve.

Commercial policy

The Council adopted in the official languages of the Communities a Regulation imposing a definitive anti-dumping duty on imports of standardized multi-phase electric motors having an output of more than 0.75 kW but not more than 75 kW, originating in the USSR, and terminating the proceedings in respect of imports of the said products originating in Bulgaria, Czechoslovakia, the German Democratic Republic, Poland and Romania.

Textiles

The Council decided to sign the Additional Protocols to the Agreements between the European Economic Community and certain third countries (Egypt, Korea, Romania, India, Sri Lanka, the Philippines, Brazil and Macao) on trade in textile products consequent on the accession of the Hellenic Republic to the Community.

Relations with the EFTA countries

The Council authorized the Commission to negotiate on behalf of the Community an agreement in the form of an exchange of letters amending certain zero-duty tariff quotas opened by the United Kingdom for 1982 in accordance with Protocol No 1 to the Agreement between the European Economic Community and the Republic of Finland.

Relations with the ACP States

The Council adopted in the official languages of the Communities a Decision amending the Internal Agreement of 1979 on the financing and administration of Community aid (Greek accession).

GATT

The Council adopted in the official languages of the Communities a Decision on the conclusion of the Agreement resulting from the negotiations and consultations under Article XXIV paragraph 6 of the GATT between the European Communities and Argentina.

Agricultural questions

The Council adopted in the official languages of the Communities,

- the Decisions:

- = amending the Sixth Decision 80/817/EEC on the equivalence of field inspections carried out in third countries on seed-producing crops;
- = amending the Sixth Decision 80/818/EEC on the equivalence of seed produced in third countries;

- the Regulations:

- = fixing, for the 1982/1983 marketing year, the production aid for tinned pineapple and the minimum price to be paid to pineapple producers;
- = amending Regulation (EEC) No 2194/81 laying down the general rules for the system of production aid for dried figs and dried grapes.

Fisheries

The Council adopted, in the official languages of the Communities,

- the Regulations laying down general rules for the granting of:

- = financial compensation for certain fisheries products;
- = a carry-over premium for certain fisheries products;
- = a special carry-over premium for Mediterranean sardines and anchovies,

- the Decision on the conclusion of the Agreement in the form of an exchange of letters concerning the second interim extension of the Protocol annexed to the Agreement between the European Economic Community and the Government of the Republic of Guinea Bissau on fishing off the coast of Guinea Bissau.

Social questions

The Council adopted in the official languages of the Communities the Directives:

- on the protection of workers from exposure to metallic lead and its ionic compounds at work (see Press Release 7307/82 (Presse 69) - pages 3 and 4 - of 27 May 1982);
- relating to the organization by the Member States of surveys on the earnings of permanent and seasonal workers employed in agriculture.

Transport

The Council adopted in the official languages of the Communities the Directive amending Directive 75/130/EEC on the establishment of common rules for certain types of combined road/rail carriage of goods between Member States (see Press Release 7559/82 (Presse 74) - page 7 - of 10 June 1982).

Telematics

The Council adopted in the official languages of the Communities the Decision concerning the co-ordination of the actions of the Member States and the Commission relating to activities preparatory to a long-term programme for the use of telematics for Community information systems concerned with imports/exports and the management and financial control of agricultural market organizations.

Atomic questions

The Council took note of the information from the Commission concerning the latter's intention to conclude, in accordance with the procedure laid down in Article 101(3) of the EAEC Treaty, a co-operation agreement with the United States Department of Energy (US-DOE) on the management of radioactive waste.

ECSC

The Council gave its assent, pursuant to Article 56(2)(a) of the ECSC Treaty, concerning:

- Bayerische Vereinsbank AG, Federal Republic of Germany
- Saarländische Investitionskreditbank AG, (SIKB), Federal Republic of Germany
- Auto-Service-Center Uberherrn GmbH, Federal Republic of Germany
- Credit Grade Limited, United Kingdom
- Hunterprint Group Limited, United Kingdom

Appointment

The Council appointed, on a proposal from the Danish Government, Mr Henning Kryger SØRENSEN, Sekretær, Dansk Metalarbejderforbund, as full member of the Advisory Committee on Vocational Training in place of Mr Jørgen HANSEN, full member, who has resigned, for the remainder of the latter's term of office, which runs until 16 September 1983.

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NOTE BIO(82) 335 AUX BUREAUX NATIONAUX
CC AUX MEMBRES DU GROUPE DU PORTE PAROLE

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OBJET : CONSEIL BUDGET (R. ELPHICK)

483

LES MINISTRES RESPONSABLES POUR LE BUDGET COMMUNAUTAIRE COMMENCENT LEURS TRAVAUX DEMAIN PENDANT L'APRES MIDI AVEC UNE SEANCE DE CONCILIATION DANS LA PRESENCE D'UNE DELEGATION DU PARLEMENT EUROPEEN. ILS AURONT DEVANT EUX L'AVANT PROJET DU BUDGET 1983 ET AUSSI UNE PROPOSITION D'UN AMENDEMENT AU BUDGET 1982. CELUI-CI PREVOIT UNE REDUCTION DE QUELQUE 500 MILLIONS D'ECU DANS LES DEPENSES AGRICOLES POUR L'EXERCICE 1982. LA COMMISSION PROPOSE ■ CETTE REDUCTION ^{QU'} PERMETTRAIT D'ACCROITRE LES DEPENSES DANS PLUSIEURS SECTEURS, ■ ESSENTIELLEMENT LE FONDS SOCIAL, LA RECHERCHE ET LA LUTTE CONTRE LA FAIM DANS LE MONDE. (VOIR NOTES P-27 ET P-31).

EN CE QUI CONCERNE L'AVANT PROJET DU BUDGET 1983, C'EST LE PREMIER PRESENTE PAR LA COMMISSION EN REPONSE AUX PRIORITES IDENTIFIES DANS LE RAPPORT DE LA COMMISSION SUR LE MANDAT. NOUS PROPOSONS UN ■ REEQUILIBRAGE ET REORIENTATION MAJEURE. EN CHIFFRES TOTALES IL S'AGIT D'UN MONTANT DE PRESQUE 22 MILLIARDS D'ECUS EN PAIEMENTS, ET DE QUELQUES 24 MILLIARDS EN ENGAGEMENTS (VOIR P-25 DE MAI 1982 POUR LES DETAILS).

AMITIES,
M. SANTARELLI
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Note Bio(82) 335 (suite 1) aux Bureaux Nationaux
cc Membres du Groupe

Budget Council (R. Elphick)

Ministers began their examination of the Community Budget today with a meeting of conciliation involving the European Parliament. At issue are the Commission's proposals to amend the 1982 budget taking advantage of savings in agricultural expenditure to boost spending in the Social Fund and in helping to feed the third world, as well as the expenditure pattern contained in the 1983 provisional draft budget (See yesterday's Bio).

More later.

Amities,

Robert Elphick COMEUR 18,15////



Bruxelles, le 28 juillet 1982.

Note BIO (82) 335 (suite 2) aux Bureaux Nationaux

cc. aux membres du Groupe du Porte-Parole

Much of the discussion centered on fundamental principles of economic policy : whether or not extra expenditure is a help or hindrance to fighting against unemployment. One question is whether savings in agricultural expenditure should be re-allocated to other sectors or handed back. In the camp of simply handing back the savings and thereby relieving the poor taxpayer of some of his burden are principally Germany and the U.K. Their arguments, put simply, are that any non-essential burden just helps increase unemployment rather than the reverse. The parliamentary delegation back the point that unless expenditure was re-allocated as the Commission suggests in the rectifying budget, then there is no prospect of solving the U.K. budget problem among others.

In his intervention, Mr. Tugendhat said that although 500 million ECU of savings was proposed in the rectifying budget, this was a cautious figure. The actual savings which will be apparent later in the year because of market factors as well as better management in the agricultural policy should be much higher.

Winding up for the Parliament, Mr. Peter Dankert said there was evidently more than enough room for a supplementary budget : he was for such a budget. This was the proper political gesture to make. Mere transfers were technical matters which failed to make political impact. He appealed to the Council to agree on supplementary budget 1982 and said that the agreement among Parliament, Council and Commission of June 30 regulating budget disputes was significant. The budgetary institutions needed each other politically. The impression created on the man in the street was important.

The Council began line-by-line examination of the budget as scheduled on Wednesday morning.
More later.

REGARDS,
P.CERF, COMEUR 9.45 ////

A large, stylized handwritten signature in black ink, appearing to be 'P.CERF'.

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NOTE UIO(821 335 (SUITE 3) AUX BUREAUX NATIONAUX
CC AUX MEMBRES DU GROUPE DU PORTE PAROLE

BUDGET COUNCIL (R. ELPHICK)

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COUNCIL SPENT SOME TIME DISCUSSING OVER THE PROPOSAL FOR A SUPPLEMENTARY BUDGET BEFORE DECIDING THAT THIS WAS NOT THE TIME TO TAKE ANY DECISION ON IT. THE MAJORITY OF THE MINISTERS PREFERRED TO WAIT UNTIL AUTUMN WHEN THE REVENUE POSITION WOULD BE CLEARER, AND THEN TO MAKE TRANSFERS. FOR THE COMMISSION, MR. TUGENDHAT REMINDED THE COUNCIL ABOUT THE IMPORTANCE ATTACHED TO THESE TRANSFERS FROM THE FEOPA TO THE SOCIAL FUND AND DEVELOPMENT AID. THERE WERE CONSIDERABLE SAVINGS IN FEOPA - 1,500 MECU ALREADY SO A BIG MARGIN WAS AVAILABLE. HE PUT THE COUNCIL ON NOTICE: THE COMMISSION COULD NOT DELAY BECAUSE OF THE DANGER OF TRANSFERS NOT BEING MADE IN TIME FOR THE EXPENDITURE TO BE MADE. THE COMMISSION, HE DECLARED, WOULD INTRODUCE TRANSFERS FOR THE FULL AMOUNTS AT THE EARLIEST OPPORTUNITY.

THIS PROVOKED A FURTHER DEBATE IN THE COUNCIL, THE OUTCOME OF WHICH WAS TO PROVE THAT THERE WAS NO QUALIFIED MAJORITY EITHER TO REJECT OR TO APPROVE THE SUPPLEMENTARY BUDGET, THE PROPOSAL THEREFORE REMAINS ON THE TABLE, ALTHOUGH THE COUNCIL SIGNIFIED THEIR WILLINGNESS TO CONSIDER SUCH TRANSFERS AS THE COMMISSION PUTS FORWARD. MR. TUGENDHAT POINTED OUT THAT WHAT THE COUNCIL HAD DONE WAS TANTAMOUNT TO A REJECTION. THEREFORE THE COMMISSION WOULD HAVE TO GO DOWN THE ALTERNATIVE ROAD REPRESENTED BY TRANSFERS.

THE COUNCIL THEN PASSED ON TO A DISCUSSION OF THE 1983 BUDGET PROPER.

MORE LATER.

REGARDS,
P. CERF
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NOTE BIO

BRUXELLES, LE 29 JUILLET 1982
NOTE BIO (82) 335 (SUITE 3) AUX BUREAUX NATIONAUX

CC. AUX MEMBRES DU GROUPE DU PORTE-PAROLE

BUDGET COUNCIL (R. ELPHICK)

AFTER A GREAT DEAL OF ORGANISED DEBATE IN WHICH THE FRENCH AND GERMAN IN PARTICULAR PRESSED THEIR PROPOSAL FOR A RATE OF GROWTH FOR NON-OBLIGATORY EXPENDITURE OF MORE THAN 5.90/0, HALF THE MAXIMUM RATE, THE COUNCIL FINALLY CAME TO A COMPROMISE AGREEMENT. IT TOOK MORE THAN 16 HOURS OF NEGOTIATION, SOME OF IT IN RESTRICTED SESSION. MINISTERS ALSO POINTED OUT THAT THE 1983 BUDGET STILL HAD TO ACCOMMODATE SUMS OF MONEY TO MAKE THE PAYMENTS TO THE UK, GERMANY, ITALY AND IRELAND ALLOWED FOR UNDER THE AGREEMENT OF 24/25 MAY.

WHAT EMERGED WAS A RATHER AUSTERE DRAFT BUDGET PERMITTING AN INCREASE OF 6.70/0 IN COMMITMENTS AND 8.20/0 IN PAYMENTS IN NON-OBLIGATORY EXPENDITURE. THE MARGIN OVER THE MAXIMUM RATE WAS EMPHASISED BY THE DANISH PRESIDENT, M. OTTO MOELLER, AS A SIGNIFICANT GESTURE TOWARDS PARLIAMENT'S DEMANDS FOR LARGE INCREASES IN THE SOCIAL AND REGIONAL FUNDS. SOCIAL FUND IS ENLARGED BY 1090 MECU AN INCREASE OVER 1982 OF 19.60/0 FOR PAYMENTS AND BY 1442 MECU (160/0) ON COMMITMENTS. FOR THE REGIONAL FUND THE AMOUNTS ARE 1175 (90/0) FOR PAYMENTS AND 1910 (8.50/0) FOR COMMITMENTS.

THE COMMISSION HAD ASKED FOR MUCH LARGER INCREASES. FEOGA GUARANTEE WAS ACCEPTED AS PROPOSED AT 14050 MECU AN INCREASE OF ONLY 30/0 OVER 1982, ONE OF THE SMALLEST IN YEARS. IN ADDITION THE COUNCIL AGREED TO LOOK FAVOURABLY ON ANY PROPOSAL FROM THE COMMISSION FOR A TRANSFER OF 65 MECU TO THE SOCIAL FUND IN 1982.

ASKED BY JOURNALISTS ABOUT PARLIAMENT'S LIKELY ATTITUDE TOWARDS THIS AUSTERITY, MR. MOELLER POINTED OUT THAT THIS WAS ONLY A FIRST STEP IN THE BUDGET PROCESS. PARLIAMENT HAS YET TO CONDUCT ITS FIRST READING (IN OCTOBER) AND THERE WILL THEN BE SUBSEQUENT SECOND READINGS LATER IN THE YEAR.

A THIS STAGE WE DO NOT HAVE FINAL FIGURES FOR THE DRAFT BUDGET AS A WHOLE. AS SOON AS COREPER ISSUES THEM, WE SHALL SEND THEM TO OFFICICES.

AFTERWARDS VICE-PRESIDENT TUGENDHAT EXPRESSED DISAPPOINTMENT OVER THE OUTCOME.

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''THE COMMISSION'S PROPOSALS REFLECTED A SERIOUS JUDGEMENT OF THE COMMUNITY'S EXPENDITURE REQUIREMENTS TAKING PROPER ACCOUNT OF THE CURRENT CLIMATE OF BUDGETARY RESTRAINT'' HE SAID IN A STATEMENT. BECAUSE OF THE MODEST LEVEL OF PROJECTED GROWTH IN AGRICULTURAL EXPENDITURE FOR 1983 , WE WERE ABLE TO LIMIT OUR PROPOSED LEVEL OF OVERALL GROWTH IN THE 1983 BUDGET TO A MERE 7.70/0 IN PAYMENT APPROPRIATIONS. THE LOWEST SUCH FIGURE FOR MANY YEARS PAST. WITHIN THIS MODEST OVERALL GROWTH WE FELT JUSTIFIED IN PROPOSING SIZEABLE INCREASES IN THE AREAS WHICH, BOTH IN THE COMMISSION'S JUDGEMENT AND IN THAT OF THE EUROPEAN COUNCIL AND THE EUROPEAN PARLIAMENT, REPRESENTED THE COMMUNITY'S MAJOR PRIORITIES. THESE PRIORITIES ARE, IN PARTICULAR THE FIGHT AGAINST UNEMPLOYMENT, AN INCREASE IN THE COMMUNITY'S DEVELOPMENT AID EFFORT AND THE PROMOTION OF COMMUNITY PROGRAMMES IN THE FIELD OF ENERGY AND RESEARCH.

''IN THE PAST, SOME MEMBER STATES HAVE OFTEN CITED THE GENERAL NEED FOR BUDGETARY AUSTERITY OR THE SIZE OF THE APPROPRIATIONS REQUIRED TO FINANCE AGRICULTURE AS REASONS FOR BEING LESS FORTHCOMING THAN THEY MIGHT OTHERWISE HAVE WISHED IN THE FIELD OF NON-OBLIGATORY EXPENDITURE, FOR EXAMPLE ON THE SOCIAL AND REGIONAL FUNDS. FOR THE 1983 BUDGET, WHEN AGRICULTURAL EXPENDITURE HAS BEEN KEPT DOWN AND WHERE THE OVERALL LEVEL OF GROWTH IS MODEST, THE COMMISSION HAD HOPED THAT THE COUNCIL WULD BE ABLE TO LIVE UP TO SOME OF ITS PAST PROMISES. INSTEAD, ITS REACTION TO THE COMMISSION'S PROPOSALS HAS BEEN ON TRADITIONAL LINES AND SEEMS TO HAVE REFLECTED A DOGMATIC BELIEF THAT, IRRESPECTIVE OF THE COMMUNITY'S REAL NEEDS OR PRIORITIES, THE NON-OBLIGATORY PART OF THE COMMUNITY BUDGET MUST BE CONTAINED WITHIN A RIGID PREDETERMINED STRAITJACKET. THE COMMISSION HOPES THAT IT WILL BE POSSIBLE, IN THE FURTHER COURSE OF THE BUDGETARY PROCESS, TO RESTORE AS MUCH AS POSSIBLE OF THE COMMISSION'S ORIGINAL PROPOSALS FOR 1983; IN PARTICULAR THE APPROPRIATIONS FOR ENERGY AND RESEARCH WHICH THE COUNCIL HAS CUT ESPECIALLY HARSHLY''.

''IT WAS ALSO DISAPPOINTING THAT THE COUNCIL WAS UNABLE TO ADOPT THE COMMISSION'S DRAFT AMENDING BUDGET FOR 1982. IN THE COMMISSION'S VIEW THIS DRAFT BUDGET WAS THE APPROPRIATE VEHICLE FOR RE-ALLOCATING SOME OF THE SUBSTANTIAL SAVINGS WHICH HAVE ACCRUED IN AGRICULTURAL EXPENDITURE IN 1982 TO OTHER PRIORITY AREAS, PARTICULARLY THE SOCIAL FUND AND DEVELOPMENT AID. THE COMMISSION WILL, DESPITE THE COUNCIL'S REJECTION OF ITS AMENDING BUDGET, SEEK TO ACHIEVE THE SAME OBJECTIVES THROUGH INDIVIDUAL BUDGETARY TRANSFERS''.

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AMITIES
P. CERF

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NOTE BIO(82) 335 (SUITE 4) AUX BUREAUX NATIONPUX
CC AUX MEMBRES DU GROUPE

CORRECTION TO BIO 335 (SUITE 3)

IN BIO NO 335 (SUITE 3) PLEASE NOTE THAT IN 2ND PARAGRAPH THE
AMOUNTS MENTIONED FOR THE SOCIAL AND REGIONAL FUNDS REPRESENT
THE TOTAL AMOUNTS OF THE FUNDS FOR 1983 RATHER THAN THE
INCREASE.

REGARDS,
P. CERF
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