

EUROPEAN PARLIAMENT

# Working Documents

1981 - 1982

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14 December 1981

DOCUMENT 1-857/81

REPORT

drawn up on behalf of the Committee on Budgets

on draft supplementary and amending  
budget No. 2 of the European Communities  
for the financial year 1981

Section III - Commission - modified  
by the Council (Doc. 1-827/81)

Rapporteur: Mr P. ADONNINO



On 25 November 1981 the Council acted on draft supplementary and amending budget No. 2 of the European Communities for the financial year 1981 as amended and modified by parliament at its sitting of 19 November 1981.

The Committee on Budgets considered this modified draft budget at its meeting of 7, 8 and 9 December 1981.

After confirming and reinstating three amendments modified by the Council, the Committee on Budgets adopted the attached motion for a resolution by 19 votes in favour with one abstention.

Present: M. LANGE, chairman, Mr NOTENBOOM and Mr SPINELLI, vice-chairmen; Mr ADONNINO, rapporteur; Mr ARNDT, Mr BALFE, Mr BALFOUR, Mr BARBI, Mr BATTERSBY (deputizing for Mr HOWELL), Mr GIAVAZZI (deputizing for Mr Konrad SCHON), Mr GCUTHIER, Mrs HOFF, Mr Robert JACKSON, Mr KELLETT-BOWMAN, Mr LANGES, Mr LEGA, Mr MICHEL (deputizing for Mr RYAN), Mr MEGAHY (deputizing for Mr CLUSKEY), Mr NEWTON DUNN, Mr PRICE, Mr SABY, Mrs SCRIVENER and Mr SIMONNET.

C O N T E N T S

	<u>Page</u>
A MOTION FOR A RESOLUTION .....	5
B EXPLANATORY STATEMENT .....	6
Annex .....	8

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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

on draft supplementary and amending budget No. 2 for the financial year 1981 (Section III - Commission) modified by the Council.

The European Parliament,

- having regard to draft supplementary and amending budget No. 2/1981 (Doc. 1-650/81) as amended by Parliament on first reading on 19 November 1981 and modified by the Council on 25 November 1981 (Doc. 1-827/81)
  - having regard to the outcome of the meeting on 23 November 1981 between the delegation from Parliament and the Council in the context of budgetary cooperation,
  - having regard to the report of the Committee on Budgets (Doc.1-857/81);
1. Decides to amend once again on second reading the draft budget as modified by the Council;
  2. Is of the opinion that the remarks appearing in amendment No. 2/rev. adopted on first reading embody the opinion of Parliament on the proposal from the Commission concerning the granting of exceptional food aid to the least developed countries (COM(81) 632 final); considers further that adoption of supplementary and amending budget No. 2 for 1981 will constitute the definitive legal basis for this.

EXPLANATORY STATEMENT

The Council has rejected each of the three amendments adopted by Parliament on first reading.

1. ECSC SOCIAL MEASURES

Parliament shares the Commission's view that ECSC social measures can only be financed by a subsidy from the general budget of the Communities to the ECSC budget: it is of the opinion that the ECSC does not have sufficient own resources and that national contributions from the Member States are an unsatisfactory solution in both political and practical terms.

Moreover, Parliament believes that these appropriations can be entered in the budget without any need for the Council to adopt a special regulation; finally, in Parliament's view, this constitutes non-compulsory expenditure since it quite obviously does not necessarily result from the Treaty or from acts adopted by virtue of the latter.

The Council does not dispute the desirability, classification (non-compulsory expenditure) or volume of this aid but it is still hesitant as to the appropriate manner of financing the expenditure - this explains why it has (provisionally) rejected Parliament's amendment.

That being so, and since the appropriations must be rendered operational as a matter of urgency, Parliament might decide to reinstate the 62 m ECU in supplementary and amending budget No. 2 on second reading.

2. FOOD AID TO THE LEAST DEVELOPED COUNTRIES

The three institutions concerned agree to the principle of a special food aid of 40 m ECU for the benefit of the least advanced developing countries.

The Council, however, is insisting that the implementation of this appropriation should be made conditional on the adoption of an ad hoc regulation.

On first reading Parliament adopted an amendment to supplementary and amending budget No. 2 seeking to authorize the financing of this aid as soon as the budget is adopted and without the need for a special regulation. Parliament is of the opinion that this new action of a special type is not expenditure necessarily resulting from the Treaty or from acts adopted pursuant to it.

The Council treated this amendment as a proposed modification and rejected it.

It is desirable for Parliament to reinstate the amendment on second reading to confirm its view which it believes is more consistent with existing Community jurisprudence and the interests of the countries concerned.

3. EMERGENCY AID TO POLAND

On its first reading of supplementary and amending budget No. 2, Parliament took the initiative of entering an appropriation of 10 m ECU as emergency aid to Poland intended in particular to cover the cost of transporting the foodstuffs delivered to that country.

While viewing this initiative 'favourably', the Council rejected this amendment and proposed that this aid should be financed from existing appropriations in the EAGGF/Guarantee Section.

It is not certain whether such a modification to Parliament's original amendment is compatible with the budgetary procedure stipulated in Article 203.

The Council has also considerably modified the substance of Parliament's amendment which deliberately proposed that these appropriations should be placed on a separate budget line of the EAGGF/Guarantee Section.

That being so, Parliament might also reinstate this amendment on second reading.

REVENUE/EXPENDITURE BALANCE  
IN DRAFT SUPPLEMENTARY AND AMENDING BUDGET No. 2/81

1. REVENUE
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	<u>Increases</u>			<u>Reductions</u>
[1980]	+ 559.28	Balance on VAT 1980		-
	+ 164.98	Arrears 1980		-
	-	Adjustments 1980	-	1.33
	-	Adjustments 1979	-	13.16
[1981]	+ 92	Customs duties		-
	-	Levies	-	591.9
	-	Sugar/isoglucose	-	107.56
	+ 816.26			- 713.95
		↓		←
		Net balance: + 102.31		

N.B. The revaluation of the 1% VAT basis of assessment for 1981 gives a supplementary 'bonus' of about 150 m ECU which does not appear in the tables since it will not be determined until the VAT rate is calculated (this also prevents Parliament from taking up a position or even being correctly informed of the situation).



**2. EXPENDITURE**

<u>Increases</u>		<u>Reductions</u>
-	EAGGF/Guarantee Section	- 724
-	10% refund of own resources	- 60.74
+ 40	Food aid for least developed countries	
	Special measures	
	United Kingdom and Greece	- 13.90
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+ 40		- 798.64

Net balance: - 758.64

**3. REVENUE/EXPENDITURE BALANCE**

<u>Revenue</u>	<u>Expenditure</u>
+ 102.31	- 758.64

Giving a total revenue surplus of  $102.31 + 758.64 = 860.95$

This amount therefore allows a reduction in the VAT rate from 0.86 to 0.78% (including the effect of the increase in the 1981 VAT basis of assessment).

Note: amending budget No. 1/81 also resulted in a reduction in appropriations of 197.66 m ECU and an increase in revenue of 280.14 m ECU.

This gave a total revenue surplus of 477.8 m ECU which enabled the VAT rate to be reduced from 0.89 to 0.86%.

