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Report

drawn up on behalf of the Committee on Budgets

on the second request for the unfreezing of appropriations entered under certain chapters of the statement of expenditure relating to research and investment activities of the budget of the European Communities for the 1976 financial year
(Doc. 273/76)

Rapporteur: Mr M. COINTAT

PE 45.619/fin.

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1.2.1

By letter of 26 July 1976 the Commission of the European Communities requested Parliament, following the latter's deliberations on the budget of the Communities for 1976, to unfreeze certain appropriations relating to research and investment activities (Doc. 273/76).

This request was referred to the Committee on Budgets as the committee responsible on 3 September 1976 and the Committee on Energy and Research was asked for its opinion.

At its meeting of 10 September 1976 the Committee on Budgets confirmed the appointment as rapporteur of Mr Cointat, rapporteur on the budget of the Communities for 1976.

At the same meeting, the Committee on Budgets adopted this report unanimously.

Present: Mr Lange, chairman; Mr Maigaard, vice-chairman; Mr Cointat, rapporteur; Mr Artzinger, Mr Bangemann, Lord Bruce of Donington, Mr Clerfayt, Mr Dalyell, Mr de Koning (deputizing for Mr Brugger), Miss Flesch, Mr Fletcher, Mr Haase, Mr Lautenschlager, Mr Mursch, Mr Notenboom, Mr Radoux, Mr Shaw and Mr Suck.

The opinion of the Committee on Energy and Research is attached.

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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

on the second request for the unfreezing of appropriations entered under certain chapters of the statement of expenditure relating to research and investment activities of the budget of the European Communities for the 1976 financial year

The European Parliament,

- having regard to Amendment No. 11 adopted by the European Parliament when considering the draft budget of the European Communities for the 1976 financial year¹,
 - having regard to the budget of the European Communities for the 1976 financial year and, in particular, Chapter 33 of Section III, Commission²,
 - having regard to its resolution of 18 June 1976 concerning a first request for the unfreezing of appropriations³,
 - having regard to the Commission's request for the unfreezing of appropriations (Doc. 273/76),
 - having regard to the report of the Committee on Budgets (Doc. 292/76),
1. Notes with regret that the Council's delay in taking the programme decisions for the JET project and, more generally, in implementing the multiannual research and investment programmes, necessarily results in the piecemeal utilization of the appropriations earmarked for research and thus hampers the continuity of activities in this field;
 2. Feels that the Council's policy is in conflict with the need for budgetary clarity and transparency;
 3. Requests the Council to take an overall decision permitting the normal utilization of the appropriations for which provision is made in the budget for 1976;

¹ OJ C 7, 12.1.1976, p. 55

² OJ L 66, 15.3.1976, p. 306

³ OJ C 159, 12.7.1976, p. 37

4. Authorizes the unfreezing of 4 m u.a. in commitment appropriations and 1.8 m u.a. in payment appropriations¹ for the financing of Community research programmes and regards the unfreezing of these appropriations above all as concrete proof of the Community's intention to go ahead with the JET project;
5. Instructs its President to forward this resolution to the Council and Commission of the European Communities.

¹ See table annexed to the explanatory statement

EXPLANATORY STATEMENT

1. By letter of 26 July 1976 Mr Cheysson, member of the Commission, requested the unfreezing of certain appropriations relating to the Commission's research and investment activities. The appropriations concerned are entered under Chapter 3.20 (Fusion and plasma physics) of Annex 1 to Section III (Commission) of the 1976 budget¹.

PROCEDURE FOR UNFREEZING APPROPRIATIONS

2. In its resolution of 18 June 1976 Parliament adopted the following procedure for releasing appropriations:

'instructs its Committee on Budgets to consider this question - if necessary after consultation with the other committees concerned - and to notify the President of Parliament of its decisions in order that the Assembly, the Council and the relevant institutions can be informed'².

3. However, where particularly large sums are to be unfrozen or where specific problems arise, the Committee on Budgets may, of course, approach Parliament more formally by submitting an appropriate motion for a resolution.

4. The present request for the unfreezing of appropriations follows a previous request by the Commission concerning other frozen research appropriations. The Committee on Budgets felt that due to the size of the sum involved, the first request should form the subject of a parliamentary resolution³. It also feels that the second request for the unfreezing of appropriations now before it for its consideration, should form the subject of a motion for a resolution.

BACKGROUND TO THE UNFREEZING OPERATION(a) Initial freezing of the appropriations

5. When reconsidering the 1976 draft budget at its December 1975 part-session, Parliament adopted an amendment increasing by 30 m u.a. the

¹ OJ L 66, 15.3.1976, p. 426

² OJ C 159, 12.7.1976, p. 39

³ Resolution of 18.6.1976 (OJ C 159, 12.7.1976, p. 38)

payment appropriations¹ earmarked for indirect research activities in respect of which the Council had not yet adopted the programme decisions.

6. However, 'in view of the imminence and inevitability of a Council decision', Parliament decided to freeze these appropriations 'in order to emphasize that they are of a special nature and do not affect Parliament's margin of manoeuvre, and to ensure that Parliament is more closely involved in their utilization'².

(b) First unfreezing operation

7. At its meetings of 15 and 25 March 1976 the Council adopted the research programmes under consideration and, at the Commission's request, Parliament authorized the unfreezing of the corresponding appropriations. This operation, as the table on page 9 shows, concerned only one part of the frozen appropriations (20.3 m u.a. of a total of 30 m u.a. in payment appropriations)³.

(c) Second unfreezing operation

8. The appropriations which were initially frozen included those required for the implementation of the JET project⁴.

Due to the absence of a Council decision on this project, the Commission did not, at the time of its first request for the unfreezing of appropriations, provide for the release of all or some of the appropriations relating to JET. However, having noted the Council's inability to launch this project (principally because of difficulties over the choice of a site) and fearing that the research team set up for this purpose might disband, the Commission is now requesting the unfreezing of the appropriations concerned.

EXPLANATION OF THE REQUEST FOR THE UNFREEZING OF APPROPRIATIONS

9. The Commission proposes that a payment appropriation of 1.8 m u.a. and a commitment appropriation of 4 m u.a. should be released for the JET project. These sums are designed 'to cover the conclusion of new study contracts and new orders relating to prototypes of the components of the JET machine in 1976, which do not depend on the site of the project'. The following tables provide a clear picture of the development of the appropriations which were initially frozen.

¹ And by 197.6 m u.a. the commitment appropriations

² Amendment No. 11 (OJ C 7, 12.1.1976)

³ And 41 m u.a. of a total of 197 m u.a. in commitment appropriations

⁴ Joint European Torus: an essential stage in the eventual construction of the fusion reactor

TABLE CONCERNING THE UNFREEZING OF RESEARCH

AND INVESTMENT APPROPRIATIONS

(in m u.a.)

	Chapter 33 of the 1976 budget		thereof for the fusion programme (Chapter 3.20 of volume V)	
	Commitment	Payment	Commitment	Payment
Appropriations frozen by Parliament ¹	197.6	30	157.6	23.9
Appropriations unfrozen following the first request ²	41	20.3	16.7	15.4
Appropriations remaining frozen	156.5	9.6	140.9	8.5
Appropriations unfrozen following the second request	4	1.8	4	1.8
Appropriations remaining frozen	152.5	7.8	136.9	6.7

¹ Amendment No. 11, OJ C 7, 12.1.1976

² Resolution adopted by the European Parliament on 18 June 1976,
OJ C 159, 12.7.1976

AUTHORIZATION FOR THE UNFREEZING OF APPROPRIATIONS

10. The Commission's request appears fully justified, and the Committee on Budgets is of the opinion that the Council's request should be anticipated by taking now any measures required to ensure the continued existence of the JET project. It feels that the allocation, by means of unfreezing, of appropriations for study contracts and orders for materials will prevent the JET team from disbanding.

11. However, its approval is subject to the following reservations:

SPECIFIC COMMENTS BY THE COMMITTEE ON BUDGETS

12. Reservations were expressed by Parliament at the time of the first unfreezing operation¹. In view of subsequent developments, the Committee on Budgets again points with increased urgency to these aspects, which concern the budgetary presentation of research appropriations, the involvement of Parliament in transfer operations and the fixing by regulation of ceilings on appropriations.

(a) Budgetary presentation of research appropriations

13. In its resolution 'on certain budgetary questions'² Parliament requested an improvement in the transparency of appropriations relating to research so that it might better exercise its amending and control functions. This request was accompanied by practical proposals for improvement³. At the time of the first request for the release of appropriations Parliament reiterated these remarks.

14. Since then the Commission has adopted a proposal for the amendment of the Financial Regulation⁴, which contains a section on the simplification of the function-oriented budget for research. A reading of this proposal would seem to show that the 'simplification' merely consists in the transformation of one section of the annex (Volume 5, which deals with research appropriations) into a working document. Otherwise, the Commission feels

¹ Points 3, 4 and 5 of its resolution of 18.6.1976

² Resolution of 13.5.1976 (OJ C 125, 8.6.1976)

³ Abovementioned report, page 69 of the explanatory statement

⁴ Doc. 166/76

that 'there can be no question of challenging the function-oriented presentation of the research and investment appropriations'.

15. Considerably more progress has been made in the preliminary draft budget for 1977, in that the Commission gives in its remarks on Chapter 33 ('Expenditure on research and investment') details of the appropriations for each of the direct and indirect actions planned.

16. To summarize, the Committee on Budgets feels that although the Commission's proposals in this field are reasonable, they do not yet go far enough.

(b) Parliament's involvement in transfer operations

17. In its resolution on the first request for the release of appropriations¹ Parliament expressed the feeling that as a result of the increase in its budgetary powers, it should henceforth participate fully in the transfer process, particularly where transfers concerned research and investment appropriations. In the abovementioned proposal for the amendment of the Financial Regulation, the Commission provides for the perpetuation of the derogation by which it alone decides on any transfer operation relating to research appropriations - even from chapter to chapter - without informing Parliament.

18. The Committee on Budgets feels that Parliament should henceforth be involved in or at least informed of any modification to appropriations once they have been adopted and regards any exception to this rule as unjustified.

(c) Fixing ceilings on appropriation by regulation

19. On several occasions, the last being the time of the first request for the release of appropriations, Parliament has pointed out that 'under general Community law, appropriations intended to finance research activities are opened by the budgetary authority in the course of the procedure for adopting the budget, and that the ceilings indicated in the annex to programme decisions are therefore for guidance only'².

20. The Commissioner present during the debate on this motion for a resolution was 'particularly desirous to indicate his agreement' with this part of the resolution. He added: 'It is my opinion as well that programme decisions have purely an indicative significance. I feel that this

¹ Resolution of 18.6.1976 (OJ C 159, 12.7.1976)

² Resolution of 18.6.1976 (OJ C 159, 12.7.1976)

practice is also in line with the legal provisions in this field designed to ensure a better balance in the exercise of the powers and responsibilities of the Council and Parliament on this point'.

21. In its request for the unfreezing of appropriations, however, the Commission bases its calculations - and makes constant reference hereto - on a ceiling of 108 m u.a. in appropriations decided by the Council for the financing of the JET project.

22. A serious ambiguity therefore continues to exist, and the Commission should clarify the situation by giving official confirmation that the only constraints to which it is subject are those imposed on it by the budget.

CONCLUSION

23. The Committee on Budgets approves the unfreezing requested by the Commission (4 m u.a. in commitment appropriations and 1.8 m u.a. in payment appropriations). However, it invites the Commission and Council to take account of the remarks it makes in points 12 to 22 of its report, which

- (a) refer to the need for greater transparency in appropriations relating to research;
- (b) call for a measure of participation by Parliament in transfer operations which takes account of the increase in its budgetary powers;
- (c) confirm Parliament's opposition to the fixing by regulation of ceilings on appropriations where Parliament has not been granted the power of co-decision.

OPINION OF THE COMMITTEE ON ENERGY AND RESEARCH

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

Luxembourg, 10 September 1976

Dear Mr Lange,

By letter of 3 September 1976 the Committee on Energy and Research was asked for its opinion on the letter from the Commission of the European Communities

- on the release of the appropriations entered under Chapter 3.20 'Controlled thermonuclear fusion and plasma physics' in the Statement of Expenditure relating to research and investment activities (Annex I - Section III - Commission - of the Budget of the European Communities for the financial year 1976) (Doc. 273/76).

We discussed this matter at our meeting of 10 September 1976. I am pleased to inform you that no objections were raised to the release of the appropriations requested by the Commission.

In the committee's view the implementation of the JET project is of considerable importance from the standpoint of safeguarding the Community's long-term energy supplies, as we have stressed several times in our reports. We have also criticized, on more than one occasion, the Council's failure to reach a decision on the choice of a site for the JET project. For this reason we feel that it is particularly important for the JET research team to be kept in existence, to ensure that no irreparable action is taken before a decision is reached as to the site of the project. The expenditure that this would entail would be much lower than the cost of setting up a new team if this proved to be necessary.

In the circumstances, therefore, we consider the financial measures proposed by the Commission to be appropriate.

Yours sincerely,

(sgd.) Gerd SPRINGORUM

