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REPORT

drawn up on behalf of the Committee on
Economic and Monetary Affairs

on the Commission's response to the Mandate
of 30 May 1980

Rapporteur: Mr W. HOPPER

1.2.1

English Edition

PE 77.336/fin.

EUROPEAN PARLIAMENT

C O R R I G E N D U M

to the English version

of the report drawn up on behalf of
the Committee on Economic and Monetary Affairs

on the Commission's response to the Mandate of 30 May 1980

Rapporteur: Mr W. HOPPER
(DOCUMENT 1-1/82)

1. The cover page should read "Interim Report".

2. Motion for a Resolution

Paragraph 5 should read as follows :

5. "Urges the European Council, therefore, to shoulder more responsibilities than
before and to reach an agreement on these lines at its meeting on March 29th,
1982 without fail;"

17.3.1982

PE 77.336/fin./corr.

At the meeting of the Committee on Economic and Monetary Affairs on 23-24 February 1982 it was decided to draw up an interim report on the Mandate of 30 May 1980 with Mr. Hopper as rapporteur.

The draft interim report was considered at the Committee's meeting on 23-24 February and on 5 March 1982, and adopted at the latter meeting by 13 votes in favour to 0 against with 1 abstention.

Participated in the vote: Mr Moreau, Chairman, Mr Macario, Vice-chairman, Mr Hopper, Rapporteur, Mr Beazley, Mr Bonaccini, Mr de Goede, Mr de Gucht, Mrs van Hemeldonck (replacing Mrs Desouches), Mrs Nikolaou (replacing Mr Papantoniou, Mr Peters (replacing Mr Mihr), Mr Poniridis (replacing Mr Ruffolo), Mr Rogalla (replacing Mr Walter), Mr Schinzel and Mr Welsh (replacing Mrs Forster).

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ANNEX

The Committee on Economic and Monetary Affairs hereby submits to the European Parliament the following motion for a resolution.

MOTION FOR A RESOLUTION

on the current status of the mandate of 30 May 1980

The European Parliament

- having regard to the forthcoming meeting of the European Council on 29 March 1982,
 - whereas it is essential to make it clear before the next meeting of the European Council that the Mandate of 30 May cannot be regarded as a technical budgetary exercise concerning the contributions of the Member States; whereas the Mandate must bring about a fundamental relaunching of the Community; whereas new initiatives are needed to develop or adapt the various Community policies, set priorities in this area and make provision for proposals to restructure the Community budget,
 - having regard in addition to certain of its previously adopted resolutions (OJ C 260 of 12.10.81, pp 48, 54 and 63 and OJ C 287 of 9.11.81, p.87),
 - having regard to the interim report of the Committee on Economic and Monetary Affairs (Doc. 1-1/82),
1. Underlines yet again the opportunity given by the Mandate exercise to evaluate afresh the objectives of the Community, and to improve the balance of its activities in order to provide a more equitable and dynamic framework for its future development which will help to promote and bring about the convergence of the economies of the Member States and to achieve the objective of maximum employment;
 2. Stresses the need to adopt specific measures in the context of enlargement to solve the problems facing the economies of the Mediterranean countries;
 3. Emphasizes that the mandate should be interpreted on the scale and along the lines defined by Parliament in its previous resolutions;¹
 4. Considers that the various proposals submitted by the Commission to the Council in implementation of the mandate constitute an acceptable basis for agreement, the main lines of which are not, moreover, at variance with the wishes of Parliament;
 5. Urges the European Council, therefore, to shoulder its responsibilities and to reach an agreement on these lines at its meeting on March 29th, 1982 without fail;

¹ see especially OJ C 172 of 13.7.81
 'the restructuring of economic and monetary policies in connection with the Council decision of 30 May 1980' - page 50
 'the future of the Community budget' - page 54

6. Notes that agreement at Council level is currently blocked on a number of specific issues, the regime for milk and dairy products, guidelines on the revision of the Common Agricultural Policy and the British budgetary contribution;
considers that the problems currently facing the Community are such that there can be no delay in adopting general guidelines in accordance with Parliament's proposals and on the basis of the documents drawn up by the Commission;
7. Further notes that these contentious issues, which together concern two out of the three main chapters of the mandate are being considered as part of one single 'package' along with the first chapter concerning the development of new, and reform of existing Community policies.
8. Believes that many of the elements in this first chapter relating to the development and reform of existing Community policies conform with the priorities strongly supported by Parliament on numerous occasions in the past, and should be considered on their own merits;
9. Emphasizes particularly, in this context, the need to decide in the meantime what is necessary in order to:
 - develop and support Community policy in sectors other than agriculture;
 - strengthen the internal market, particularly by removing existing technical barriers more rapidly and preventing as far as possible the creation of new ones;
 - move ahead with the formulation of adequate Community industrial strategies capable of improving Community competitiveness and employment prospects;
 - coordinate by means of economic and social policy measures to attain the priority objective of restoring full employment in the Community;
 - reach agreement on expanded and reformed regional and social policies taking into account the problems of adjustment facing the new Member States and structural policies designed to bring about a greater degree of convergence of the economies of the Community;
 - agree on an adequate Community energy policy;
 - support a wide-ranging policy of productive investment including a substantial increase in the Community's borrowing and lending activities, with greater use being made of the New Community Instrument, and more effective utilization of these facilities, notably for the benefit of SMU, combined with an interest rate subsidization policy for certain regions or specific major projects requiring large-scale investment;

- seek to define more precisely and fully and secure the adoption of a coordinated monetary policy, and make further progress towards economic and monetary union, in particular by developing and extending the use of the ECU as a step towards the completion of the EMS, bearing in mind that this objective will be easier to attain once all the Member States join the EMS and that it is therefore necessary to encourage the entry of the United Kingdom and Greece to this system;
10. Whilst underlining again that the Mandate consists of three chapters which intimately depend one upon the other, urges that, in the absence of overall agreement at the next European Council meeting, the Commission should make proposals on those items in chapter one on which substantial agreement seems already to have been reached at European Council level, but emphasizes that such proposals would in no way compromise the future completion of the Mandate exercise as a whole;
 11. Considers that it would be unacceptable to settle the question of the UK budget contribution on a temporary basis; if the budget is not restructured and developed more radically to the extent required by the revision of Community policies, a similar situation will probably occur again either in the case of the United Kingdom or of other present or future Member States;
 12. Urges, therefore, yet again, the Commission and Council to consider a new financial mechanism, based essentially on the economic strength and per capita GNP of each Member State, of the kind proposed on several occasions by the Parliament, and the merits of which have still not received an adequate examination from the Commission or Council;
 13. Insists that own resources are indeed own resources of the Community budget and that the only national involvement is in their own collection on an agency basis.
In arriving at a more general financial mechanism, as described in paragraph 12, the main consideration should therefore be the incidence on the taxpayer wherever he may be situated in the EEC, and the cost-effectiveness of Community spending in relation to agreed Community objectives, not national ones;

14. Points out, moreover, that all the benefits and costs of the Community cannot be measured by budgetary items only, and that many non-budgetary aspects of the Community (e.g. the internal market) are of great significance;
15. Regrets, finally, that the Commission did not provide an adequate response to the oral question (1-969/81) on the subject of the mandate, tabled at its part session of February 1982, particularly with regard to budgetary issues and to the implications of enlargement;
16. Instructs its President to forward this resolution to the Council and Commission.

EXPLANATORY STATEMENTINTRODUCTION

1. At its meeting on 23-24 February 1982 the Committee on Economic and Monetary Affairs discussed the ways in which it would continue its examination of the general and specific issues posed by the mandate of 30 May. It was decided that a short interim report would be prepared, aimed at putting pressure on the European Council before their next meeting on March 29, 1982, and concentrating on one or two key issues of a general nature. A final report, embodying Parliament's comments on the specific papers prepared by the Commission within the mandate framework, would be adopted later.
2. The mandate exercise is extremely wide-reaching and complex. Parliament's responsible committee has had to consider the original paper prepared by the Commission, the 12 papers later prepared on specific policies referred to above, as well as a number of subsequent developments of key importance on which Parliament has not been consulted. The explanatory statement below seeks, therefore, to summarise the developments to date, and to outline the major points of principle which need to be reiterated by Parliament before the European Council meeting at the end of March.

BACKGROUND

3. On 30 May 1980 the Commission was conferred with a Mandate by the Council to examine the development of Community policies with a view to making structural changes. The examination would have to take into account the situations and interests of all member states with a view to preventing the recurrence of unacceptable situations for any of them. It could not, however, call into question the main financial responsibility for those policies which are financed from the Community's own resources, nor the basic principles of the Common Agricultural Policy.

There was also a second, understandably, less emphasized set of instructions by the Council to the Commission which stated that "if this is not achieved the Commission will make proposals along the lines of the 1980-1981 solution and the Council will act accordingly". (1)

4. As has been pointed out since the outset the Commission's mandate was of a highly restrictive nature allowing little room for manoeuvre in practice. The Commission correctly interpreted the mandate in its broadest sense of providing an opportunity to give a new impetus to the Community through the consolidation and improvement of existing policies, and the development of new policies. The mandate document (2) adopted by the Commission on June 24th 1981 provided this broad blue print but was conceived in exceptionally general terms, although a few specific ideas were sketched in, particularly one concerning ways of mitigating the United Kingdom's budgetary contribution.
5. An interim report on this document (3) was adopted by the Committee on Economic and Monetary Affairs, and was discussed but not voted upon at the plenary session of Parliament in November 1981. It endorsed the view that the mandate exercise represented a valuable opportunity to examine again the objectives of the Community and to alter the balance of its activities, and again pointed out that the mandate should not be seen as just concerning one member state, nor interpreted as supporting the narrow concept of "juste retour". It further pointed out, however, that this original mandate document lacked both structure and a clear sense of direction, and that while drawing attention to certain valuable criteria relating to the revival and restructuring of the common policies, was excessively general and lacked the necessary practical proposals for an overall assessment to be made of it.
6. At around the same time the Commission issued a number of specific documents which it described as being related to the mandate exercise. In most cases they were transmitted to the Parliament for information only. In its note of 26th October 1981 entitled

(1) Footnote to paragraph 1 of the Commission's report pursuant to the Mandate of 30 May 1980, bulletin of the European Communities, supplement 1/81.

(2) OP. CIT.

(3) Doc. 1-682/81

"A fresh impetus for the Community: the Commission's latest work on the mandate of 30 May 1980" the Commission described 11 documents as being related to the mandate exercise. A further paper was transmitted later. A full list of these papers is contained in the Annex.

Not all of these papers however, are of a specific nature, and some are indeed very general in tone. Parliament will be commenting on all these proposals in its final report on the mandate.

7. The mandate exercise therefore has developed into three main elements;
- Common policies other than agriculture
 - Agricultural policy
 - Budgetary policy

It has been agreed at Council level that an overall package should be sought and that agreement on all three elements should proceed in parallel.

8. The state of Council discussions up to the end of the British presidency was that considerable progress was made on the first of the three chapters, but less on the other two. Four outstanding problems remained, the guidelines for milk and dairy products, the nature for a future regime for Mediterranean products, guidelines on the cost of the Common Agricultural Policy, and the nature of any compensation to the United Kingdom for the imbalance between its payments into the Community budget and its receipts. The Commission was instructed to put forward new compromise proposals on the most contentious points by early January. Parliament has not been consulted on these proposals. At the meeting of Foreign Ministers on 18th January 1982 progress was made on the subject of Mediterranean products but less on the other three issues.

A week later on 25th January 1982 came a much publicised failure to agree on the part of the Foreign Ministers, in conjunction primarily with the "British budgetary problem". The disagreement centred on the length of compensation, the question of "degressivity" (whether there should be a declining compensation over the period of the settlement, and under what conditions), and finally on the distribution of the resultant budgetary burden on the other Member States. Furthermore there was no agreement on a more limited provisional regime, so that even the more limited task conferred on the Commission on 30 May 1980 has yet to be fulfilled.

9. The current situation is thus one of high uncertainty. The general aspects of the mandate exercise have become intertwined with the need to provide a budgetary solution for the United Kingdom, as well as with the annual round of agricultural price fixing. The working groups on specific aspects of the mandate are thus meeting informally or not at all. Stalemate has been reached.
10. In addition as more informal negotiating techniques have been used the whole mandate exercise has become less and less transparent, and Parliament has been increasingly inhibited from making its proper contribution to the debate. It has not even been formally notified of the state of progress of discussions on some of those specific items on which at least some degree of tentative agreement has apparently been reached. It is no substitute to inform the Parliament that it is all common knowledge and has been all revealed in the newspapers!
11. At the plenary session in February 1982 an oral question with debate (1) was tabled on a number of topical aspects of the mandate exercise. On a number of points in particular, such as the call for a thorough response from the Commission to the repeated suggestions of Parliament for the establishment of a more general financial mechanism, the request for information on the current status of the budgetary proposal made by the Commission in its mandate document of June 1981, and the request on how the implications of Community enlargement were being taken account of in the mandate discussions, no really convincing replies were given by the Commission.

(1) Doc. 1-969/81

CONCLUSIONS

12. The accompanying motion underlines the central need for the European Council to shoulder its responsibilities and reach agreement at its meeting on 29 March 1982, and to reach it on the wide-ranging lines proposed initially by the Commission, and strongly supported by the Parliament.
13. Agreement on all three chapters of the mandate "package" would clearly be the best outcome. Nevertheless it is to be regretted that recent discussions have already moved in an unpromising direction in that they have concentrated on achieving yet another temporary solution for the United Kingdom's budgetary problem. The motion points out that this could merely ensure that a similar situation might recur again in the future, for the United Kingdom, or indeed for other existing or future member states. Establishment of a more general financial mechanism would thus be greatly preferable.
14. Nevertheless the possibility of a failure to reach agreement must also be faced up to, particularly in view of the fact that the necessary political will to interpret the mandate in these broad terms is not presently being demonstrated. In this case the motion points out that the continued existence of a "mandate package" could be a positive disadvantage, and could actually impede progress on a number of important initiatives on which a certain measure of agreement at Council level has tentatively been reached, and which deserve to be considered in their own right. These are contained in that chapter of the mandate concerned with the development of Community policies other than agriculture, and the motion suggests that the Commission propose separation of this chapter from the other two chapters in the event of a failure to agree. These specific initiatives which should be taken as soon as possible are briefly cited in the motion, but will be explored in more detail in Parliament's final report on the mandate.

LIST OF MANDATE-RELATED PAPERS

Under the heading: Development of Community policies

- General economic policy: the fifth medium-term economic policy programme (COM(81) 344 fin)
- The strengthening of the internal market (COM(81) 572 fin)
- A Community strategy to develop Europe's industry (COM(81) 639 fin/2)
- The development of an energy strategy for the Community (COM(81) 540 fin)
- A policy for industrial innovation - strategic lines of a Community approach (COM(81) 620 fin)
- Scientific and technical research and the European Community
 - proposals for the 1980s (COM(81) 574 fin)
- Job creation: Priorities for Community action (COM(81) 638 fin)
- New regional policy guidelines and priorities (COM(81) 152 fin)
- A regional policy based on a recast Regional Fund (COM(81) 589 fin)

Under the heading; Common Agricultural Policy

- Guidelines for European Agriculture (COM(81) 608 fin)
- Mediterranean Programmes - lines of action (COM(81) 637 fin)

Under the heading Budget there are no specific new proposals but a report has been issued:

- Report on the application of the financial mechanism (COM(81) 704 fin)