

# European Communities

---

U. 2012

## EUROPEAN PARLIAMENT

# Working Documents

1977 - 1978

---

4 July 1977

DOCUMENT 189/77

## Report

drawn up on behalf of the Committee on Budgets

on the proposal from the Commission of the European Communities to the Council (Doc. 101/77) for a Regulation on the application of the provisions of the ~~Financial~~ Protocol concluded with Malta

**Rapporteur: Mr M. BANGEMANN**

PE 49.176/fin.



By letter of 3 May 1977 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 on the application of the provisions of the Financial Protocol concluded with Malta.

On 11 May 1977 the President of the European Parliament referred this proposal to the Committee on Budgets as the committee responsible and to the Committee on External Economic Relations for its opinion.

On 7 June 1977 the Committee on Budgets appointed Mr Bangemann rapporteur.

It considered this proposal at its meeting of 23 June 1977.

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

Present: Mr Lange, chairman; Mr Bangemann, vice-chairman and rapporteur; Mr Albertini, Lord Bruce of Donington, Mr Caro, Mr Dalyell, Mr Früh, Mr Martens, Mr Notenboom, Mr Radoux, Mr Schmidt (deputizing for Mr Patijn), Mr Schreiber, Mr Shaw, Mr Spinelli, Mr Terrenoire and Mr Würz.

The opinion of the Committee on External Economic Relations is attached.

CONTENTS

	<u>Page</u>
A. MOTION FOR A RESOLUTION.....	5
B. EXPLANATORY STATEMENT.....	12
OPINION OF THE COMMITTEE ON EXTERNAL ECONOMIC RELATIONS.....	15

A

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 proposal from the Commission of the European Communities to the Council for a regulation on the application of the provisions of the Financial Protocol concluded with Malta

The European Parliament,

- having regard to the Cooperation Agreement concluded with Malta and its opinion on this agreement<sup>1</sup>,
- having regard to the Commission proposal<sup>2</sup>,
- having been consulted by the Council (Doc. 101/77),
- having regard to the report of the Committee on Budgets and the opinion of the Committee on External Economic Relations (Doc. 189/77),

1. Approves the proposal for a regulation on the following conditions:

- (a) Even for budgetized aid administered directly by the European Investment Bank the Commission should retain overall responsibility vis-à-vis the budgetary authority for the implementation of the budget, as provided for under Article 205 of the Treaty and in the Financial Regulation of the Communities;
- (b) The role of the management committee required to give its opinion on draft financing proposals or action programmes should in no way infringe the Commission's powers and responsibilities under the Treaty in respect of implementation of the budget;
- (c) The European Investment Bank, which is to administer part of the budgetized aid, should henceforth be directly accountable in respect of the administration thereof to the Commission of the European Communities, so that the latter may report regularly to Parliament and its Committee on Budgets;
- (d) At least once a year the Commission should inform the Council and Parliament of the conditions under which the financing projects administered by it have been implemented and carried out;

2. Requests the Commission to endorse the following amendments, pursuant to Article 149, second paragraph, of the EEC Treaty.

<sup>1</sup>OJ No C 100, 3.5.1976, p. 8

<sup>2</sup>OJ No C 110, 6.5.1977, p. 6

Proposal for a Council Regulation on the application of the  
provisions of the Financial Protocol concluded with Malta

(Recitals and Article 1 unchanged)

Article 2

1. The appropriations for the financing of aid not covered from the Bank's own resources shall be administered by the Commission, in accordance with the Financial Regulation of 25 April 1973 applicable to the general budget of the Communities.

2. The Commission shall itself administer the grants for technical assistance programme or schemes.

A general mandate will be given to the bank by the Commission in the name of the Community, to administer the interest rate subsidies for loans from its own resources, the special loans and the risk capital operations.

3. Operations covered by the mandate established pursuant to paragraph 2 shall be undertaken by the Bank on behalf and at the risk of the Community. The Bank shall act in accordance with the procedures laid down by its statute, subject to Articles 9 and 10 of this Regulation.

The special conditions of the mandate - in particular the provisions concerning movements of funds and the remuneration for executing the mandate - shall be the subject of an agreement between the Commission and the Bank.

Article 2

1. The appropriations for the financing of aid not covered from the Bank's own resources shall be administered by the Commission, pursuant to Article 205 of the EEC Treaty and in accordance with the Financial Regulation of 25 April 1973 applicable to the general budget of the Communities.

2. unchanged

unchanged

3. unchanged

unchanged

<sup>1</sup>For full text see OJ No C 110, 6.5.1977, p. 6

4. The limit on the sums which may be committed by the bank in any year in executing the mandate shall be fixed annually. This limit may be reviewed during the year in question.

4. deleted

Article 3 unchanged

Article 4

The Commission shall provide the Member States with information obtained from Malta as regards the content and prospects of their development plans, the objectives they have set themselves and projects already identified which are likely to attain these objectives.

The Commission shall compile this information in collaboration with the Bank.

Member States shall at the same time inform the Commission of any bilateral aid they have granted or intend to grant.

Furthermore, the Commission shall forward to the Committee referred to in Article 6 all available information on any other bilateral or multilateral aid granted or envisaged for Malta.

To this end, and in order to keep Member States informed, the Commission shall obtain all relevant information on aid to the States concerned which Member States, international institutions and other aid donors have already granted or intend to grant.

Article 4

The Commission shall provide the Member States each year with information obtained from Malta as regards the content and prospects of their development plans, the objectives they have set themselves and projects already identified which are likely to attain these objectives.

unchanged

unchanged

unchanged

unchanged

Article 5

The position to be taken by the Community with a view to defining aid guidelines within the Association Council shall be adopted by the Council on a proposal from the Commission drawn up in close cooperation with the Bank. In the event of disagreement, the bank shall state its position in the Council.

Article 5

The position of the Community within the Association Council shall be adopted by the Council on a proposal from the Commission drawn up in close cooperation with the Bank. In the event of disagreement, the bank shall state its position in the Council.

Articles 6 and 7 unchanged

Article 8

The draft financing proposals referred to in Article 7, together with the opinion of the Article 6 Committee, shall be submitted to the Commission for its decision.

If the Commission decides to differ from the opinion expressed by the Committee, or if the Committee has not delivered a favourable opinion, it shall either withdraw the financing proposal, or, at the earliest opportunity, refer the proposal to the Council, which shall decide on it by a qualified majority.

Article 8

unchanged

If the Commission does not accept the opinion expressed by the Committee, or if the latter has not delivered a favourable opinion, the Commission shall either withdraw the financing proposal or, at the earliest opportunity, refer the proposal to the Council, which shall decide on it by a qualified majority.

Article 9 unchanged

Article 10

1. The document in which the bank submits draft financing proposals to the Article 9 Committee shall, in particular, explain the relevance of the projects to the development prospects of the country or countries concerned and, where appropriate, indicate the situation as regards loans granted by the Community.

2. Where the Article 9 Committee and the Commission deliver a favourable opinion in respect of a request for a loan with an interest rate subsidy, the request shall be submitted for a decision to the Board of Directors of the Bank, which shall act in accordance with the provisions of the bank's statute.

In the absence of a favourable opinion from the Article 9 Committee or in the event of an unfavourable opinion from the Commission, the Bank shall either withdraw the application or request that the Member State taking the chair of the Article 9 Committee bring the matter before the Council as soon as possible<sup>1</sup>.

Article 10

1. unchanged

2. unchanged

In the absence of a favourable opinion from the Article 9 Committee or in the event of an unfavourable opinion from the Commission, the Bank shall either withdraw the application or request that the Member State taking the chair of the Article 9 Committee bring the matter before the Council as soon as possible  
(footnote deleted)

---

<sup>1</sup>The EIB wishes to replace this subparagraph by the following:

'In the absence of a favourable opinion from the Article 9 Committee or in the event of an unfavourable opinion from the Commission, the Bank shall either withdraw the request or decide to uphold it. In the latter event, this request, together with the reasoned opinion of the Committee and the opinion of the Commission, shall be submitted for a decision to the Board of Directors of the Bank, which shall act in accordance with the provisions of the Bank's statute'.

deleted

3. Where, in respect of a draft financing proposal by special loan or risk capital, the Article 9 Committee and the Commission deliver a favourable opinion, the proposal shall be submitted for a decision to the Board of Directors of the Bank, which shall act in accordance with the provisions of the Bank's statute.

3. unchanged

In the absence of a favourable opinion from the Article 9 Committee or in the event of an unfavourable opinion from the Commission, the Bank shall either withdraw the proposal or request that the Member State taking the chair of the Article 9 Committee bring the matter before the Council as soon as possible.

unchanged

4. Where, in the absence of a favourable opinion from the Article 9 Committee or in the event of an unfavourable opinion from the Commission, the matter is brought before the Council in accordance with paragraphs 2 and 3, the Bank's request or proposal shall be submitted to the Council together with the reasoned opinions of the Article 9 Committee and the Commission<sup>1</sup>.

4. unchanged

The Council shall act by a qualified majority.

unchanged

If the Council decides to confirm the position taken by the Article 9 Committee or by the Commission, the Bank shall withdraw its proposal.

If, however, the Council is in agreement with the Bank's proposal, the Bank shall implement the procedures provided for in its statute.

unchanged

---

<sup>1</sup>Wording requested by the EIB in order to take account of its position regarding paragraph 2:

'In the latter event, the Bank's proposal shall be submitted to the Council together with the reasoned opinions of the Article 9 Committee and the Commission'.

Article 11

1. The Commission shall ascertain how the Community aid administered by it is used by Malta, or by any other recipients.

2. It shall also ascertain, in close collaboration with the relevant authorities of Malta, how projects financed with Community aid are used by the recipients.

3. When ascertaining how Community aid and projects are used, as provided for in paragraphs 1 and 2, the Commission shall examine jointly with the Bank the extent to which the objectives defined pursuant to Article 21 of the Protocol and Articles 9 and 16 of the Financial Protocol thereto have been attained.

4. The Commission shall inform the Council at least once a year of its findings pursuant to paragraphs 1, 2 and 3.

Article 11

1. The Commission shall ascertain how the Community aid is used by Malta, or by any other recipients.

2. unchanged

3. unchanged

4. The Commission shall inform the Council and the European Parliament, when requested and at least once a year, of its findings pursuant to paragraphs 1, 2 and 3.

Article 12 unchanged

EXPLANATORY STATEMENT

1. The proposed regulation submitted to Parliament lays down the implementing rules for the Financial Protocol concluded between Malta and the Community.

2. In particular it establishes the procedure for administering budgetized aid, in other words aid financed from the Community budget as distinct from aid in the form of direct loans from the European Investment Bank.

3. The nature and volume of budgetized aid are distinctly lower than direct loans from the EIB (16 m u.a.):

Direct EIB loans	16
Budgetized aid	10
special loans	(5)
grants	(5)
including interest rate subsidies	(1.9) <sup>1</sup>

---

<sup>1</sup>Estimate

IMPLEMENTING PROVISIONS

4. Article 2 of the proposed regulation establishes the principle that the Commission should administer budgetized aid. It also states that grants are to be administered directly by the Commission and interest rate subsidies and special loans by the Bank. The above table shows that the greater part of budgetized aid - special loans - is administered by the Bank.

5. Articles 4 and subsequent articles lay down:

- firstly, the procedure for adopting financing decisions relating to development projects or programmes;
- secondly, the role and composition of a Committee of representatives of the Member States, responsible for giving its opinion on the draft financing proposals submitted to it by the Commission.

6. Article 11 grants the Commission the right to ascertain 'how the Community aid is used by Malta or by any other recipients.'

COMMENTS BY THE COMMITTEE ON BUDGETS

7. Henceforth a large part of the aid not financed from the Bank's own resources but from the Community budget (special loans and interest rate subsidies on grants) will still be administered directly by the Bank. As regards the administration of special loans it should therefore be established:

- whether they should be administered directly by the Bank,
- or whether to insist, as does the Committee on Budgets in its report on the application of the Financial Protocol relating to the Cooperation Agreements with the Maghreb countries, that in any event the Commission should retain political responsibility for the administration of budgetized aid as a whole even if it is in part administered directly by the Bank (special loans). The Committee on Budgets considers the latter solution is preferable, since the Commission retains responsibility for the administration of budgetized aid whatever the circumstances.

8. In any event, it is clear that since the Bank directly administers part of the budgetized aid, it must report to the Commission, which must report regularly to Parliament and its Committee on Budgets.

9. A Committee consisting of representatives of the Member States is allocated a vital role in decisions on the financing of projects and programmes. The rapporteur must reiterate the opinion of the Committee on Budgets, which has recently opposed proposed regulations giving committees a right to suspensive veto. This opposition of principle is based on the possible incompatibility between committees with such powers and the Treaty provisions giving the Commission responsibility for implementing the budget. Article 205 of the Treaty should be quoted in this connection:

'The Commission shall implement the budget, in accordance with the provisions of the regulations made pursuant to Article 209, on its own responsibility and within the limits of the appropriations'.

10. In view of the position adopted by the Committee on Budgets, it is essential to stress again, without amending the proposal for a regulation, that none of the provisions relating to the composition or role of these committees should contravene the general principle contained in Article 205 of the Treaty, which confers the main political responsibility for the implementation of the budget on the Commission.

11. The rapporteur on this proposal for a regulation shares the views of the rapporteur on the proposal for a regulation on the application of the Financial Protocol concluded with the Maghreb countries. He therefore proposes a number of amendments which are referred to in the resolution and reiterated below. It is important to affirm:

- the Commission's responsibility for the implementation of the budget, as laid down in Article 205 of the Treaty, and its total political responsibility even for budgetized aid not under its direct administration;
- the Bank's new obligations to the Commission for the budgetized aid under its administration, and to enable the Commission to report regularly to Parliament on the administration of such aid;
- the Commission's responsibility vis-à-vis the budgetary authority for the administration of the budgetized aid;
- that the role of the committees set up under the implementing regulations of the Financial Protocols must in no way conflict with the general provisions of Article 205 of the Treaty and of the Financial Regulation.

OPINION OF THE COMMITTEE ON EXTERNAL ECONOMIC RELATIONS

Letter from the committee chairman to Mr E. LANGE, chairman of the Committee on Budgets

Brussels, 25 May 1977

Dear Mr Lange,

At its meeting of 24 May 1977<sup>1</sup> the Committee on External Economic Relations held an exchange of views on the proposal from the Commission of the European Communities to the Council for a regulation on the application of the provisions of the Financial Protocol concluded with Malta (Doc. 101/77).

At that meeting the committee noted that the purpose of the proposal was to establish the rules to be applied within the Community for the implementation of the financial cooperation concluded as part of the agreement establishing an association between the two parties. The financial protocol, which is an integral part of the agreement, has fixed the aggregate amount of this cooperation at 26 m u.a. (comprising 5 m u.a. in the form of loans on special terms, 5 m u.a. in the form of grants and 16 m u.a. in the form of loans granted by the EIB from its own resources).

The committee noted that the provisions of a basically technical nature laid down by the proposed regulation were identical to those contained in the proposal for a regulation on the application of the provisions of Protocol No. 1 of the Cooperation Agreements concluded with Algeria, Morocco and Tunisia, on which it delivered its opinion at the same meeting of 24 May 1977 in the opinion drawn up by its rapporteur, Mr PINTAT, for your committee as the committee responsible (PE 49.017).

The Committee on External Economic Relations therefore instructed me to inform you that it could only confirm the opinion contained in the above document and that it approved the text of the proposed regulation without amendment.

(Sgd.) Gabriel KASPEREIT

---

<sup>1</sup>Present:

Mr KASPEREIT, President;  
Mr SCOTT-HOPKINS, Mr SCHMIDT, Mr MARTINELLI, Vice-presidents;  
Mr AMADEI, Lord BRIMELOW, Mr CORRIE, Mr COUSTE, Mr DE CLERCQ, Mr GALLUZZI,  
Mr MITCHELL, (replacing Mr. THORNLEY), Lord MURRAY of GRAVESEND (replacing  
Mr. BAYERL), Mr. NOE (replacing Mr. de KONING), Mr. NYBORG, Mr. PINTAT,  
Mr. PRICE, Mr. PUCCI, Mr. RADOUX, Mr. SPICER and Mr. VANDEWIELE

