
EUROPEAN PARLIAMENT

Working Documents

1978 - 1979

30 May 1978

DOCUMENT 150/78

Report

drawn up on behalf of the Committee on Budgets (*)

on the inter-institutional dialogue on certain budgetary questions

Rapporteur: Mr M. COINTAT

(*) This report was drawn up by the ad hoc working party of the Committee on Budgets chaired by Mr Cointat and consisting of Mr Lange, chairman of the Committee on Budgets, Mr Aigner, Mr Bangemann, Lord Bruce of Donington, Mr Ripamonti and Mr Shaw.

Within the framework of the inter-institutional dialogue which, since 1975, has preceded and prepared the way for the budgetary procedure, the Committee on Budgets is authorized to submit to Parliament a motion for a resolution on the main budgetary problems still outstanding (see Bureau decision of 27 April 1976).

In accordance with its terms of reference, the ad hoc working party of the Committee on Budgets, chaired by Mr Cointat, has drawn up eight working documents and a draft motion for a resolution, which were considered and unanimously adopted by the Committee on Budgets at its meeting of 25 May 1978; the working documents now form the explanatory statement of this report.

Present: Mr Lange, chairman; Mr Bangemann and Mr Cointat, vice-chairmen; Mr van Aerssen, Lord Bruce of Donington, Mr Dalyell, Mr Notenboom, Mr Ripamonti, Mr Ryan, Mr Schreiber and Mr Shaw.

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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 inter-institutional dialogue on certain budgetary questions

The European Parliament,

- having regard to the inter-institutional agreement on the procedure for annual joint consideration of certain budgetary questions,
 - having regard to the reports on the inter-institutional dialogue in 1976 and 1977 (Doc. 97/76 and 119/77)¹,
 - having regard to the report of the Committee on Budgets (Doc. 150/78),
1. Approves the conclusions and recommendations of the Committee on Budgets as set out in the explanatory statement to this resolution and summarized below;

Budgetization of loans

2. Requests the Commission to draw up, before the end of this financial year, a report on the coordination of the various loan mechanisms and on the responsibilities of the various institutions for the operation of these mechanisms;
3. Invites the Commission once again to draw up a capital (or extraordinary) budget as the borrowing and lending authorization granted to the Commission by the budgetary authority for the financial year in question;
4. Invites the Commission also to inform the budgetary authority during the financial year of the main borrowing and lending operations it intends to arrange on the basis of the outline facility opened in the budget;

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OJ No. C 125 , 8.6.1976 , p.30

OJ No. C 163 , 11.7.1977 , p.39

Appropriations for cooperation with third countries

5. Feels that all cooperation activities pursued by the Community should be financed by the general budget;
6. Expects in particular the cooperation activities connected with the Second Lomé Convention to be financed by the general budget in accordance with the rules laid down in the budgetary procedure and the Financial Regulation;
7. Asks to be consulted on the financial aspects of the brief given to the Commission to negotiate cooperation agreements (including the Second Lomé Convention) and considers that the directly elected Parliament must be called upon to ratify the financial protocols;

Supplementary budgets

8. Remains convinced that, in an integral system of own resources, supplementary budgets must not be introduced except in unavoidable and unforeseen circumstances;
9. Feels that in order to avoid supplementary agricultural budgets a reserve should be created in Chapter 100 with the appropriations allocated in detail to the various market organizations in accordance with their needs;
10. Considers also that proper coordination of legislative and budgetary operations should enable the need for non-agricultural supplementary budgets to be avoided;

Nomenclature

11. Considers it necessary that Regional Fund appropriations be itemized, research appropriations simplified and EAGGF appropriations made more transparent in the 1979 budget;

Budgetary transparency

12. Disapproves of the creation of too many decentralized bodies often governed by disparate rules and requests that a detailed classification be made of them;
13. Considers that bodies carrying out Community tasks should be financed by the general budget and remain under the control of the budgetary authority;

Implementation of the budget

14. Considers that certain types of appropriations may be entered in the budget and used without any other prior legal basis and invites the Council to cooperate with it in drawing up a list of such appropriations, during the annual budgetary procedure;
15. Considers that Article 205 of the EEC Treaty gives the Commission authority to implement the budget without awaiting specific implementing decisions by the Council;
16. Considers the practice of freezing appropriations to be both useful and legitimate and invites the Council to come to an agreement with it on the procedure for the release of such appropriations;

Financial planning

17. Proposes that the multiannual estimates be extended to cover a period of five years, that their political function be strengthened and that they be better coordinated with the Community's economic and monetary activities;
18. Requests that the budgetary authority should consider and adopt these estimates each year in conjunction with the annual budget;

ECSC budget

19. Notes that the rigidity of the ECSC's operational budget no longer enables it to meet the increase in financial requirements caused by the expansion of the ECSC's activities;
20. Considers therefore that costs should be coordinated between the ECSC and EEC budgets, and that these budgets should be considered and adopted together;
21. Approves of the increased role played by the ECSC investment (borrowing/lending) budget but feels that Parliament should have total control over this budget and the activities financed from it;
22. Expects to pursue the inter-institutional dialogue in accordance with these conclusions;
23. Hopes strongly that this dialogue will enable the institutions concerned to reach agreement on the main questions in time for the opening of the budgetary procedure for the 1979 budget;
24. Instructs its President to forward this resolution and the report of its committee to the Council and Commission of the European Communities.

EXPLANATORY STATEMENT

I. GENERAL

In both 1976 and 1977 the working party considered a series of problems connected with budgetary techniques, procedure and principles.

Again this year it has continued its examination of various old topics and tackled new problems with a view to facilitating the inter-institutional dialogue on the Community budget.

A total of eight working documents were drawn up by members of the group:

- budgetization of loans (Lord Bruce of Donington)
- cooperation appropriations (Mr Aigner)
- supplementary budgets (Mr Bangemann)
- nomenclature (Mr Cointat)
- budgetary transparency (Mr Shaw)
- implementation of the budget (Mr Lange)¹
- financial planning (Mr Lange)
- ECSC budget (Mr Ripamonti)

The group also entered upon a study of the medium-term financing of Community activities (McDougall report) but it was agreed to deal with this study separately in order to give the draftsman (Lord Bruce of Donington) more time to consider the subject.

As in 1976 and 1977, the working party submitted the results of its work to the Committee on Budgets for presentation to Parliament in the form of a report.

It is essential that the Commission and the Council study closely this report, which is addressed to them, and give a full and detailed reply so that a genuine inter-institutional dialogue may ensue.

¹ This document is also to serve as the basis for the conciliation procedure with the Council scheduled for September 1978.

This report could also serve as a reference document for consideration of the 1979 draft budget and, as in previous years, for some of the amendments proposed by the Committee on Budgets.

Since last year, Mr Ripamonti (rapporteur on the 1978 ECSC budget and on the 1979 budgets of Parliament/Council/Court of Justice/Court of Auditors) and Mr Bangemann (rapporteur on the 1979 Commission budget) have become members of the working party.

The present membership of the working party is therefore as follows:

Mr Cointat	(rapporteur on the 1976 budget), chairman
Mr Lange	(chairman of the Committee on Budgets)
Mr Aigner	(rapporteur on the 1975 budget)
Lord Bruce of Donington	(rapporteur on the 1977 budget)
Mr Shaw	(rapporteur on the 1978 budget)
Mr Bangemann	(rapporteur on the 1979 budget)
Mr Ripamonti	(rapporteur on the 1979 budget)

II

BUDGETIZATION OF LOANS

Draftsman : Lord BRUCE OF DONINGTON

INTRODUCTION

1. In 1974/75, the Community embarked on the introduction of new borrowing and lending machinery in addition to the existing machinery: 'Euratom' loans and 'Community' loans were thus added to the instruments available in the ECSC and the EIB¹.

2. Since then, Parliament has paid constant attention to the Community's borrowing and lending policy² and its position on this matter can be summarized as follows:

'The Community must rationalize and develop its borrowing and lending activities authorized and supervised by the budgetary authority'³.

The development of the loan policy

3. Parliament favours greater recourse by the Community to the capital market for many reasons:

- (a) the disparity between the richer and poorer regions of the Community is already of such proportions as to render it quite impervious to the effects of any annual contributions from the Community's Regional Fund as at present constituted and within the existing ceiling of the Community's own resources as fixed by the Treaty. Consequently only massive investment within the poorer regions can make a significant impact towards the reduction of the ever-growing imbalance;
- (b) it would help to meet the Community's need to be financially independent of the individual Member States;
- (c) borrowing is a flexible and modern method of financing, particularly well adapted to financing the productive activities which the Community will increasingly be called upon to undertake.

The rationalization of the loans policy

4. With the 'investment' loans which it plans to introduce⁴, the Commission will have five different channels and mechanisms for raising and investing capital⁵. This diversity - which is verging on disorder - has arisen because

¹ See table showing the various Community borrowing instruments in Annex I.

² See, in particular, the résumé of its main statements in the Notice to the Members of the Committee on Budgets of 13 September 1977 (PE 49.913) - given in Annex II.

³ Paragraph 1(a) of its Resolution of 15 June 1977 on the interinstitutional dialogue on certain budgetary questions.

⁴ Commission proposal of 30 January 1978 (COM(78) 26 final).

⁵ EIB, ECSC loans, Community loans, Euratom loans, Investment loans. Moreover, there are several instruments for loans in the context of financial cooperation with certain third countries.

the Community, and more particularly the Commission¹ has failed to develop an overall policy on recourse to the capital market. There are serious drawbacks to this situation:

- (a) the lack of an overall view of the Community's need for funds and its level of borrowing because of the strict compartmentalization of the various instruments;
- (b) dispersal of responsibility for decision-making and management - and even rivalry between the authorities of the departments or institutions responsible for operating the various instruments;
- (c) an uncoordinated approach to the big capital markets which is likely to create a confusion harmful to the Community's international credit standing.

Control of the loan policy

5. Parliament feels that the Community's borrowing and lending activities should be placed under political control and that this control should be exercised by the budgetary authority. This, for the following reasons:

- (a) the loan machinery can be used to finance large-scale Community measures whose development must be kept under political control (for example the construction of nuclear power stations with Euratom loans);
- (b) the use of loans involves the Community's financial - that is to say budgetary - guarantee towards international suppliers of capital;
- (c) borrowing and lending must be integrated into the budgetary procedure - as is standard practice in the Member States - although because of their special nature they would require special presentation.

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6. Since 1976 Parliament, on the basis of the work of the Ad Hoc Working Party of the Committee on Budgets, has attempted to convince the Commission and the Council of the validity of its judgments and its proposals. Although some progress has been made on control of financial operations by the budgetary authority, no improvements have been recorded as regards the rationalization of these operations. For this reason the working party is convinced of the need to present, this year, proposals for drastic reform to remedy a situation and developments which it feels are damaging.

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¹ See in particular its 'Report on the loan policy of the European Communities' of 17 March 1976 (COM(76) 111).

I. THE RATIONALIZATION OF THE LOAN POLICY

7. The Working Party must point out that the proliferation of loan instruments mentioned above is becoming worse, with the imminent introduction of 'investment' loans, projects under study in the regional and industrial fields in aeronautics, shipbuilding; moreover this proliferation is matched by a certain confusion in the definition of the role of the different Community institutions in loan activities. The Working Party therefore feels it necessary to put forward the following suggestions aimed both at unifying the existing machinery and at clarifying the responsibilities of each institution with regard to this unified structure.

1. Unification of loan machinery

8. The Commission should envisage the possibility of grouping together the four existing or planned systems - that is to say ECSC, Community, Euratom and Investment loans - into a single instrument¹ which might then be extended to include 'regional loans', 'aeronautics loans', etc.; management of this single instrument should also be unified, that is to say entrusted to a single administrative unit within one institution.

9. The financial operations of the EIB should, of course, conserve their special character but there is an urgent need for true coordination between the activities of the bank and the other Community loan instruments; this is far from being the case at present, as there is a surprising and damaging rivalry between the Bank and the Commission, particularly as regards access to the international capital markets.

2. Responsibilities of the institutions

10. Parliament has, on several occasions, regretted the fact that the existing or planned machinery gives the Council and the Bank prerogatives which should normally belong to the budgetary authority and the Commission. The economics of this machinery are that the Council fixes the maximum amount of capital to be raised and invested and authorizes each of the major borrowing and lending operations while the Bank has a general mandate which in practice gives it a controlling say in management of the operations.

¹ Community, Euratom and Investment loans are technically very similar. Annex I sets out the main features (including the sums involved); Annex III illustrates the proliferation of these instruments.

The working party's view of how these roles should be distributed is very different; the arrangement it favours - and which could be applied to a unified loan machinery - is as follows:

- (a) the Council decides (on a proposal from the Commission and after conciliation with the Parliament) on the broad outlines of the general loan machinery - and on its use for the financing of any new Community policies;
- (b) the Budgetary Authority authorizes, within a ceiling which it fixes annually, recourse to borrowing and lending; it is kept informed of operations during the financial year and controls implementation subsequently;
- (c) the Commission assumes full responsibility for the unified and coordinated management of the loan machinery; it alone, therefore, decides, within the annual budgetary limits, on individual borrowing and lending operations - if need be with the assistance of a consultative committee;
- (d) the EIB can, in addition to its own activities as defined under Article 130 of the EEC Treaty, assist the Commission in the material management of Community loans proper; but the Bank cannot replace the Commission simply through a general mandate conferred on it by the Commission.

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II. CONTROL OF THE LOAN POLICY

11. The definition and implementation on the Community Loan Policy must - in the same way as the budgetary policy - remain under the control of the budgetary authority. It must therefore be fully and clearly set out in the budget so that the budget:

- gives annual authorization for raising and granting loans,
- fixes the maximum total amount for operations thus authorized,
- constitutes a guarantee for investors against default by the Community.

12. These principles were confirmed by the Working Party and adopted by Parliament in 1975 and were applied - through amendments - in the adoption of the 1976, 1977 and 1978 budgets. So although the budgetization of loans is now accepted, the system of budgetary entry used provisionally so far must be reformed and give way to the permanent establishment of a true capital budget.

1. Inadequacy of the present method of budgetization

13. The method used in the 1976 to 1978 budgets is budgetization by a token entry in the body of the budget¹; the drawback of this method is that it fails to distinguish borrowing and lending operations from income and expenditure of quite a different nature; moreover it does not give an overall view of these operations.

2. The creation of a capital budget

14. In 1975 - in its opinion on EURATOM loans² - the Committee on Budgets suggested the creation of a special budget covering all the capital operations planned for the financial year and setting out the extent of Community borrowing and how it was being managed.

15. The special Capital Budget should comprise separate titles in respect of both loans/investments made and repayments/redemptions received, for each type of Community loan, that is to say :

- (a) European Investment Bank (EIB) loans;
- (b) European Coal and Steel Community (ECSC) loans;
- (c) European Monetary Cooperation Fund loans;
- (d) Euratom loans;
- (e) investment loans as per COM(78) 26 final of 30 January 1978.

16. Such a Capital Budget (supported by detailed annexes as necessary) should be presented in such a manner as to give to the budgetary authority a clear overall view of all capital transactions, and allow it to form a precise and consistent judgement in the financial operations authorised during a given financial year and thus proposed for the year to which the budget relates.

17. Receipts of interest and premiums and payments of interest and discounts should be shown under a separate title and such as relate to the Commission's own loan/investment transactions should be brought into the Commission's sector of the General Budget under separate titles.

¹ See Annex IV.

² PE 40.927. The outline capital budget attached to that opinion is given in Annex V to this working document; it should be adjusted to take account of the unification of loan machinery advocated here.

3. Information on the implementation of the loan policy

18. Under the scheme set out in paragraph 10 the Commission has the prerogative - but also the responsibility - of managing loans. This management should, however, be subject to the political control of the budgetary authority and it is therefore essential that that authority be informed in advance of the most important borrowing and lending operations which the Commission intends to undertake within the framework of the ceilings authorized in the Budget.

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CONCLUSIONS

19. Most of the comments made by the Working Party and the Committee on Budgets over previous years remain valid, subject to the two main proposals made above concerning the unification of loan machinery and the creation of a capital budget.

20. With regard to these proposals, the Commission is formally requested to provide the European Parliament with:

- (a) a note, accompanied by specific proposals, on the unification of the loan machinery;
- (b) its position, expressed as clearly as possible, on the role of the various institutions in the loan policy as advocated by the working party in paragraph 10 above;
- (c) a study, accompanied by specific proposals, on the creation of a capital budget on the lines set out by the working party and in conjunction with paragraphs 15, 16 and 17 of this working document.

21. Finally, the Working Party recalls that during the conciliation procedure on the Financial Regulation in December 1977, it was understood that borrowing and lending operations would be considered afresh by the Conciliation Committee.

THE VARIOUS COMMUNITY LOAN INSTRUMENTS

	Authority responsible for decision	Authority responsible for management	Actual (or authorized) amount of operations (million EUA)
<u>EIB</u> ¹	Board of Governors* (which lays down general directives) and Board of Directors** of the EIB (which decides on the raising and granting of loans)	Management Committee of the EIB	1,570 (1977)
<u>ECSC loans</u> ²	Commission	Commission	740 (1977)
<u>Community loans</u> ³	Council (on a proposal from the Commission)	European Monetary Cooperation Fund	(3,000)
<u>EURATOM loans</u> ⁴	Commission (subject to the agreement of the Council on the renewal of credit instalments)	Commission	(500)
<u>Investment loans</u> ⁵	Council (which authorizes instalments and fixes general objectives) and Commission (which negotiates conditions)	EIB (on general mandate granted by the Commission)	(1,000)
		TOTAL	(6,810 million EUA)

* Composed of the Finance Ministers of the Member States

** Composed of the Representatives of the Member States

¹ Protocol on the Statutes of the Bank, annexed to the EEC Treaty

² Articles 49 and 51 of the ECSC Treaty

³ Council Regulation of 17 February 1975 (OJ L 46/1, 20 February 1975)

⁴ Council Decision of 29 March 1977 (OJ L 88/9, 6 April 1977)

⁵ Proposal for a Council Decision of 30 January 1978 (COM(78) 26 final).

EXTRACT FROM THE NOTICE TO MEMBERS OF THE COMMITTEE ON
BUDGETS OF 13 SEPTEMBER 1977 (PE 49.913)

II. RESUME OF LEADING STATEMENTS BY THE EUROPEAN PARLIAMENT - AND THE
COMMITTEE ON BUDGETS - ON THE QUESTION OF BORROWING

19 June 1975

Resolution of the European Parliament on Euratom loans

- '3. Considers that, in line with the relevant legal rules, an entry should be made in the annual budget to cover Community borrowings and lendings, which should be subject to the budgetary procedure applicable to all Community revenue and expenditure, and that the Commission must therefore be empowered by the budgetary authorities to borrow funds and approve loans of sums to be accurately defined and set out in the budgetary documents'¹

Moreover, the Committee on Budgets requested the Commission to draw up a report on its overall loans policy (the report was to be forwarded to Parliament on 17 March 1976).

11 July 1975

Resolution of the European Parliament on the draft Treaty amending certain
financial provisions of the Treaties

- '7. Notes that different types of Community loans exist at present or are planned, without any clear definition of their relationship to the Community budget;
8. Requests, in conformity with the Commission's proposal, that the issuing of loans on the basis of the Treaties be settled in the context of the budgetary procedure, and effected on a proposal from the Commission and in agreement between the Council and the Parliament.'²

Parliament proposes that the version of Article 203(b) proposed by the Commission be reinserted:

'Any decision to have recourse to the raising of loans shall be decided during the budgetary procedure by the Council acting by a qualified majority and with the approval of the Assembly, acting by a majority of its Members and an absolute majority of the votes cast.'³

¹OJ No. C 157/36, 14.7.1975

²OJ No. C 179/46, 6.8.1975

³OJ No. C 179/50, 6.8.1975

13 May 1976

Report of the European Parliament on the inter-institutional dialogue

- '(b) the purpose of budgetization Community loans is to bring them, in the form referred to in this document, within the normal process for authorizing Community revenue and expenditure;
- (d) budgetization should allow the budgetary authority to set a maximum annual ceiling on capital transactions, based on complete information on the borrowing position of the Community;
- (f) the introduction of a Community 'capital budget' should make Community loan policy fully and clearly comprehensible';¹

25 October 1976

Resolution on the draft general budget of the Communities 1977⁴

- '23. Considers that a prerequisite for the creative evolution of the economic convergence of Member States can be achieved only by the harnessing and judicious use of the Community's capital potential within the context of its global economic and social objectives.'

10 May 1977

Resolution of the European Parliament on the guidelines of the European Parliament on the budgetary and financial policy of the European Communities for 1978

- '3. Welcomes the Commission's intention, in accordance with Parliament's view, to improve Community financing capacity by way of long-term borrowings guaranteed by the Community thus giving added flexibility to the scope for budgetary actions in the spheres of investment and development and calls for early specific Commission proposals in the matter;²

15 June 1977

Resolution of the European Parliament on the inter-institutional dialogue on certain budgetary questions

- '(a) The Community must rationalize and develop its borrowing and lending activities authorized and supervised by the budgetary authority'³.

¹ Doc. 97/76 pp. 22 - 23

² OJ No. C 133/21, 6.6.1977

³ Doc. 119/77, p.5

⁴ Doc. 363/76, p. 8

ILLUSTRATION OF THE PROLIFERATION OF COMMUNITY LOAN INSTRUMENTS

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WRITTEN QUESTION No. 802/76¹

by Mr van der Hek

to the Commission of the European Communities

(17 January 1977)

Subject: Community financial aid to Italy

1. Could the Commission indicate the amounts made available, or likely to be made available to Italy, by Euratom to finance the construction of nuclear power stations?
2. What other Community funds have been made available to Italy?
3. In deciding Community loans to Italy, what account is taken of the funds which that country obtains from the Community in other ways?

Answer

(11 March 1977)

1. No loan has so far been granted in Italy by Euratom. The Commission 'proposal' of 24 January 1975, the object of which was to authorize the Commission to issue Euratom loans totalling 500 million units of account to enable the Community to contribute to the financing of nuclear power stations, obtained a favourable opinion from the European Parliament on 19 June 1975 but has not yet been approved by the Council because of a reservation by a Member State.
2. Community loans have been given to Italy in the form of short-term monetary support, medium-term financial assistance and Community loans.

Since May 1976, Italy has had at its disposal short-term support totalling 400 million EMUA. This facility has been extended several times and will remain available until March 1977 but has not yet been used.

¹ OJ No. C 94, 18.4.1977, p. 14.

The Council Directive of 17 December 1974¹ granted Italy an amount of 1,159.2 million units of account by way of medium-term financial assistance.

On the basis of the Council Decision of 15 March 1976², a Community loan was contracted totalling \$1,000 million plus DM 500 million. Italy received ten-thirteenths of these amounts, or the equivalent of about \$1,000 million.

Apart from the loans mentioned above, bodies in Italy have also received funds from the ECSC and the EIB.

Payments under loans granted to Italy between the inception of the ECSC and 31 December 1976 amount to 624.33 million EUA and represent 15% of the total amount of ECSC loans to all the Community Member States. At the same date, the balance remaining due amounted to 496.98 million EUA.

The loans granted to borrowers in Italy by the EIB, from its foundation until 31 December 1976, amount to 2,655.5 million units of account. The outstanding balance of these loans on 31 December 1976 was 2,133.7 million units of account, or 41.6% of the outstanding amount of the loans granted by the Bank within the Community.

3. In the granting of Community loans to Italy - as in the case of any other Member State - account is taken of the situation regarding its external payments and the general economic policy pursued by the country. Article 1 of Council Regulation (EEC) No. 397/75 of 17 February 1975³, relating to Community loans, expressly states that these loans shall be granted to Member States suffering from balance-of-payments difficulties due to increases in the prices of petroleum products. Article 3 of the same Regulation provides that the borrowing Member States must comply with economic policy conditions stipulated by the Council.

¹ OJ No. L 341, 20.12.1974, p. 51.

² OJ No. L 77, 24.3.1976, p. 16.

³ OJ No. L 46, 20.2.1975, p. 1.

METHOD OF BUDGETIZATION USED IN 1976/77 and 1978

Example: Community loans

(Extract from the 1978 Budget, OJ No. L 36, 6.2.1978, pp. 340-341)

Heading	EUA Appropriations 1978	Remarks
<p><u>Chapter 42</u></p> <p>Community loans</p>	<p>token entry</p>	<p>Council Regulation (EEC) No. 397/75 of 17 February 1975.</p> <p>This heading constitutes the budgetary framework for the consequences of a general decision taken authorizing the Commission to lend funds to Member States in balance of payments difficulties caused by the increase in prices of petroleum products.</p> <p>The loan operations authorized for the financial year under consideration are limited to US\$ 3,000 million.</p> <p>Community guarantee</p> <p>If the other operations provided for by the financial mechanism for these loans cannot be brought into play in time, in view of the due dates, the Commission will temporarily use its funds to service the debt incurred by the Community, by virtue of its direct legal obligation to the lenders.</p> <p>Any expenditure which the Community may finally have to bear is charged to this chapter. The Community will then have to exercise its right to bring proceedings against the debtors¹.</p>

¹ This text is binding.

OUTLINE CAPITAL BUDGET OF THE EUROPEAN COMMUNITIES

Extract from the opinion by the Committee on Budgets on Euratom loans of 2.6.1975 - PE 40.927

GENERAL BUDGET OF THE COMMUNITIES - FINANCIAL YEAR 1976

SECTION III - COMMISSION

ANNEX III CAPITAL BUDGET OF THE EUROPEAN COMMUNITIES

<u>CAPITAL OPERATIONS</u>		m.u.a.	<u>MANAGEMENT OF LOANS</u>		m.u.a. (Principal + 11% interest)
<u>A. Revenue</u>			<u>A. Revenue</u>		
<u>Chapter I</u>	<u>Borrowing</u>		<u>Chapter I</u>	<u>Repayment of loans</u>	
Article 11	Loans issued pursuant to Regulation No.01 (petro-dollar loans)	3,000	Article 11	Repayment of loans granted pursuant to Regulation No.01 ... (petro-dollar loans)	300 + 330
Article 12	Loans issued pursuant to Regulation No.02 (Euratom loans)	500	Article 12	Repayment of loans granted pursuant to Regulation No.02 ... (Euratom loans)	50 + 55
Article 13	Loans issued pursuant to Regulation No.03 etc.	-	Article 13	Repayment of loans granted pursuant to Regulation No.03 etc.	-
<u>Total revenue</u>		3,500	<u>Total revenue</u>		735