

EUROPEAN PARLIAMENT

Working Documents

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Report

drawn up on behalf of the Committee on Budgets

on the budgetary and financial aspects of the proposal from the Commission of the European Communities to the Council (Doc. 383/78) for a regulation amending Regulation (EEC) No 729/70 concerning the amount allotted to the EAGGF, Guidance Section

Rapporteur: Mr I. FRÜH

By letter of 11 October 1978 the President of 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 amending Regulation (EEC) No. 729/70 concerning the amount allotted to the EAGGF, Guidance Section.

The President of the European Parliament referred this proposal to the Committee on Budgets, for the budgetary and financial aspects, and the Committee on Agriculture for the agricultural aspects.

On 29 November 1978 the Committee on Budgets appointed Mr Früh rapporteur.

It considered this proposal at its meeting of 5 December 1978.

At the same meeting the committee unanimously adopted the motion for a resolution.

Present: Mr Lange, chairman; Mr Bangemann and Mr Cointat, vice-chairmen; Mr Früh, rapporteur; Lord Bessborough, Lord Bruce of Donington, Mrs Dahlerup, Mr Inchauspé, Mr Nielsen, Mr Ripamonti, Mr Ryan, Mr Schreiber, Mr Shaw and Mr Spinelli.

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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 the budgetary and financial aspects of the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation (EEC) No. 729/70 concerning the amount allotted to the EAGGF, Guidance Section

The European Parliament,

- having regard to the proposal from the Commission of the European Communities to the Council¹,
 - having been consulted by the Council (Doc. 383/78),
 - having regard to the report of the Committee on Budgets (Doc. 507/78),
1. Confirms its opposition to a ceiling being placed by regulation on the appropriations of the EAGGF, Guidance Section;
 2. Notes the Commission's proposal to fix by budgetary procedure the appropriations allocated to the EAGGF, Guidance Section;
 3. Considers that a five-year financing plan for expenditure under the EAGGF, Guidance Section, should be adjusted during the annual budgetary procedure for the first financial year of each five-year period;
 4. Feels that the Commission's estimates for the first five-year period are too static and should be reviewed by the budgetary authority;
 5. Considers that the disadvantages of the ceiling on the EAGGF, Guidance Section, can no longer be veiled by a legal fiction;
 6. Requests the Commission, therefore, to incorporate the following amendments in its proposal, pursuant to Article 149, second paragraph, of the EEC Treaty;
 7. Reserves the right to initiate the conciliation procedure should the Council intend to depart from this opinion.

¹ OJ No. C 244, 14.10.1978, p. 4

Regulation amending Regulation (EEC) No. 729/70 concerning
the amount allotted to the EAGGF, Guidance Section

Preamble and recitals unchanged

Article 1

Article 6 (5) of Regulation (EEC)
No. 729/70 is amended to read as
follows:

'For the year 1972 the appropriations
for the Guidance Section of the Fund
shall amount to 285 million units of
account. From 1 January 1973 to 31
December 1979 these appropriations
shall amount to 325 million units of
account per year.

From 1 January 1980 aids attributable
to the Guidance Section of the Fund
are evaluated at an average of 840
million European units of account.
The appropriation to be entered in
the budget shall be fixed annually
by budgetary procedure in function
of the aid to be financed in the
framework of common measures and
special measures for that year.
However, for each five-year period,
the total aid charged to the Guidance
Section of the Fund may not exceed
4200 million European units of
account. This amount may be increased
by the Council, acting according to
the procedure laid down in the third
subparagraph of Article 43(2) of the
Treaty, only for measures provided
for in paragraph 2.'

Article 1

Article 6 (5) of Regulation (EEC)
No. 729/70 is amended to read as
follows:

unchanged

'From the 1980 financial year a five-
year financing plan for expenditure
under the EAGGF, Guidance Section
shall be drawn up by the budgetary
authority during the budgetary
procedure for the first financial year
of each five-year period. This
financing plan shall show for guidance
purposes the average annual allotment
the EAGGF, Guidance Section.

During the five-year period the five-
year financing plan may be adjusted
under the budgetary procedure.'

Article 2 unchanged

¹ For complete text see OJ No. C 244, 14.10.1978, p. 4

EXPLANATORY STATEMENT

1. For several years now Parliament has been calling for the removal of the ceiling on the EAGGF, Guidance Section.

This is mainly for political reasons: the ceiling clearly impedes the development of a genuine Community policy on agricultural structures. Parliament has repeatedly criticized the unacceptable lack of balance between spending - and hence the degree of Community responsibility - under the Guarantee and Guidance Sections of the EAGGF.

2. However, there are also budgetary considerations behind Parliament's request for the removal of the ceiling. Parliament considers that, for the present, its main responsibilities lie in the budgetary sphere and that the setting of even a multiannual ceiling, by means of a regulation adopted by the Council after simply consulting Parliament, prevents it from exercising these responsibilities.

3. From this point of view, the situation of the EAGGF, Guidance Section, had become extremely ambiguous in recent years. To conceal the disadvantages of an annual allocation fixed by regulation, which only by sheer chance can ever match actual requirements, the Community was obliged to introduce a reserve fund, which was soon shown to be a fiction.

4. Now that this fiction is becoming untenable, the Commission is proposing a solution which is intended to be longer lasting.

In some ways the solution is extremely attractive. It is based on five-year estimates of expenditure under the Guidance Section, plus a small contingency reserve; in this respect the proposal is realistic.

5. On the other hand, the Commission's estimates are static and are no more than a projection of current or proposed measures. They make no allowance for a rapid expansion in agricultural structural policy, although Parliament has made such expansion one of the targets of its budgetary policy.

6. Above all, the proposal is unrealistic in that it ignores the fact that the Community has begun, and will continue, moves to coordinate budgetary and regulation-making functions, based on respect for the responsibilities of each institution.

7. In the case of the Regional Fund, Parliament has clearly stated it would accept a multiannual review only as a transitional measure and only with its express approval during negotiations between institutions whose primary concern was progress in the Community.

8. The Commission could have followed this example when it came to deal with the problem of the EAGGF, Guidance Section. The desirability of five-year estimates with a ceiling subject to review was clearly a matter for budgetary decision falling within the terms of reference of the budgetary authority.

Analysis of the Commission's estimates

9. The Commission's five-year estimates are based on the same technique and principles as the triennial estimates and the letter of amendment relating to the preliminary draft budget for the 1979 financial year. In its report on the draft budget Parliament has already pointed out that these estimates are static and therefore unsatisfactory. It has therefore proposed that they should be amended.

10. It is true that the Commission provides for a substantial rate of increase from 1980 onwards and also proposes an annual reserve of 35 m EUA. However, this rate is not commensurate with the measures needed to ensure that the EAGGF, Guidance Section has a significant effect on the redistribution of resources.

11. In particular, the funds needed for individual projects (former individual projects and common measures introduced to replace them) are between two and three times higher than the current estimates.

12. Finally, the Commission's calculations take no account of the probable effects of the enlargement of the Community on the operation and expenditure of the EAGGF, Guidance Section, during the first five-year period.

13. The budgetary authority will therefore require additional information in order to assess, and then establish during the budgetary procedure for the 1980 financial year, the amount of the provisional allotment and the average annual allotment.

