

COMMISSION OF THE EUROPEAN COMMUNITIES

GENERAL BUDGET
Section III - Commission

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TRANSFER OF APPROPRIATIONS BETWEEN CHAPTERS

(Compulsory expenditure)

GENERAL BUDGET
Section III - Commission

Transfer of appropriations between Chapters

(compulsory expenditure)

Proposal No 40

EUA

1.	From Chapter 60	- Cereals	
	Article 600	- Refunds	
	Item 60000	- Refunds	- 320 000 000
	Article 601	- Intervention	
	Item 6013	- Aid for durum wheat	- 40 000 000
	Item 6014	- Carry-over payments	- 20 000 000
	Item 6015	- Buying-in and subsequent operations	- 32 000 000
2.	From Chapter 61	- Rice	
	Article 610	- Refunds	
	Item 6100	- Refunds	- 14 000 000
3.	From Chapter 63	- Oils and fats	
	Article 631	- Intervention in respect of olive oil	
	Item 6310	- Production aid	- 40 000 000
4.	From Chapter 66	- Pigmeat	
	Article 660	- Refunds	- 35 000 000
5.	From Chapter 68	- Fruit and vegetables	
	Article 681	- Intervention in respect of fresh fruit and vegetables	
	Item 6810	- Withdrawal compensation and buying-in	- 20 000 000
	Item 6811	- Processing and distribution operations	- 3 000 000
	Item 6812	- Compensation for promotion of Community citrus fruit	- 5 000 000
6.	From Chapter 69	- Wine	
	Article 691	- Intervention in respect of wine	
	Item 6910	- Aid for private storage	- 20 000 000
	Item 6912	- Distillation of wine	- 120 000 000
	Article 692	- Other expenditure	
	Item 6920	- Obligatory distillation of the by-products of wine-making	- 10 000 000
7.	From Chapter 70	- Tobacco	
	Article 701	- Intervention in respect of tobacco	
	Item 7010	- Premiums	- 20 000 000
8.	From Chapter 45	- Monetary compensatory amounts collected or granted in respect of trade in agricultural products (MCAs)	
	Article 450	- Intra-Community trade	
	Item 4500	- Monetary compensatory amounts on imports paid or levied by importing Member States	- 130 000 000
			- 829 000 000

9.	To Chapter 62	- Milk and milk products	
	Article 620	- Refunds	
	Item 6200	- Refunds	+ 290 000 000
	Article 621	- Intervention in respect of skimmed milk	
	Item 6210	- Aid for skimmed-milk powder for use in animal feed	+ 50 000 000
	Item 6214	- Public storage and special disposal measures	+ 85 000 000
10.	To Chapter 65	- Beef and veal	
	Article 650	- Refunds	
	Item 6500	- Refunds	+ 5 000 000
	Article 651	- Intervention in respect of the storage of beef and veal	
	Item 6511	- Public storage	+ 115 000 000
11.	To Chapter 67	- Eggs and poultry meat	
	Article 670	- Refunds on eggs	+ 1 000 000
	Item 671	- Refunds on poultry meat	+ 4 000 000
12.	To Chapter 73	- Other sectors or products subject to common market organization	
	Article 734	- Dehydrated fodder	+ 15 000 000
13.	To Chapter 74	- Refunds on certain goods obtained by processing agricultural products	
	740		+ 57 000 000
14.	To Chapter 46	- Expenditure resulting from the application of different exchange rates to the EAGGF Guarantee Section	+ 207 000 000
	460		
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			+ 829 000 000

Pursuant to the provisions of Article 21(4) of the Financial Regulation, the Financial Controller has approved this proposal, attesting that the appropriations are available at 20 December 1978.

EXPLANATORY MEMORANDUM

A. Introductory note

The appropriations entered in the Budget for 1978 are, in overall terms, adequate to cover the expenditure to be incurred up to 31 December 1978 and enable Article 8 of Council Regulation (EEC) No 1883/78 to be applied for the first time. These provisions change the method of assessing intervention stocks at the end of the financial year (average purchase price in place of the intervention price obtaining at the beginning of the following financial year, likelihood of further reduction in the value of stocks arising from the estimated market conditions) and lead to the following estimates of additional expenditure to be borne by the Budget for the financial year 1978 (in million EUA):

Cereals	13.4
Skimmed-milk powder	134.5
Butter	79.0
Olive oil	22.6
Beef and veal	75.3
Tobacco	14.2
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	339.0
Dual rate	69.0
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Total	408.0

The proposed transfers take account of the abovementioned lesser stock value. The large sums involved in certain cases can be explained by the fact that it has not been necessary - given the adequacy of overall appropriations - to present an amending budget to the budgetary authority reflecting the adjustments arising from the fixing of prices and changes in regulations concerning the economic and monetary situation.

The EAGGF Committee was consulted on 24 November 1978.

B. Chapters where additional appropriations have been requested

1. Chapter 62 - Milk and milk products

+ 425 m u.a.

The shortfall in appropriations is due to the stock assessment operation carried out in accordance with Article 8 of Regulation 1883/78, to the Council Decision of 12 May 1978, to an increase in exports, the amounts of skimmed-milk powder to be used for pig feed, the private storage of butter and quantities covered by special measures for the disposal of butter fat.

Furthermore, the revenue accruing from the financial participation of milk producers will, in 1978, exceed the expenditure on the co-responsibility programme. Consequently, the Commission will propose - in accordance with the rules laid down in the first preliminary draft supplementary Budget for 1978 - that transfers be made under the 1979 Budget to increase the appropriations available for co-responsibility with the aim of bringing about the overall multi-annual balance which is needed in this field. It should be noted that the EAGGF Committee has already been advised of this intention.

2. Chapter 65 - Beef and veal

+ 120 m u.a.

This refund is justified by the stock assessment operation carried out in accordance with Article 8 of Regulation 1883/78, by an increase in exports and by the fact that since improvement on the domestic market has been more sluggish than expected, stocks at the end of the financial year are higher than forecast.

3. Chapter 67 - Eggs and poultrymeat

+ 5 m u.a.

The degree of self-sufficiency has increased in respect of poultrymeat, thus leading to higher exports than anticipated; hence the need for an extra 5 m u.a.

4. Chapter 73 - Other common organizations of the market

+ 15 m u.a.

The additional 15 m u.a. requested is to cover additional expenditure principally arising from the restructuring of the common organization of the market in dehydrated or dried fodder and from the new provisions concerning peas and field beans.

5. Chapter 74 - Refunds on certain goods obtained by processing agricultural products

+ 57 m u.a.

The additional 57 m u.a. is needed as a result of the growth in exports of processed products to non-member countries has been more rapid than predicted and the low world rates for sugar and milk products.

6. Chapter 46 - Expenditure resulting from the application of different exchange rates + 207 m u.a.

To this chapter are charged the differences between conversions of national currencies into agricultural units of account by means of the weighting factors specified in Regulation (EEC) No 724/78 and their conversion into European units of account at the rates on the 20th of each month. The chapter shows a large deficit basically because of the extension of the provisions allowing exporter Member States to pay monetary compensatory amounts on import into certain Member States with a depreciated currency. (Art. 2a of Regulation (EEC) No 974/71) although when the Budget was drawn up it was assumed that these would not be extended. The extension involves the transfer of amounts in the order of 250 m u.a. from Chapter 45 to Chapter 46.

Moreover, it should be noted that the weighting factors were adopted before the Council's decision of 12 May and were fixed on a lump-sum basis by Regulation (EEC) No 724/78.

Finally, there are slight differences in the distribution of expenditure in agricultural u.a. compared with what is in the Budget. In particular, the share of expenditure of those Member States with a dual rate coefficient higher than the average is much higher than expected.

An initial increase of 207 m u.a. is suggested while awaiting more details of the expenditure under each item.

C. Chapters where a saving is expected to be made

1. Chapter 60 - Cereals - 412 m u.a.

The main saving in this sector relates to refunds, storage items and durum wheat.

The reduction in refunds is due to the fact that world prices were more favourable than at the end of the previous summer and particularly to a poorer harvest in 1977-1978 than expected, although the estimate was itself very much lower than trends indicated.

The reduction in storage expenditure was also due to the poor harvest and to the Council's decisions of 12 May 1978 on compensatory allowances.

The saving in respect of durum wheat is due both to a reduction in the amount of land under the crop in 1977 which exceeded the figures used when drawing up the Budget and to the fact that payments for former growing seasons which had fallen below forecasts had caught up.

2. Chapter 61 - Rice - 14 m u.a.

The saving is due to a drop in quantities exported and to the refund rate.

3. Chapter 63 - Oils and fats - 40 m u.a.

This sector shows a slight excess in aids for the production of oilseeds (10 m u.a.) which is largely offset by the savings expected in olive oil where storage costs have increased but where production aid has not caught up the delay in payments as expected.

4. Chapter 66 - Pigmeat - 35 m u.a.

There has been a considerable saving in this sector because the quantities exported are lower than expected (as domestic consumption has increased) as too are the refunds. The appropriations can therefore be reduced initially by 35 m u.a.

5. Chapter 68 - Fruit and vegetables - 28 m u.a.

The expected saving is due to a decrease in production and thus to quantities withdrawn from the market, particularly apples and pears.

6. Chapter 69 - Wine - 150 m u.a.

The harvest was much poorer than expected from trends, which accounts for the savings on storage and particularly on distilling. Moreover, the operations planned for when drawing up the Budget by way of application of the reserve guarantees in long-term contracts proved not to be necessary.

7. Chapter 70 - Tobacco - 20 m u.a.

The saving expected in this sector (20 m u.a.) is a result both of lower production than expected and of marketing difficulties for certain oriental varieties which led to an increase in intervention but delays in the payment of premiums.

8. Chapter 45 - Monetary compensatory amounts - 130 m u.a.

The distribution of MCA in intracommunity trade has had to be reviewed following the extension of the arrangement whereby Member States are allowed to pay at special low rates (Art. 2(a) of Reg. 974/71). Although it has no effect on the EUA as a whole, this extension involves transferring amounts in the order of 250 m u.a. of Chapter 45 to Chapter 46.