

COMMISSION OF THE EUROPEAN COMMUNITIES

GENERAL BUDGET FOR 1981
SECTION III - COMMISSION

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TRANSFER OF APPROPRIATIONS No 9/81
(non-compulsory expenditure)

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FROM CHAPTER 101 - CONTINGENCY RESERVE

TO CHAPTER 26 - EXPENDITURE ON STUDIES, SURVEYS AND CONSULTATIONS

Article 262 - Comprehensive Community studies and general surveys

900 000 ECU

The Financial Controller approved this proposal on 5 May 1981 in accordance with Article 21(4) of the Financial Regulation and certified that appropriations are available.

GROUNDS

1. On 4 March the Commission submitted Transfer No 2/81 which involved, inter alia, a transfer of 1 million ECU from Chapter 101 to Article 262 to finance checks on steel production quotas.

By letter dated 10 April, Parliament's Secretary-General informed the President of the Council that the Committee on Budgets had not authorized the transfer although it would reconsider the matter when the Commission submitted a request revised in the light of the Committee's discussions.

The present request seeks to meet the Committee's requirements.

2. On 31 October the Commission issued Decision 2794/80/ECSC introducing a scheme of production quotas to help deal with the manifest crisis in the Community steel industry.

To help with the implementation of this Decision the Commission decided to secure the services of up to 100 production engineers seconded from steel firms and about 45 experts from auditing firms.

Checks have been made at steel firms since the very beginning of November; nearly 300 firms representing more than 90% of Community output are involved.

3. Checks are made on all products subject to the quota scheme, and two complementary techniques are applied. First, all the relevant firms are required to make a daily return by telex of their output of steel products covered by Decision 2794/80/ECSC; the daily returns are followed by weekly and monthly telex returns giving total output for the relevant period, with corrections if necessary.

These returns are then checked on the spot by inspections which, in the large firms at least, are proceeding constantly; in practice actual output is compared with the figures given in the returns.

The checks are made by inspection teams consisting of engineers and accountants; their function is to monitor the production process at the firm itself and compare their own findings with the firm's return.

The checks cover:

- total output of crude steel (ordinary and special);
- output of rolled products of the categories specified in the Decision;
- deliveries of rolled products in those categories.

The figures obtained from the telex returns and from the inspectors' own checks are fed into the computer in Luxembourg, where a special programme has been designed to calculate the quotas and check that output at each firm is within the limits. To be effective, these checks must be carried out frequently and by highly-qualified experts.

4. The total cost of the operation was estimated at 9 million ECU, of which 7 million would be borne by the 1981 budget. The accuracy of the estimate has been confirmed by actual costs in the first few months.

Expenditure on these checks, undertaken chiefly on the basis of Article 47 ECSC, is financed from Article 262 of the general budget (Community studies and surveys).

5. At the beginning of the year the Commission provisionally earmarked 1.2 million ECU from Article 262 for these checks.

6. On 24 April Parliament's Committee on Budgets gave a favourable opinion accompanied by a number of comments and suggestions on the provisional transfer (No 7/81) of 4.8 million ECU from Chapter 33 to Article 262 to finance these checks.

7. This leaves 1 million ECU outstanding. The Commission has however renegotiated some clauses relating to fees in the contracts and the resulting reduction in expenditure means that 900 000 ECU should suffice.

The Commission considers that the unexpected nature of this operation justifies a transfer of appropriations from Chapter 101 (Contingency reserve).

8. The Commission therefore requests the budgetary authority to approve a transfer of 900 000 ECU to Article 262 from appropriations entered in Chapter 101 of the 1981 budget.