

COMMISSION OF THE EUROPEAN COMMUNITIES

GENERAL BUDGET

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FINANCIAL YEAR 1979

Brussels, 15 October 1979.

SECTION III - COMMISSION

TRANSFER OF APPROPRIATIONS N° 27/79

(compulsory expenditure)

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TRANSFER OF APPROPRIATIONS No 27/79

(compulsory expenditure)

<u>From Chapter 100</u>	Provisional appropriations	245 373 000 EJA
<u>To Chapter 57</u>	Measures to reduce economic disparities in the Community in the context of the European Monetary System	
Article 570	Interest rate subsidies for Community loans to the less prosperous Member States participating in the European Monetary System	200 000 000 EJA
Article 571	Financial compensation for the United Kingdom	45 373 000 EJA

The Financial Controller endorsed this proposal, thereby vouching for the availability of the appropriations, on 2 October 1979.

JUSTIFICATION

At its meeting on 4 and 5 December 1978, the European Council decided to take steps under the European Monetary System to strengthen the economies of the less prosperous Member States participating therein. It is essential for infrastructure investment projects and programmes to be carried out in the less prosperous Member States in order to expedite the process of economic development on which closer convergence and integration of the economic policies of all the Member States hinges. Loans have already been granted by the EIB and under Council Decision 78/870/EEC of 16 October 1978 empowering the Commission to contract loans for the purpose of promoting investment within the Community primarily to finance structural investment projects which fulfil priority Community objectives, particularly in the energy and infrastructure sectors. The European Council, however, decided to make it easier for less prosperous Member States to obtain Community loans by granting interest subsidies on them financed by the General Budget of the European Communities. The Council consequently adopted Regulation EEC No 1736/79 on 3 August, acting on a proposal from the Commission, after receiving a favourable opinion from the European Council.

Under the terms of Regulation EEC No 1736/79 and Council Decision 79/691/EEC implementing the Regulation:

1. Subsidized loans will be granted to less prosperous Member States in the Community participating in the EMS;
 - (a) the amount of the loans to be subsidized may not exceed 5 000 million EUA for a period of five years, in annual instalments of 1 000 million EUA
 - (b) the interest subsidy rate will be 3% per year;
 - (c) the total amount to be entered in the Budget to cover the discounted value of these subsidies will be 1 000 million EUA, divided in annual instalments of 200 million EUA;
 - (d) the beneficiary countries will be Ireland and Italy.
2. Financial compensation will be granted to Member States which do not effectively and fully participate in the EMS mechanisms.

Financial compensation will be paid to the United Kingdom, which is not participating in the European Monetary System, by the Commission on a quarterly basis as and when the appropriations for interest subsidies are used.

Once Regulation EEC No 1736/79 and Council Decision 79/691/EEC had been adopted, the Commission forwarded to the EIB on 17 September a list of investment projects and programmes which it considered eligible for interest subsidies; this was done under the procedures laid down by the cooperation agreements concluded between the Commission and the Bank on 27 November 1978 relating to the Council Decision of 16 October 1978 setting up the new Community instrument and on 17 September with regard to interest subsidies for some of the loans granted under the European Monetary System. It is hence urgent that 2 million EUA be transferred to Article 570 which carries a token entry for interest subsidies and 45 373 000 EUA be transferred to Article 571 which also carries a token entry for financial compensation from Chapter 100 (provisional appropriations) under which they are at present entered.

STATEMENT OF APPROPRIATIONS IN CHAPTER 100

AT 1 OCTOBER 1979

	TOTAL APPROPRIATIONS FOR COMMITMENTS	TOTAL APPROPRIATIONS FOR PAYMENTS
1. Total allocation	439 206 000	351 774 200
2. Appropriations already transferred	94 791 000	42 971 200
3. Appropriations now in course of transfer	2 000 000	1 000 000
4. Appropriations still entered in Chapter 100	342 415 000	307 803 000