

EUROPEAN PARLIAMENT

Working Documents

1979 - 1980

5 November 1979

DOCUMENT 1-458/79

REPORT

drawn up on behalf of the
Committee on Budgets

on the/draft general budget of the
European Communities for the financial
year 1980 (Doc. 1-378/79)

Section III - Commission

PART I : MOTION FOR A RESOLUTION

Rapporteur : Mr P. DANKERT

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On 6 September 1979 the Committee on Budgets appointed Mr Pieter DANKERT rapporteur on the draft general budget of the European Communities for the financial year 1980 (Section III - Commission).

On 16 March 1979 the European Parliament adopted its guidelines on budgetary policy for the 1980 financial year (Doc. 672/78).

On 17 May 1979 the Member of the Commission responsible for budgetary questions presented the preliminary draft budget to the Committee on Budgets.

On 20 July 1979 this preliminary draft budget was presented in plenary session.

On 11 September 1979 a delegation from the European Parliament met the Council.

The draft general budget of the European Communities, drawn up by the Council, was submitted to the European Parliament on 24 September 1979, within the deadline laid down by the Treaties.

The European Parliament sent this draft to the Committee on Budgets, with the basic competence, and to other interested committees for their opinion.

On 6 July 1979 the Commission sent an amending letter No. 1 to the preliminary draft budget. On 24 September 1979 the Commission sent a second letter of amendment to the preliminary draft budget. On 16 October 1979 the Council incorporated these two letters of amendment to the preliminary draft in a letter of amendment to the draft budget.

The draft budget was examined by the Committee on Budgets at its meetings of 6 September, 3 October, 8-9 October, 18-19 October and 24-25 October 1979 in the presence of the Council and the Commission.

The draft amendments and proposed modifications were examined by the committee at its meetings of 18-19 October and 24-25 October 1979.

At its meeting of 5 November 1979, the motion for a resolution drawn up by Mr Dankert was adopted by 22 votes to 6 with 2 abstentions.

Present: Mr Lange, chairman; Mr Notenboom, first vice-chairman; Mr Dankert, rapporteur; Mr Alber (deputizing for Mr Barbi), Mr Arndt, Mr Baillet, Mr Bocklet (deputizing for Mr Aigner), Mr Bonde, Mrs Boserup, Mr Colla, Mr Delatte (deputizing for Mr Rossi), Mr Forth, Mrs Gaspard, Mr Gouthier, Mrs Gredal, Mr Griffiths (deputizing for Mr Balfe), Mr Habsburg (deputizing for Mr Ryan), Mrs Hoff, Mr R. Jackson, Mr Johnson (deputizing for Mr Hord), Mr Langes, Mrs Lenz (deputizing for Mr Adonnino), Mr Motchane, Mr Nord, Lord O'Hagan, Mr Orlandi, Mr Pfennig, Mrs Rabbethge (deputizing for Mr Lega), Mrs Scrivener, Mr Simonnet, Mr Spencer (deputizing for Mr Tuckman), Mr J. M. Taylor and Mr Vondeling (deputizing for Mr O'Leary).

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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 the draft general budget of the European Communities for the financial year 1980

The European Parliament,

- having regard to the preliminary draft general budget of the European Communities and in particular the general introduction to Section III - Commission (COM (79) 100) and the first and second letters of amendment (COM (79) 370) (COM (79) 490), and to the triennial forecasts of the Commission annexed to the preliminary draft budget,
- having regard to the draft general budget of the European Communities drawn up by the Council on 11 September 1979 and the Council's explanatory memorandum (Doc. 1-378/79) and to the letter of amendment (Doc. 1-438/79),
- having regard to the guidelines drawn up by Parliament prior to its direct election,
- having regard to the discussions with the Council and the Commission and in particular the outcome of the meeting between the delegation of the European Parliament and Council on 11 September 1979,
- having regard to the report of the Committee on Budgets, the opinions of the other committees and the draft amendments and proposed modifications annexed to this report (Doc. 1-458/79),
- conscious of the significance of this first budgetary procedure following the direct election of the European Parliament by universal suffrage, and, recalling the important budgetary responsibilities accorded to it under the Treaty,

- aware of the present imbalance within the budget which, because of the predominance of price support for certain agricultural products in surplus, distributes the financial burden of the Community undesirably as between Member States and thus makes agreement on extending or increasing own resources more difficult to achieve,
1. Underlines its determination to exercise its budgetary powers, under the Treaty, in full, to transform the Community budget, over a period of years, into a political instrument to serve the future development of the Community;
 2. Recognises the existing imbalance in the budget which entails an undesirable transfer of resources from certain less prosperous regions to more prosperous ones thus hindering economic convergence;
 3. Acknowledges that an important cause of this is the preponderant element devoted to financing the Common Agricultural Policy which, by its application in particular areas, exacerbates the perverse redistributive tendencies in the budget;
 4. Believes that the approaching exhaustion of own resources may well exacerbate further this imbalance as compulsory agricultural expenditure will consume a proportionately greater proportion of total expenditure to the detriment of social and structural non-compulsory sectors;

The Community's own resources

5. Notes that the Community's own resources, as defined by the decision of 21 April 1970, will reach exhaustion point by 1981, if not earlier;
6. Recalls that any decision raising the ceiling of 1% of the VAT base, as an own resource would, according to Article 201 of the Treaty, require the ratification in accordance to Member States' constitutional requirements which would necessarily involve delays of several years, if the decision is taken in 1980;

7. Reminds Commission and Council that no decision, temporary or permanent, relating to the financial mechanism can be taken without the full participation of Parliament and instructs its Committee on Budgets to report to it on the state of development on these questions before the 1980 budget is adopted and to draw up a comprehensive report with precise proposals for the first half of 1980;
8. Considers that a provisional decision to raise, by a small amount, the VAT ceiling, could be achieved during the 1980 financial year provided that it did not entail in the long term any net extra financial burden on the Community taxpayer, through the transfer to the Community of certain policy responsibilities, where appropriate;
9. Recognises, however, that such an increase could only be justified politically in the context of curtailing agricultural expenditure which would otherwise threaten the consumption of all increases in the Community's own resources, thus worsening the imbalance existing within the budget; considers further that the efficiency of other Community financial instruments should be scrutinized in order to avoid overlapping and waste.

The annual budgetary procedure

10. Believes that the quality of the budgetary procedure must be strengthened by more intensive contacts between the representatives of Parliament and those finance ministers of the Member States who bear the essential responsibilities for public expenditure and economic policy in the Member States and instructs its Committee on Budgets to contact the finance committees of national Parliaments and inform them fully of developments and problems of Community budgetary policy;
11. Will concentrate its amendments, as regards existing policies, to increase appropriations in the budget on those lines with satisfactory rates of commitment and spending; will keep the Commission to its obligation to state clearly whether it would have any difficulties in implementing a Parliamentary amendment before Parliament commits itself to using its margin for increasing appropriations;
12. Calls on the institutions to honour their legal and political commitments as regards the including of the new European Development Fund within the budget; will decide, during the second reading of the budget, on the most appropriate form for this budgetisation;

13. Will budgetise all lending and borrowing activities of the Community during the 1980 budgetary procedure;

The triennial forecasts

14. Underlines the necessity for multi-annual budgetary forecasts and, therefore, will establish its own proposals for the future development of the budget in the report on the second reading of the 1980 general budget;

The conciliation procedure

15. Cannot tolerate unilateral decisions on financial matters being taken by Council without the consent of Parliament and instructs its Committee on Budgets to make new proposals to strengthen the role of the European Parliament in the conciliation procedure, which has become unsatisfactory because Council applies it more restrictively than intended, or on occasion, refuses to apply it at all;

The Preliminary Draft Budget for 1980

16. Recognises that the preliminary draft budget for 1980 included a small but significant shift within the budget from the agricultural to non-agricultural sectors;
17. Approves the major priorities contained within the preliminary draft, concentrating on social development, regional and energy policies and including the effective budgetization of all major Community revenue and expenditure;

The Draft Budget for 1980

18. Deplores the cuts made by Council to the Regional and Social Fund commitments in its draft budget drawn up on 11 September 1979;
19. Considers that this draft does not provide an adequate basis for the approval of the 1980 budget and therefore intends to amend it significantly;

The Guarantee Section of the EAGGF

20. Proposes reducing, by way of modification, appropriations for the storage of dairy products and the transfer of amounts saved to Chapter 100, provisionally allocated for agricultural, and notably dairy sector, restructuring; the subsequent transfer to the line to be decided upon on the basis of common agreement between the European Parliament and Council;
21. Proposes further retrenchment where forecasts of expenditure can now be questioned as a result of market developments and transfers certain expenditure, for cereals, to the food aid chapter in order to permit the Community to fulfil its international obligations;

The Guidance Section of the EAGGF

22. Recognises that the weakness of the Community's agricultural structures policy is due in part to the failure to implement the budgetary lines because of the cumbersome rules, and restrictions contained in the legal basis for those lines;

The European Regional Fund and Social Fund

23. Rejects Council's proposal to reduce commitment appropriations for these two Funds particularly in view of the continuing structural and unemployment problems of the Community and of the number of eligible projects; intends to reinstate the Commission's proposals contained in the preliminary draft for commitments;
24. Deplores the failure to implement the non-quota section of the Regional Fund; cannot accept that individual regulations be brought forward for each project covered by this Fund;

Energy and Research appropriations

25. Points to the increasingly frequent attempts to erode Parliament's responsibilities in these sectors by the imposition of ceilings in regulations and by the weakening of the Commission's responsibilities for the implementing of the budget; cannot accept that Council should undermine Parliament's budgetary rights over non-compulsory appropriations; therefore, proposes to place certain appropriations, notably for hydrocarbons, under Chapter 100;

26. Believes that Council should take an early decision on the policy initiatives in the coal sector so that there is no risk that the voting of extra appropriations for this sector could lead to amounts being unspent at the end of the next financial year and considers that, for 1980, priority should be given to energy conservation, and the exploration of alternative sources of energy;
27. Asks the Budgetary Control Committee to submit to it a specific report on the Joint Research Centre prior to the 1981 budgetary procedure, prior to which no major increase in appropriations for the Centre should be approved;

Industrial policy appropriations

28. In view of the absence of precise programmes and the poor rate of implementing of budgetary lines, cannot agree to supporting extra appropriations to finance industrial policy measures; nonetheless, in view of the economic situation, requests the Commission to submit specific proposals to Parliament to permit Community financing of industrial restructuring measures, as soon as possible;

Development aid and financial cooperation with third countries

29. Cannot accept Council's view that austerity considerations justify reductions in appropriations and, consequently, intends restoring, for the most part, the Commission's proposals contained in the preliminary draft budget;
30. Regrets that, as regards enlargement, neither Commission or Council have produced any new realistic proposals to provide structural aid for the applicant countries, the cost of whose accession, particularly as regards Portugal, has been seriously underestimated by the Commission;

Other sectors of Community activity

31. Notes the extremely restrictive attitude of Council as regards the provision of finance for all other sectors in the budget, notably transport, consumer affairs, the environment, sea policy, education and cultural appropriations;

Staff and administrative expenditure

32. Notes that the Commission proposed major increases in staff, without adequate justification; deplores Council's failure to conduct a serious examination of the Commission's staff needs; decides to increase numbers of staff only for certain priority areas; will check up at the end of the first six months of 1980 on the use to which the Commission has put these extra staff;
33. In the light of the criticism that it has itself expressed in the past, and in view of recent reports, calls upon the Commission to initiate common recruitment procedures between the institutions and to strengthen its mobility and training policies;

Perspectives for the future

34. Can not accept that Council should seek to circumvent the powers of the European Parliament during the budgetary procedure by misinterpretation of Article 203, by imposing ceilings on expenditure contained in regulations or by weakening the Commission's responsibilities for implementing the budget through the Management Committee procedure; reminds Council that it is required to assess all the amendments of the European Parliament on their merits;
35. In view of the rapidly approaching exhaustion of own resources, calls upon the Commission to propose amendments in the context of Article 236 of the Treaty, to Article 203 to abolish the artificial distinction between compulsory and non-compulsory expenditure and to guarantee effective co-decision by the Budgetary Authority on the political outline of the budget;
36. Is acutely aware of the current economic and financial difficulties confronting all the Member States and for that reason has, as regards amendments tabled, exercised utmost restraint; in view of this, hopes to be able to conclude the budgetary procedure for 1980 by the adoption of the draft budget at its second reading; but insists that it could only agree to the adoption of the budget if the unjustified cuts carried out by Council for non-compulsory sectors are overturned and if the first moves to control agricultural expenditure have been achieved, and if the European Development Fund and all the Community's lending and borrowing activities are included within the budget.

