
EUROPEAN PARLIAMENT

Working Documents

1982-1983

14 April 1982

DOCUMENT 1-103/82

REPORT

drawn up on behalf of the Committee on
Budgetary Control

on the borrowing and lending activities of
the Commission of the European Communities
(COM(81) 222,223, 224 and COM(81) 649)

Rapporteur : Mr P.-B. COUSTE

1.2.1

On 16 March 1982 the Committee on Budgetary Control instructed Mr Cousté to draw up a report on the borrowing and lending activities of the Commission of the European Communities.

At its meeting of 31 March 1982 the Committee on Budgetary Control adopted the motion for a resolution and the explanatory statement by 14 votes in favour and one abstention.

Present at the vote: Mr Aigner, chairman; Mr Cluskey, 1st vice-chairman; Mrs Boserup, 2nd vice-chairman; Mr Price, 3rd vice-chairman; Mr Cousté, rapporteur; Mr Arndt (deputizing for Mr Orlandi), Mr Früh, Mr Gabert, Mr Georgiadis (deputizing for Mr Wettig), Mr Gontikas, Mr Irmer, Mr Edward Kellett-Bowman, Mr Key, Mr Marck, Mr Mart, Mr Notenboom, Mr Saby and Mr Konrad Schön.

The adoption of the report comprises a request for authorization.

C O N T E N T S

Page

A. MOTION FOR A RESOLUTION	5
B. EXPLANATORY STATEMENT	7

The Committee on Budgetary Control hereby submits to the European Parliament the following motion for a resolution, together with explanatory statement:

MOTION FOR A RESOLUTION

on the borrowing and lending activities of the European Communities

The European Parliament,

- having regard to the annual report of the Court of Auditors for the financial year 1980, in particular chapter 13 thereof concerning loans and borrowings,¹
 - having regard to the revenue and expenditure account and the balance sheet for the financial year 1980,
 - having regard to the Council's recommendation concerning the discharge for 1980, in particular the comments relating to chapter 13,
 - having regard to the report by the Commission on borrowing and lending activities in the financial year 1980, (COM(81) 419/final)
 - having regard to the report of the Committee on Budgetary Control (Doc. 1-103/82)
1. Emphasizes after hearing the views of the Commission that, although still not fully budgetized, borrowing and lending activities are covered by the powers of discharge provided for in Article 206(b) of the EEC Treaty and are therefore subject to control by the budgetary authority and the Court of Auditors;
 2. Would wish to have at its disposal information enabling it to assess the proper conduct, sound management and advisability of the Commission's borrowing and lending activities;
 3. Requests that documents submitted to it in connection with the exercise of its rights of budgetary control should contain the fullest possible information such as to enable it to perform its tasks;

¹OJ No. C 344, 31.12.1981

4. Stresses the need to ensure that there is no delegation of powers by the Commission to the EIB such as would hinder the exercise by the European Parliament of political control over the functioning of the Community's financial instruments;
5. Would like the Commission's annual report on borrowing and lending activities to provide more information on the manner in which the projects selected comply with the criteria for eligibility;
6. Points out that in its resolution of 10.4.1981¹ on the Commission proposal concerning the refinancing of the NCI² which provides that the management of that instrument should be entrusted to the EIB, the European Parliament requested that in its relations with the Bank the Commission should insist on retaining responsibility for defining investment policy; requests that the cooperation agreement to be concluded for NCI 2 should be communicated beforehand to Parliament.
7. Instructs its President to forward this resolution to the Commission and to the Council of the European Communities

¹OJ No C 101, 10.4.1981

²COM(80) 670 final

EXPLANATORY STATEMENT

1. In the context of the discharge procedure for the financial year 1980 the Committee on Budgetary Control adopted a working document (PE 77.669) which contained a number of comments on the Commission's borrowing and lending activities during the year in question. In particular it pointed out that the failure to enter these activities in the budget led to 'a weakening of Parliament's powers to determine the general guidelines to be followed' and 'virtually insoluble control problems in the discharge procedure'. The Committee on Budgetary Control also criticized the Commission report for the financial year 1980¹ and the revenue and expenditure account², pointing out that, although the information contained in these documents was of undoubted interest, Parliament did not have 'sufficient data for the exercise of parliamentary control under the discharge procedure'.

2. While reasserting Parliament's powers of discharge in respect of the borrowing and lending activities, your rapporteur must point out that the Commission does not provide the vital information needed to exercise these powers. The 1980 Commission report is inadequate, particularly as regards those instruments whose management is entrusted to the EIB and which are the subject of cooperation agreements between the two institutions (which are notified to Parliament), and of agreements on implementing provisions which are not notified to the Assembly.

In general these agreements provide for the Commission to decide on the eligibility of a specific project for a loan and for the Bank to take the decisions concerning enquiries into the projects, the granting of loans and the terms and administration of the loans.

The Commission report indicates neither the criteria used to select the projects nor how the decisions on eligibility were taken. It thus fails to provide an overall picture of the policies pursued by the Commission through its financial activities, which suggests that the fundamental financial policy decisions are in fact delegated to the EIB.

This clearly makes it much more difficult for Parliament to exercise

¹COM(81) 419 final

²COM(81) 224

its powers of control. On the one hand, virtually all the EIB's transactions are still exempt from parliamentary control and, on the other hand, the division of powers between the Commission and the EIB itself complicates the exercise of this control.

The Court of Auditors provides an example of this in its report for 1980. It states (point 13.U) that the Commission's accounts show that total NCI loans granted in 1980 amounted to 294.5 m EUA, while the figure given in the accounts of the EIB, which manages these loans, is 197.6 m EUA.

The Commission explains in its replies that this disparity is due to the different accounting methods used by the two institutions. However, the magnitude of the disparity reveals the confusion created by this division of responsibility and by the resulting provision of contradictory information.

3. Finally, it should be pointed out that in its resolution of 10 April 1981 on the financing of the NCI, Parliament criticized this division of responsibility and requested the Commission to reassert its responsibility for determining investment policy. The Commission must be reminded of this request, with a view in particular to the new cooperation agreement to be concluded with the EIB for the management of the NCI 2.