

EUROPEAN PARLIAMENT

Working Documents

1981 - 1982

30 October 1981

DOCUMENT 1-660/81

REPORT

drawn up on behalf of the Committee on Budgets

on the draft general budget of the European
Communities for the financial year 1982 Section III -
Commission - (Doc. 1-550/81)

Rapporteur: Mr A. SPINELLI

On 19 March 1981, the Committee on Budgets appointed Mr SPINELLI rapporteur on the draft general budget of the European Communities for the financial year 1982, Section III 'Commission'.

On 26 May 1981, the Member of the Commission responsible for budgetary matters presented the preliminary draft budget to the Committee on Budgets.

On 15 July 1981, the preliminary draft budget was presented in plenary sitting.

On 22 July, a delegation from the European Parliament met the Council.

The draft general budget of the European Communities for 1982, established by the Council on 27 July, and forwarded to Parliament on 7 September 1981, was presented in plenary sitting on 15 September.

The European Parliament referred this draft to the Committee on Budgets as the committee responsible and to the appropriate committees for their opinions.

On 2 October, the Commission adopted a letter of amendment to the preliminary draft budget, together with an addendum dated 15 October.

On 19 October, the Council established a letter of amendment to the draft budget.

At its meetings of 23 September, 30 September and 19-21 October 1981, the Committee on Budgets considered the draft budget in the presence of the Council and the Commission. At the last of these meetings it considered and adopted the draft amendments and proposed modifications; an exchange of views was also held on the motion for a resolution.

At its meeting of 28 October 1981, the Committee on Budgets considered and adopted by 17 votes to 1 with 2 abstentions the motion for a resolution by Mr SPINELLI.

Present: Mr LANGE, chairman and acting rapporteur, Mr NOTENBOOM, vice-chairman; Mr ADAM (deputizing for Mr DANKERT), Mr ADONNINO, Mr ANSQUER, Mr ARNDT, Mr BAILLOT, Mr BALFE, Mr BALFOUR, Mr FANTON (deputizing for Mr FLANAGAN), Mr FICH, Mr GOUTHIER, Mr HABSBERG (deputizing for Mr RYAN), Mr HELMS (deputizing for Mr LEGA), Mr HOWELL, Mr LANGES, Mr NORD, Mr PFENNIG, Mr PRICE, Mr SABY, Mr Konrad SCHON, Mrs SCRIVENER, Mr SIMONNET, Mr SIMPSON (deputizing for Mr Robert JACKSON).

The opinions delivered by the various committees are published as an annex to this report.

C O N T E N T S

	<u>Page</u>
A. MOTION FOR A RESOLUTION	5
B. EXPLANATORY STATEMENT	10
I. Analysis of the preliminary draft budget	10
II. Analysis of the draft budget	12
III. Parliament's guidelines for the 1982 budget	16
IV. Parliament's 'margin for manoeuvre'.....	17
V. Political assessment	19
C. DELIBERATIONS OF THE COMMITTEE ON BUDGETS ON THE DRAFT AMENDMENTS AND PROPOSED MODIFICATIONS	

ANNEX I (will be published separately)

Working documents

Budgetary procedure 1982 (PE 74.379/rev.)

Budgetary procedure (terms of reference) (PE 75.046)

Classification CE/NCE (PE 75.022)

ANNEX II (will be published separately)

Opinions of the committees

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

MOTION FOR A RESOLUTION

on the draft general budget of the European Communities for the financial year 1982 (Section III - Commission)

The European Parliament,

- having regard to its own guidelines for the 1982 budget (Doc. 1-936/80),
 - having regard to the preliminary draft budget drawn up by the Commission (Doc. COM(81) 180),
 - having regard to the report of the Commission on the mandate of 30 May 1980 (Doc. COM(81) 300),
 - having regard to the draft budget established by the Council (Doc. 1-550/81),
 - having regard to the resolution adopted by it at the end of the debate on the presentation of the draft budget (Doc. 1-466/81)
 - having regard to the letter of amendment to the Commission's preliminary draft budget
(Doc. COM(81) 557),
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 - having regard to the report of the Committee on Budgets (Doc. 1-660/81),
- (a) recognizing that the Community budget cannot in any way be considered a book-keeping exercise for decisions already taken or about to be taken, but that it expresses in terms of revenue, expenditure and commitments, policies which the Community must pursue or launch during the financial year in question;
 - (b) recalling that Parliament, Council and Commission have repeatedly affirmed that in the present international crisis the Community cannot be content with its present policies, but must develop them further and create new ones to safeguard the future of its citizens and help reduce the imbalances between industrialized countries and developing countries;
 - (c) recalling that since direct elections Parliament has clearly defined the basic principles of the essential common policies to be pursued in the following sectors:

- possible improvements to the common agricultural policy (OJ C 172/32, 13.7.81) and the proposals from the Commission of the European Communities to the Council on policy with regard to agricultural structures (OJ C 85/57, 8.4.1980)¹
- the restructuring of economic and monetary policies in connection with the Council decision of 30 May (OJ C 172/50, 13.7.1981)²
- the European Community's contribution to the campaign to eliminate hunger in the world (OJ C 265/37, 13.10.1980³ and Doc. 1-375/81)
- report on the draft general budget of the European Communities for 1980 (OJ C 302/40 of 3.12.79)
- and the future of the Community budget (OJ C 172/54, 13.7.1981)⁴
- the European Monetary System (EMS) as an aspect of the International Monetary System (OJ C 117/56, 12.5.1980)⁵
- convergence and budgetary questions (OJ C 309/34, 10.12.1979), the regional development programmes (OJ C 265/71, 13.10.1980) and the Community's own resources, Chapter VI 'redistribution through budgetary measures' (OJ C 101/79, 4.5.1981)⁶
- the European Parliament's guidelines for the financial and budgetary policy of the European Communities for 1982 (OJ C 77/54, 6.4.1981) and the Community's own resources Chapter VIII 'the decision-making machinery' (OJ C 101/79, 4.5.1981)⁷
- the Community's own resources (OJ C 101/75, 4.5.1981)⁸
- the energy objectives of the Community for 1990 and convergence of policies of the Member States on nuclear energy and energy policy (OJ C 59/41, 10.3.1980)⁹

1 Doc. 1-250/81 and Doc. 1-824/79 and annex

2 Doc. 1-256/81

3 Doc. 1-341/80 and annexes

4 Doc. 1-458/79 and Doc. 1-264/81/corr.

5 Doc. 1-632/80

6 Doc. 1-512/79, Doc. 1-347/80 and Doc. 1-772/80

7 Doc. 1-936/80 and Doc. 1-772/80

8 Doc. 1-772/80

9 Doc. 1-704/79

1. Has informed the Council that, in the event of continuing disagreement between the Institutions on the list of compulsory expenditure, only expenditure so classified by the three Institutions authorized to do so (namely Parliament, the Council and Commission) will be treated as compulsory;
2. Budgetizes the borrowing and lending operations in accordance with the procedures adopted in the 1977 budget, so as to bring these operations under the control of the budgetary authority - pending amendment of the Financial Regulation to allow greater budgetary transparency;
- 3.
4. Having thus amended and modified the draft budget, is nevertheless obliged to point out that it has effected a number of corrections to a draft which Parliament had already defined as a factor contributing to the stagnation of the Community;
5. Recognizes that future budgets cannot be worthy of the Community and of its responsibilities until the Community is endowed with the policies requested by Parliament and until changes have been made in the relevant regulations following the mandate of 30 May;
6. Is of the opinion that it is the political responsibility of the Council to facilitate the adoption by Parliament of the 1982 budget by ensuring that this budget contains indications of the future development of the Community;
7. Notes, however, that the political action of the Council which, despite all the difficulties, should be rapid and efficient, is complicated by the fact that the Commission is not making vigorous use, in close cooperation with Parliament, of its power of initiative by submitting proposals for the necessary decisions;
8. Regrets that the Commission has not satisfied the request made clearly and repeatedly by Parliament that it should submit the preliminary draft budget for 1982 and its reply to the mandate of 30 May simultaneously;
9. Expects the Commission, following the forthcoming debate on the implementation of the mandate, to give a formal undertaking to submit, with a precise and early timetable, proposals for decisions in respect of the restructuring of the budget.

B.

EXPLANATORY STATEMENT

I. ANALYSIS OF THE PRELIMINARY DRAFT BUDGET

1. On 18 June 1981, the Commission forwarded the preliminary draft budget for 1982 simultaneously to the Council and the Parliament.

On 23 September 1981, the Commission adopted letter of amendment No. 1 to its preliminary draft.

2. In drawing up this preliminary draft, the Commission sought in particular 'to enable the Community to respond as effectively as possible to the demands placed upon it by the continuing economic recession', to the extent permitted by the funds available within the VAT ceiling.

3. It therefore had to keep in mind two major requirements:
- to keep public expenditure at all levels of government in check,
- to select public expenditure in such a way as to utilize the available financial resources more rationally and in accordance with the most urgent priorities.

4. The Commission therefore opted to continue to develop the Community's structural policies, whilst at the same time stepping up Community expenditure in certain specific sectors, such as research, innovation, industry and telematics. It also decided to make a concentrated effort in the Social Fund sector so as to make a contribution to the fight against unemployment. In adopting this policy the Commission realized that some areas, for example cooperation, would have to stand still or even, in real terms, suffer a setback.

5. Overall, these intentions are reflected in the Community budget by an increase of 15.65% in commitment appropriations and of 16.95% in payment appropriations by comparison with 1981. The likely average inflation rate for 1982 (of the order of 11%) must obviously be borne in mind when these percentages are considered.

As regards non-compulsory expenditure¹, the increases proposed over 1981 amount to 23.9% in commitments and 31.4% in payments. In other words, the Commission went well beyond the 'statistical' ceiling of 14.5%.

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¹According to the Commission's classification

6. The table in paragraph 22 gives an overall picture of the major areas of expenditure provided for in the preliminary draft and draft budgets.

A detailed (line by line) comparison between the 1981 budget, 1982 preliminary draft budget and the 1982 draft budget appropriations is given in the table annexed to this report.

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7. The main features of the preliminary draft budget are as follows:

- slow-down in the growth of EAGGF, Guarantee Section, expenditure: + 8.6% in relation to the 1981 budget as initially adopted by Parliament and + 20.16% in relation to the 1981 budget allowing for the cuts incorporated in each of two amending budgets. It should be observed that the latter percentage is well above the rate of growth in own resources, estimated at 12%;
- sharp increase in Social Fund appropriations (+ 40% in commitments and + 55% in payments) and an appreciable rise in Regional Fund appropriations (+ 26% in commitments and + 36.7% in payments);
- a substantial proportion of the budget earmarked as in 1981 for the 'supplementary measures' in favour of the United Kingdom (6.9% in commitments and 7.4% in payments);
- stagnation, or even a cutback in real terms, of appropriations for cooperation (on average + 5% in the case of both commitments and payments);
- appreciable growth in research appropriations (+ 54% in commitments and + 36% in payments);
- notable rise in certain appropriations - especially payments - in the fields of energy, industry and transport, the overall volume of which still remains highly marginal in relation to the budget as a whole.

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8. As far as administrative appropriations (Section III of the preliminary draft budget) are concerned, the Commission proposes an increase of the order of 11%, which is reasonable when compared with the increase of about 17% in operating appropriations. It proposes the creation of some 315 new posts on its establishment plan, together with a number of changes and upgradings of posts.

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Nomenclature

9. The Commission submitted its preliminary draft budget in a relatively new format:

- its own administrative expenditure is contained in a separate section (Section III) with operating expenditure assigned to another (Section VI);
- the nomenclature of the operating expenditure (Section VI) has been rationalized;
- commitment appropriations are presented on the left-hand page of the budget in parallel with payment appropriations.

10. The change introducing the separation between Section III and Section VI entails a revision of the Financial Regulation, and a proposal to that effect was submitted to Parliament by the Commission on 16 June 1981.

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II. ANALYSIS OF THE DRAFT BUDGET

11. On 7 September 1981 the Council officially forwarded the draft budget for the 1982 financial year to Parliament. At the time this report was drawn up, the Council had as yet taken no action on the letter of amendment to the preliminary draft.

12. In its explanatory memorandum the Council points out that the current level of public sector deficits requires the governments of the Member States 'to exercise the most stringent control of public expenditure'.

13. This situation has two consequences for the Community budget:

- it is not possible to provide public money for policies which have not yet been agreed by Member States;
- the growth of existing policies must be stringently controlled.

14. The Council reaffirms its commitment to rigorous control of EAGGF Guarantee expenditure and recalls its declaration of 1 April 1981 seeking to ensure that the rate of increase of agricultural expenditure should remain close to or, if possible, below the rate of increase in the Community's own resources.

15. The Council also points to the need to remain within the limit of the Community's own resources until such time as a decision is taken altering the 1% VAT ceiling.

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16. On the basis of these principles the Council proposes in the draft budget an increase, in relation to 1981, of 10.25% in commitment appropriations and of 13.63% in payment appropriations.

17. As regards non-compulsory expenditure¹, the Council proposes an increase of 14.5% in commitments and of 4.5% in payments (the maximum 'statistical' rate of increase being 14.5%).

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18. The table in para.22 gives an overall picture of the major areas of expenditure provided for in the preliminary draft and draft budgets.

A detailed (line by line) comparison between the 1981 budget, 1982 preliminary draft budget and the 1982 draft budget appropriations is given in the table annexed to this report.

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19. The main features of the draft budget, in particular as compared with the appropriations proposed by the Commission in the preliminary draft, are as follows:

- acceptance of the Commission's expenditure estimates for the EAGGF Guarantee, apart from a transfer to reserve (Chapter 100) of 310 m ECU;
- a very severe cutback in the commitment and payment appropriations (-26% and -23% respectively) earmarked for the Social Fund and a substantial reduction in the commitment and payment appropriations (-17.5% and -15.2% respectively) for the Regional Fund;
- no change in the appropriations to cover repayments to the United Kingdom;
- an appreciable reduction in appropriations for cooperation (-16.2% in commitments and -11.5% in payments), whereas the Commission had proposed a very slight increase (+5%) over 1981;

¹ According to the Council's classification

- a substantial reduction in the appropriations earmarked for research (-9.34% in commitments and -5.68% in payments, as against an appreciable rise in the preliminary draft budget);
- a drastic cut in the appropriations requested for energy, industry and transport (-70% in commitments and -34.9% in payments).

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20. A more precise picture of the growth in expenditure of the structural and/or operational type is given by the table below:

	1982 draft budget ¹		1981 budget ²	
	Commitments	Payments	Commitments	Payments
EAGGF Guarantee				
Titles 1 and 2	13,933		12,309	
Chapter 30 (COM fisheries)	31.75		27.5	
Supplementary measures for United Kingdom				
Chapter 53	1,654.6		927.9	
Repayments to Member States				
Title 8	1,118.9		1,509.2	
Administrative expenditure				
Section III A	719.8		682.7	
Other institutions	373.6		352.7	
Total	17,831.7		15,809	
Budget total	22,800.9	21,737.8	20,682	19,130
Other expenditure of structural/operational type				
m ECU	4,969.2	3,906.1	4,873	3,321
%	21.8%	18%	23.6%	17.4%

¹excluding letter of amendment

²including amending budget No. 1

It will be seen from the above table that expenditure of the operational and/or structural type shows an increase for 1982, in comparison with 1981, by 1.97% in commitments and by 17.6% in payments.

21. The Council has reduced by about 5% the administrative appropriations requested by the Commission. In particular, it accepted the creation of only 36 new posts (principally for officials of Greek nationality) and rejected all the adjustments or upgradings of posts proposed. .

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Nomenclature

22. The Council did not accept the breakdown of Section III into two separate sections as proposed by the Commission, although it did divide Section III - Commission - of the draft budget into two parts (A for administrative appropriations and B for operating appropriations). It refused to enter on the left-hand page of the budget new columns showing commitment appropriations. Lastly, it accepted most of the re-groupings of budget lines proposed by the Commission within Section III.

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1981 and 1982 BUDGET TOTALS

	<u>Commitments</u>	<u>Payments</u>	<u>VAT rate</u>
1. Initial 1981 budget	21,122,798,325	19,327,630,620	0.89
2. 1981 budget + amending budget No. 1 ¹	20,682,040,655	19,129,972,950	0.87
3. 1981 budget + preliminary draft amending budget No. 2 ²	19,986,832,285	18,434,764,580	0.79
4. 1982 preliminary draft budget	23,919,135,207	22,372,981,207	0.95
5. 1982 preliminary draft budget + letter of amendment No. 1 [% increase of (5.) over (3.)]	23,619,172,408 [+ 18%]	22,073,018,408 [+ 19.7%]	0.92
6. 1982 draft budget ³ [% increase of (6.) over (2.)]	22,800,939,937 [+ 10.2%]	21,737,770,937 [+ 13.6%]	0.91

¹ As adopted on 17 September 1981

² At the time of writing the Council had not yet established draft amending budget No. 2 for 1981

³ At the time of writing the Council had not yet established the letter of amendment to the 1982 draft budget.

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III. PARLIAMENT'S GUIDELINES FOR THE 1982 BUDGET

23. Before embarking on the first reading of the draft budget, Parliament has sought to establish - in particular for the Council's benefit - the broad lines of the budgetary policy which it feels ought to be pursued for the 1982 financial year.

24. On 12 March 1981 Parliament adopted a resolution¹ on 'the European Parliament's guidelines for the financial and budgetary policy of the European Community for 1982'.

In that resolution Parliament listed the budget sectors to be given priority and indicated the developments it expected in each of these sectors. It set out the measures needed to get a grip on agricultural spending. It asked the Commission to bring forward the date for the submission of its proposals to amend agricultural regulations and create new own resources. Finally, it expressed the belief that the development of common policies might entail a substantial increase in the Community's financial commitments, which would have to be accompanied by a corresponding transfer of national public expenditure to the Community budget.

25. On 10 April 1981 it adopted a resolution² on the 'inter-institutional dialogue on certain budgetary questions'.

In this text it listed the differences outstanding between the Council and Parliament on certain questions of budgetary procedure (budgetization of borrowing/lending and of the EDF, classification of expenditure, application of Parliament's margin, role of the budget as a legal basis permitting the implementation of appropriations, etc.) and expressed the view that 'progress must be made on these differences before the beginning of the 1982 budgetary procedure'.

Parliament therefore instructed its Committee on Budgets to make the necessary contacts with the Council so that, with the active assistance of the Commission, as many of these items as possible might be resolved before the commencement of the 1982 budgetary procedure.

26. Lastly, on 17 September 1981, Parliament adopted a 'resolution on the presentation of the 1982 budget'.

¹ OJ C 77 of 6 April 1981

² OJ C 101 of 4 May 1981

This resolution began by reaffirming the reform of the budget as an 'urgent priority objective'. Parliament considered that the 1982 draft budget drawn up by the Council showed no sign of any commitment to pursue the necessary policies and merely imposed arbitrary cuts on the appropriations provided for in the preliminary draft budget, which were already quite insufficient.

It therefore affirmed the need to maintain at least the overall level of payment appropriations provided for in the preliminary draft budget. It concluded by asking the Commission to present during the course of October a duly reasoned and complete timetable of the proposals it was to submit in response to the mandate of 30 May 1980.

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IV. PARLIAMENT'S MARGIN FOR MANOEUVRE'

27. The financial situation of the Communities and the budgetary procedure laid down by the Treaty impose objective limits on action by Parliament. The latter must take into account both the present ceiling on available own resources (which restricts the growth in payment appropriations) and the maximum rate of increase in non-compulsory expenditure (which restricts the annual growth in such expenditure). On the question of CE/NCE the rapporteur feels it is high time for an agreement to be reached with the Council (and the Commission) on a common basis for the classification of expenditure. It appears to him that in the absence of such an agreement only expenditure that is recognized by all three institutions as compulsory ought to be classified as such (see Working Document annexed hereto).

Available own resources

28. Since own resources of the customs duty type are fixed and 'automatic' in nature, the flexible margin available to finance expenditure consists of VAT up to its present ceiling of 1%.

For the 1981 financial year¹ this ceiling was equivalent to 11,680 m ECU, 9,191 m ECU of which will actually be used to finance payment appropriations. The margin still available thus comes to 2,489 m ECU.

¹ On the basis of the second preliminary draft amending budget

For the 1982 financial year, available own resources come to 12,974 m ECU. In the preliminary draft budget the expenditure to be financed by VAT amounts to 12,360 m ECU, leaving an available margin of 614 m ECU¹.

In the draft budget for 1982 the expenditure to be financed by VAT amounts to 11,757 m ECU, leaving an available margin of 1,217 m ECU.

Possible increase in non-compulsory expenditure

29. The way in which Parliament's 'margin' is calculated differs according to the institution (Council, Commission and Parliament) because of the divergent positions on the classification (CE/NCE) of certain expenditure.

Taking as a basis the NCE for 1981 after amending budget No. 1 adopted on 17 September 1981, the margin for increase available to Parliament is as follows:

Classification CE/NCE according to:	Maximum rate	Rate of increase resulting from draft budget		Margin available to Parliament	
		Commitments	Payments	Commitments	Payments
Commission)	14.5	+ 2.47	+ 15.01	+ 12.03	+ 7.25
)				(+574mECU)	(+247 mECU)
Council)		+ 4.25	+ 14.50	+ 10.25	+ 7.25
)				(+426mECU)	(+210mECU)
Parliament)		+20	+ 34.94	+ 7.25	+ 7.25
)				(+487mECU)	(+375mECU)

¹ The letter of amendment to the preliminary draft budget in fact increases the resources to 13,196 m ECU and the margin available to 1,031 m ECU.

V. POLITICAL ASSESSMENT

1. General Assessment

30. The 1980 and the 1981 financial years have been, in budgetary terms, a transitional period in the sense of that, because of the difficulties encountered, such as the rejection of the 1980 budget and the United Kingdom problem, the budget has shown no signs of any genuine qualitative or quantitative progress.

31. In response to the mandate of 30 May 1980, however, the Commission has embarked on a rethinking process, the purpose of which is to reorganize, rationalize and 'restructure' the Community's activities, and hence also its finances, from 1982 onwards.

32. Parliament has on a number of occasions indicated how, in its view, this restructuring ought to be brought about. The process should be based on three main lines of action:

- existing policies to be rationalized and developed, on an improved basis; this applies above all to the common agricultural policy, but should also be extended to the principal measures in the regional, social, research and development sectors;
- these policies to be supplemented by other, new policies, which have for a long time been laid down in principle but on which no political decision has at yet been taken as to their implementation, in particular energy, transport and industry;
- the budgetary mechanisms to be modified in such a way as to make these improvements and developments possible; what is required is, firstly, an increase in own resources and, secondly, the establishment of corrective mechanisms that will enhance the redistributive effect of Community revenue and expenditure.

33. Parliament believes that these various measures, which are designed both to restructure Community activity and get it on the move again, should be put in hand as from 1982, and that the budget for that financial year ought therefore to prepare the ground insofar as finance is concerned.

34. The achievement of that objective depends in large measure on the Commission, the only institution with the right and obligation of initiative in the financial field, as in the legislative field. Parliament will therefore watch closely the preparation and formal proposal by the Commission of the measures that will permit such a revival to be launched in 1982. At the end of October 1981 it will be in a position to carry out an initial assessment of this preparation and draw the appropriate political and budgetary consequences.

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35. On the other hand Parliament considers that the budgetary austerity advocated by both Commission and Council constitutes an objective element that stems from the present economic crisis. The conclusions it draws are, however, different from those of the other institutions. In its view, this austerity should not be allowed to slow down the process of the Community's consolidation and growth. On the contrary, the present difficult economic situation should encourage the institutions and the Member States to create conditions in which Community solidarity can be tightened up, since the crisis cannot be overcome successfully unless joint action is taken by the ten countries concerned.

36. In that connection, Parliament has repeatedly pointed out that the necessary growth in expenditure at Community level should not increase the tax burden on its citizens. Where action at Community level is more effective, it replaces dispersed national actions and should therefore be accompanied by a transfer of expenditure from national budgets to the Community budget.

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37. Considered in that light, the 1982 preliminary draft budget proposed by the Commission would certainly allow the Community to conduct, after a fashion, the measures embarked upon, but does not prepare for or permit any change of course. The rate of increase in expenditure is not negligible but is open to criticism in that it does not make possible any qualitative improvement in Community activity.

38. The Council's 1982 draft budget allows neither change nor development. It reflects in financial terms the present political paralysis of that institution, which is unable to decide either for continuation of the measures undertaken or for a more or less radical change in them. It should be pointed out that several of the delegations in the Council have expressed their profound political disapproval of this draft, which has also been formally 'disowned' by the Commission.

39. We are thus embarking on the 1982 budgetary procedure in a highly uncertain context. It is the political attitude adopted by the Commission in the coming weeks that will largely determine the action taken by Parliament.

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2. Budgetary and Technical Assessment

40. The Committee on Budgets did not wish to anticipate at this stage the positions that will be adopted by the various parliamentary committees on each of the major expenditure sectors. At a general level, however, it must take account of the guidelines laid down in the resolutions adopted by Parliament in the course of the year - and in particular its resolution of 17 September, in which the Assembly affirmed 'the need to maintain at least at the overall level of payment appropriations provided for in the preliminary draft budget' and invited 'the Commission... to present during the course of October a ... timetable of proposals for decisions (in response to the mandate), enabling Parliament to take into account, on the first reading of the draft budget, its financial consequences for 1982, particularly in respect of commitment appropriations'.

41. The Committee on Budgets has, however, adopted a position on certain technical questions such as:

- nomenclature : It proposes to accept the separation of Section III (Commission) into two parts A (administrative appropriations) and B (operating appropriations), and to reinstate on the left-hand page of the budget the columns relating to commitment appropriations;
- budgetization of borrowing and lending : It proposes a budgetization formula intermediate between that of the preliminary draft budget, which requires revision of the Financial Regulation, and that of the Council;
- Classification of CE/NCE : It proposes to make a last attempt at negotiation with the Council on differences with regard to classification. In the event of failure only expenditure classified by all three institutions as compulsory should be regarded as such.

42. Finally, The Committee on Budgets has studied the Commission's proposals concerning its list of posts and proposes the partial reinstatement of the requests for the creation or regrading of posts.

C. DELIBERATIONS OF THE COMMITTEE ON BUDGETS
ON THE DRAFT AMENDMENTS
AND PROPOSED MODIFICATIONS

(see table overleaf)

Deliberations of the Committee on Budgets at its meeting of 19/20/21 October on the draft amendments and proposed modifications to the 1982 draft Budget - Section III - Commission

RESULT OF THE VOTES IN THE COMMITTEE ON BUDGETS

NOMENCLATURE				DA	PM	Author	POSITION OF THE COMMITTEE ON BUDGETS		Result of vote and remarks
Chapter Article Item	Heading	Payments Ecus	Commitments Ecus				Decision or opinion		
	REVENUE						Pos	Neg	
Art. 101 (new)	Community import levy on protein substitutes	token entry		99		Cttee on Agric.		X	4 - 20 - 1
Art. 102 (new)	Levy on cereal substitutes	token entry		100		Cttee on Agric.		X	5 - 21 - 0
Art. 113 (new)	Levy on vegetable oils and fats	token entry		101		LIGIOS & colleagues		X	4 - 16 - 1
Art. 120 (new)	Customs Duties	remarks		102		Cttee on Agric.		X	6 - 19 - 3
Art 802	Euratom borrowing	remarks		74.917/3		SPINELLI			20 - 3 - 0
803									
Its 8010 8011	NCI borrowing	remarks							