

European Communities

EUROPEAN PARLIAMENT

Working Documents

1975-1976

22 December 1975

DOCUMENT 445/75

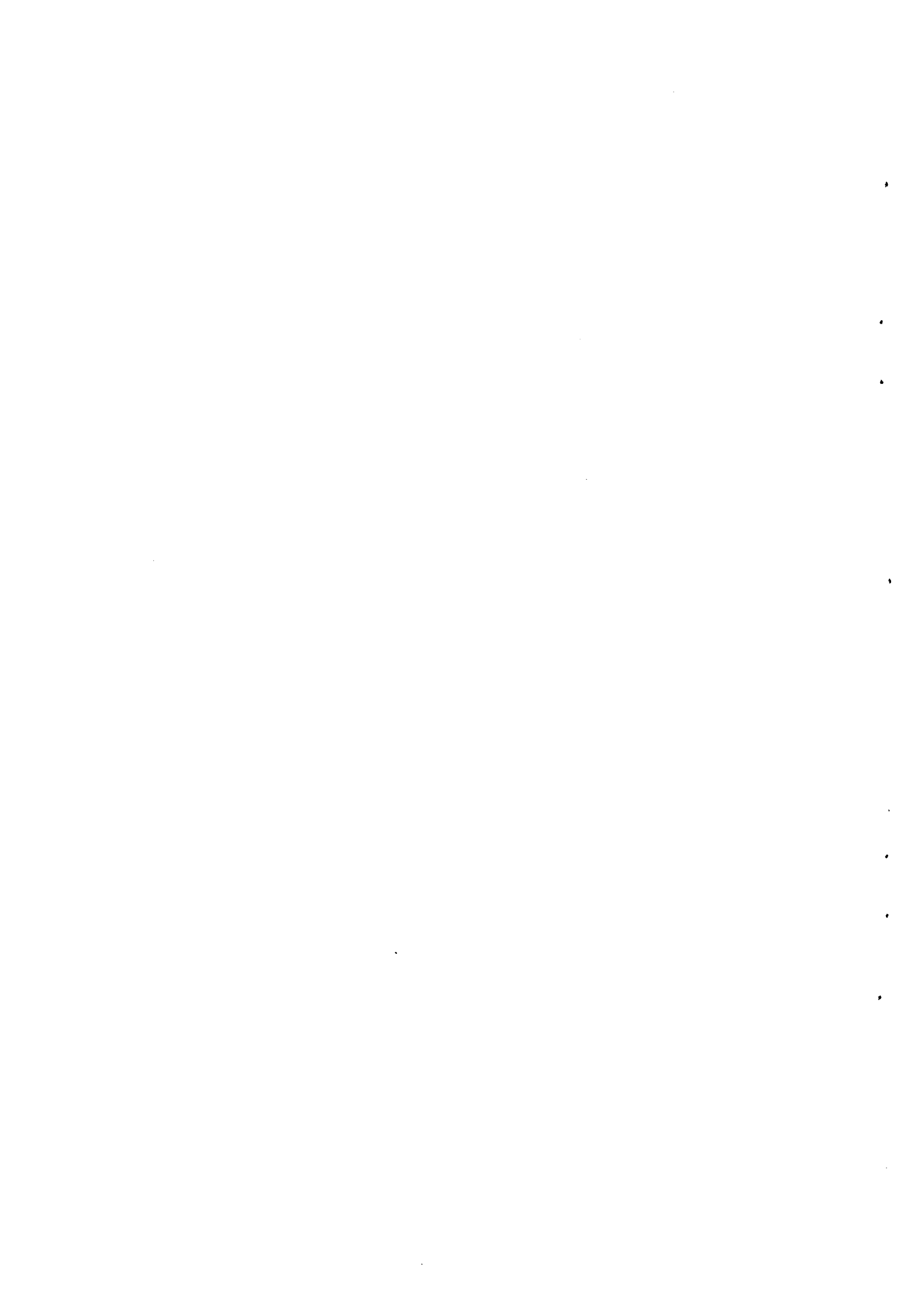
Report

drawn up on behalf of the Committee on Budgets

on the proposal from the Commission of the European Communities to the Council (Doc. 329/75) for a Regulation amending the Financial Regulation as regards the transfers between the "Food Aid" chapter and the European Agricultural Guidance and Guarantee Fund, "Guarantee" section

Rapporteur: Lord BRUCE of DONINGTON

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By letter of 16 October 1975 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 the Financial Regulation as regards the transfers between the 'Food Aid' Chapter and the European Agricultural Guidance and Guarantee Fund, 'Guarantee' Section.

On 4 November 1975, the President of the European Parliament referred this proposal to the Committee on Budgets as the committee responsible and to the Committee on Development and Cooperation for its opinion.

On 18 November 1975 the Committee on Budgets appointed Lord Bruce of Donington as rapporteur.

This proposal was considered by the Committee on Budgets at its meeting of 4 December 1975, when it adopted unanimously the motion for a resolution and the explanatory statement.

Present: Mr Artzinger, acting chairman; Lord Bruce of Donington, rapporteur; Mr Bangemann, The Earl of Bessborough, Mr Brugger, Mr Concas, Mr De Keersmaeker (deputizing for Mr Galli), Mr Fabbrini, Mr Früh, Mr Gerlach, Mr Lagorce and Mr Shaw.

The opinion of the Committee on Development and Cooperation is attached.

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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 proposal from the Commission of the European Communities to the Council for a regulation amending the financial regulation as regards the transfers between the 'Food Aid' Chapter and the European Agricultural Guidance and Guarantee Fund, 'Guarantee' Section

The European Parliament,

- having regard to the proposal of the Commission of the European Communities to the Council¹ ;
 - having been consulted by the Council (Doc. 329/75) ;
 - having regard to the Report of the Committee on Budgets and the opinion of the Committee on Development and Cooperation (Doc. 445/75),
 - aware (a) that the existing regulation for the financing of food aid² envisages that all appropriations for food aid should be covered under Chapter 92 'Food Aid' of the budget, except for expenditure for export refunds, under Title 6 of the EAGGF;
 - (b) that, given that refund rates vary, budgetary transfers between Titles 6 and 9 of the Budget could be necessary;
 - (c) that Parliament is at present consulted on such transfers under Article 21(3) of the Financial Regulation;
1. Recognizes that the problem of transfers in the 1975 Budget between Title 6 and Chapter 92 has not been entirely resolved by the adoption of Draft Supplementary Budget No. 3;
 2. Accepts that the present proposal only authorizes the Commission to effect transfers between Chapter 92 and Title 6 of the Budget, resulting from variations in the rate of export refunds, unforeseeable at the time of the adoption of the Budget;

¹ OJ No. C 240, 21.10.1975

² Regulation 2681/74

3. Therefore, approves the present proposal, on the basis of the assurances given by the Commission in the context of the examination of recent proposed modifications to the financial regulation and reiterated in the consideration of the present proposal, that a proposal for a general review of the financial regulation by the Commission will be presented in the very near future, with a view to increasing the role of the European Parliament in the domain covered by the regulations.

EXPLANATORY STATEMENTIntroduction

1. Under Regulation 2681/74¹ the covering of appropriations for the food aid policy of the Community was agreed : namely, that all expenditure, for all the products, notably their purchase price, costs of packaging, delivery, and most transport and distribution costs, would be covered under Chapter 92 'Food Aid' of the General Budget : Section III. Only that portion of expenditure corresponding to export refunds was to be entered under Title 6 - 'EAGGF - Guarantee Section'. This replaced the previous arrangements under which appropriations were divided between the two Titles, on a basis which varied from product to product: it was felt that this more flexible system reduced the 'transparency' of the Budget.

2. As the amount of export refunds paid depends on certain factors, including general world prices, it is not possible to make a reliable estimate for the beginning of the financial year which could hold good for the whole period. So subsequent transfers between Chapter 92 and Title 6 are necessitated. At present these take place under the provisions of Article 21 of the Financial Regulation which envisages, for all Chapter to Chapter transfers, a Council decision and the informing of the European Parliament.

The Commission's proposals

3. At the time of the presentation of the Preliminary Draft Budget for 1976, the Commission proposed a Draft Decision for Council (III/page 214 of Volume 4 of the Budget) authorizing the Commission to carry out transfers, where necessary, between these Budgetary chapters, informing the Council immediately on the taking of a decision. The Commission justified this proposal (Volume VII of the Preliminary Draft Budget) as follows :
'As the transfers result automatically from the provisions of this Regulation and there is no discretion as regards either the desirability of the operation or the amount of the appropriations transferred, it is proposed that the decision to be taken by the Budgetary authority during the adoption of the 1976 Budget should contain a clause authorizing the Commission to effect the transfers itself.'

¹ Official Journal No. L 288. 25.10.1974, p.1

4. The Council rejected the Decision, on the basis that a modification to the Financial Regulation would be required. In consequence, the Commission introduces the present proposed Regulation, amending Article 21 of the Financial Regulation, by permitting the Commission, on its own, to effect transfers between the food aid chapter and the chapters of the Guarantee Section of the EAGGF. It is proposed that a list of appropriations transferred be forwarded annually to the Parliament and the Council following the end of the financial year. There is no reason why the Parliament should not be informed at the time that the transfers are made in order to avoid any reduction in the possibilities of on-going supervision by the Parliament through the implementation of the Budget.

Conclusions

5. For the necessary transfers within the 1975 Budget, the Commission already made its proposals for transfers between Chapter 92 and Title 6. These, it will be recalled, totalled some 60 m u.a. - of which a considerable proportion were destined to cover the consequences of variations in export refunds - and that Council has adopted these transfers on the basis of the existing financial regulation Article 21. However, the Commission has let it be understood that before the closure of the financial year for these operations (31 March 1976), the further transfers will have to be made. This has clearly influenced the opinion of the Committee on Development and Cooperation who are anxious that 'food aid ... should be allocated as quickly as possible in order to achieve the highest possible level of effectiveness'.

6. The Committee on Budgets has taken the view in the past and notably in the examination of the proposed amendments to the Financial Regulation for appropriations for the European Social Fund¹, and on the proposed amendments introducing the notion of commitment and payment appropriations generally throughout the Budget², that only those changes necessitated in order to avoid annulment of appropriations or major difficulties in budgetary management, should be approved prior to a general re-examination of the Financial Regulation.

In the consideration of previous proposals for amendments to the Financial Regulation, the Commission gave a guarantee that a proposal to re-examine these Regulations with a view to increasing parliamentary participation in budgetary management, would be made in the very near future, and certainly in the early part of 1976. This assurance was reiterated during the examination of the present proposal and has been the condition for giving favourable opinions on previous proposals. In principle, the committee is against the piecemeal approach to all problems linked with the Financial Regulation and insists on a global reform.

¹ Doc. 258/75, Report by Mr Michael Shaw

² Doc. 305/75, Report by Mr Michael Shaw

The present proposal, involving only a technical change in the present situation resulting from automatic transfers, did not seem significantly to diminish Parliament's role. Furthermore, it is in the context of this general review that the whole question of parliamentary participation in the problems of budgetary transfers and carry forwards will be reviewed.

OPINION OF THE COMMITTEE ON DEVELOPMENT AND COOPERATION

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

Luxembourg, 28 October 1975

Dear Mr Lange,

At its meeting of 23 October 1975 my committee considered the proposal for a regulation amending the financial regulation as regards the transfers between the 'Food Aid' Chapter and the EAGGF Guarantee Section.

The committee recalled that it had always insisted that food aid, which was frequently granted in emergency situations, should be allocated as quickly as possible in order to achieve the highest possible level of effectiveness.

The committee therefore considered that for operations of this kind, the Commission ought to be authorized to make transfers, during the financial year, from the 'Food Aid' Chapter to the 'EAGGF Aid' Chapter without being obliged to seek the approval of the Council and the opinion of Parliament. It was understood that the budgetary authority, i.e. the Council and Parliament, would subsequently be informed of the transfers made by the Commission.

For these reasons the opinion of this Committee was favourable to the proposal for a regulation mentioned above.

The following were present: Miss Flesch, chairman; Mr Deschamps and Mr Sandri, vice-chairmen; Mr Bersani, Mr Broeksz, Mr Dondelinger, Mr Espersen, Mr Jakobsen, Mr Kaspereit, Mr Lagorce, Mr Nolan, Mr Brøndlund Nielsen, Lord Reay, Lord St Oswald and Lord Walston.

Yours sincerely,

Colette FLESCH
Chairman