

EUROPEAN PARLIAMENT

# Working Documents

1981-1982

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DOCUMENT 1-552/81

## Report

drawn up on behalf of the Committee on Budgets

**on the proposal from the Commission of the European Communities to the Council (Doc. 1-423/81) for a Regulation/compensating Greece for its contribution to the cost of the financial mechanism and the supplementary measures for the United Kingdom**

**Rapporteur: Mr Pieter DANKERT**

1.25



By letter of 20 July 1981 the Council of the European Communities requested the European Parliament to deliver an opinion on the proposal from the Commission of the European Communities to the Council for a Regulation compensating Greece for its contribution to the cost of the financial mechanism and the supplementary measures for the United Kingdom.

The President of the European Parliament referred this proposal to the Committee on Budgets on 14 September 1981

On 24 September 1981 the Committee on Budgets confirmed Mr Dankert as rapporteur.

It considered the draft report at its meeting of 24 September 1981 and adopted the motion for a resolution by 12 votes to 4 with one abstention.

Present: Mr Lange, chairman; Mr Notenboom, vice-chairman; Mr Dankert, rapporteur; Mr Adonnino, Mr Balfe, Mr Balfour, Mr Bonde, Mr Gouthier, Mr Georgiadis, Mr Howell, Mr R. Jackson, Mr Kellett-Bowman, Mr Langes, Mr Lega, Mr Ligios (deputizing for Mr Ryan), Mr Nord, Mr Orlandi, Mr Pfennig and Mrs Vayssade.

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

MOTION FOR A RESOLUTION

embodying the opinion of the European Parliament on a proposal from the Commission of the European Communities to the Council for a regulation compensating Greece for its contribution to the cost of the financial mechanism and the supplementary measures for the United Kingdom

The European Parliament,

- having regard to the proposal from the Commission to the Council,<sup>1</sup>
  - having regard to its Resolution of 16 September 1981,<sup>2</sup>
  - having regard to the proposal from the Council (Doc. 1-423/81 ),
  - having regard to the report of the Committee on Budgets (Doc. 1-552/81 ),
- a. Whereas the agreement reached by the Council on 29/30 May 1980 that payments be made to the United Kingdom to reduce its net contribution to the 1980 and 1981 budgets requires expenditure outlay in 1981 and subsequent years,
  - b. Whereas Greece, which was not a member of the Community in 1980, should not contribute to the cost of any measures undertaken in 1980,
  - c. Whereas Greece is now a full member of the Community and should play a full part in Community policies,
  - d. Whereas Greece will receive a refund of a proportion of its contributions to own resources in the years 1981 to 1985 inclusive under Article 127 of its Act of Accession,

<sup>1</sup> OJ No. C 208, 18.8.1981, p. 4

<sup>2</sup> OJ

1. Takes note of the Commission's proposals;
2. Points out that the 1981 budget makes provision for an Article 491 'Compensatory repayments to Greece' and that Chapter 100 contains an appropriation for this budgetary line;
3. Therefore does not consider it necessary for a specific legal basis to be provided for the repayments in 1981 additional to that already included in Article 127 of the Act of Accession of Greece of 28 May 1979, as the budget itself could provide such a basis;
4. Considers that the Commission has not justified the case for extending the compensatory repayments to Greece beyond 1981, save where these relate to supplementary measures undertaken in 1980;
5. Requests, in consequence, the Commission to withdraw this proposal;
6. Urges the Commission yet again, to bring forward proposals for a system of financial equalization as called for in its resolution on 'Convergence and Budgetary Questions' of 15 November 1979.<sup>1</sup>

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<sup>1</sup> OJ C309 of 10.12.1979

EXPLANATORY STATEMENT

1. The Committee on Budgets has been asked to report on a proposal for a Council Regulation compensating Greece for its contribution to the cost of the financial mechanism and the supplementary measures for the United Kingdom.
2. Regulations EEC 2743/80 and 2744/80 implement the conclusions reached at the meeting of the Council on 29 and 30 May 1980. The former amends Regulation EEC 1172/76 establishing a financial mechanism, and the second institutes supplementary measures in favour of the United Kingdom. Under the budget financing arrangements any change in expenditure entails a change in the financial contributions due from Greece. A proportion of these is already refunded under Article 127 of the Act of Accession (budgetary chapter 86).<sup>1</sup>
3. To refund contributions not covered by the Act of Accession, the Council adopted Regulation EEC No. 284/81 on 20 January of this year. This compensated Greece for additional contributions to measures in favour of Britain in 1980. Since appropriations are entered in the budget for the financial year following the year to which they refer, the financial consequences of Regulation 284/81 totalled 6.9 mECUs entered in Chapter 100 of the 1981 budget.
4. The present proposal, COM (81) 355, extends the refund system to cover 1981. It does so by repealing Regulation 284/81 and providing for supplementary appropriations in subsequent financial years, without time-limit, following the definitive calculation of the United Kingdom net contribution for 1980 and 1981. Regulation 2744/80 establishing the supplementary measures, applies only to 1980 and 1981 so adjustments in years subsequent to 1982 should only result from the divergence between the estimated and definitive United Kingdom contribution to the budget in 1980 and 1981. Clearly this can only be determined some time after the end of the financial year but the absence of any time-limit in the legislation may allow the Commission too much latitude in the timing of the refunds.

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<sup>1</sup> 1981 - Chapter 49

### 1982 preliminary draft budget

5. Provision was made in the preliminary draft 1982 budget for 13.647 mECUs (Article 861) as compensation for Greece for its contribution to the cost of the supplementary measures undertaken in favour of the United Kingdom. The method of calculation is explained in the text of the budget, Vol. 7B, p. 932/3. The estimated expenditure in favour of the United Kingdom for 1981 resulting from the supplementary measures entered in Article 530 of the preliminary draft 1982 budget was 1,657.9 mECUs of which Greece's share was 27.293392 mECUs. Half of this was refunded under Article 860 (legal basis: Article 127 of the Act of Accession of Greece) and the other half was entered in Article 861.

### Changes made in the draft 1982 budget established by the Council

6. The Council reduced the appropriations entered in Article 530 for supplementary measures in favour of the United Kingdom by 3.3 mECUs. This would entail a minor adjustment to Article 861.

In fact the figure of 13.647 mECUs entered in Article 861 has been removed and replaced by a token entry.

7. In its opinion on Regulation EEC 284/81 (based on the Dankert report drawn up on behalf of the Committee on Budgets, Doc. 1-703/80), the European Parliament pointed out that the 1981 draft budget made provision for a new Article 491, 'Compensatory repayments to Greece', and that the letter of amendment no. 2 to the draft budget entered appropriations for the new budgetary line. It therefore did not consider it necessary for a specific legal basis to be provided for the repayments additional to those already included in Article 127 of the Act of Accession of 28 May 1979, as the budget itself could provide such a basis. It therefore requested the Commission to withdraw its proposal; the Commission did not accede to this request.

8. The present Regulation is clearly susceptible to the same objections from the Committee on Budgets. The appropriate amounts to compensate Greece were entered in the preliminary draft 1982 budget and, if the appropriation had been left there, no additional legal basis should have been required.

Compensation in subsequent years could equally be included in Article 861 and thus the expenditure could be authorized annually through the normal budgetary procedure. The fact that the Council has removed the Commission's figure from the 1982 preliminary draft budget, replacing it with a token entry, may be designed to anticipate this argument from Parliament and to confirm its position not to vote money for matters on which the Council has not yet taken a decision.

9. (i) Regulation 284/81 did not take account of repayments to Greece in respect of 1981 and subsequent years as the Commission did not want to prejudge the question of whether Greece should be refunded. The payments in the 1981 budget relate to the supplementary measures applied in 1980, before Greece became a member of the EEC. There was general agreement that it would be unfair for Greece to bear a part of this additional expenditure bearing in mind also that she was not represented at the Council meeting of 30 May 1980.

(ii) But payments in the 1982 budget will relate to measures taken in 1981 during which Greece has been a full member of the Community. The argument that it should bear no part of the cost of the supplementary measures is thus weaker; the fact that it was not present at the meeting of 30 May 1980 is hardly conclusive on its own. On joining the EEC, Greece has accepted the 'acquis communautaire'.

The reference to 'the other eight Member States' in paragraph 4 of the Council conclusions of 30 May 1980 on the United Kingdom contribution to the financing of the Community budget (OJ C 158/1 of 27.6.80) was intended to ensure that the United Kingdom itself did not bear part of the cost of the supplementary measures taken in its favour; it was not intended to exclude countries who subsequently become members of the Community. If Parliament allows such an interpretation to be placed upon these words, it could be regarded as approving the creation of a separate category of Community membership.

In principle, there is no reason why Greece should be exempted from making a contribution to this part of Community expenditure. It should be recalled that Greece already receives a 50% refund in respect of its contributions to all EEC programmes in 1982, under the terms of Article 127 of its Act of Accession.

Reductions in the amounts spent on the United Kingdom supplementary measures can also be anticipated in view of the budgetary consequences of the decrease in the amount of EAGGF spending which has occurred in 1981.

10. Whatever the outcome on this matter of principle, the Commission would argue some amendment is required to Regulation 284/81 to take account of the fact the final amount of the United Kingdom contribution for 1980 will not be definitively known until 1982, so that some repayments would have to be made in the 1983 or even the 1984 budget. But the Commission should have made clear in its proposal that an issue of principle existed, instead of presenting the matter as merely a technical one. In fact, if the Commission accepted Parliament's view that the budget provides adequate authority for these payments, no further amendment would be required.