

# European Communities

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EUROPEAN PARLIAMENT

## Working Documents

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13 February 1974

DOCUMENT 369/73

### Report

drawn up on behalf of the Committee on Budgets

on the proposal from the Commission of the European Communities to the Council (Doc. 329/73) for a regulation concerning Community financing of expenditure incurred in respect of the supply of agricultural products as food aid

Rapporteur : Miss C. FLESCH

PE 35.755/fin.



By letter of 15 January 1974 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 concerning Community financing of expenditure incurred in respect of the supply of agricultural products as food aid.

On 7 February 1974 the President of the European Parliament referred this proposal to the Committee on Budgets as the committee responsible and the Committee on Development and Cooperation for its opinion.

The Committee on Budgets appointed Miss FLESCH rapporteur on 12 February 1974.

At its meeting of 12 February 1974 the Committee on Budgets unanimously adopted the motion for a resolution.

The following were present: Mr Spénale, chairman; Mr Aigner, vice-chairman; Mr Boano, Mr Gerlach, Mr John Hill (deputizing for Lord Bessborough), Mr Maigaard, Mr Memmel, Mr Müller, Mr Pisoni and Mr Wieldraaijer.

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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 concerning Community financing of expenditure incurred in respect of the supply of agricultural products as food aid

The European Parliament,

- having regard to the proposal from the Commission of the European Communities to the Council (COM (73) 2150 final),
  - having been consulted by the Council (Doc. 329/73),
  - having regard to the report of the Committee on Budgets (Doc. 369/73),
1. Welcomes the fact that the Commission has fulfilled its obligation to submit a proposal to group together expenditure incurred in supplying food aid in such a way as to provide a clearer picture of the costs involved;
  2. Notes with satisfaction that Titles 6 and 7 of the Communities' budget will from now on cover only appropriations relating to refunds on exports to third countries;
  3. Calls upon the Commission to apply for the transfer of appropriations as soon as possible after this proposal for a regulation has been adopted;
  4. Approves the Commission's proposal, subject to the comments made above;
  5. Instructs its President to forward this resolution and the report of its committee to the Council and Commission of the European Communities.

## EXPLANATORY STATEMENT

1. On 18 December 1973 the Commission submitted to the Council its proposal for a regulation reappportioning Community budget expenditure between Titles 6 and 7 'European Agricultural Guidance and Guarantee Fund, Guarantee Section' and Chapter 90 'Food aid expenditure'.
2. Hitherto supplies of agricultural products as food aid have been financed from different sources, depending on the products and the conditions of supply. Expenditure on dairy products supplied from the Community's intervention stocks has been financed by the EAGGF. On the other hand, in the case of skimmed milk powder purchased on the market, expenditure has been charged to Chapter 90 'Food aid expenditure'. Cereals have been financed partly from EAGGF funds and partly from food aid expenditure funds, whereas expenditure on the supply of sugar and egg products has been charged entirely to food aid expenditure.
3. Since this method of financing allows no clear distinction between the cost of the common market policy in the sectors concerned and the cost of the food aid policy, harmonization is long overdue. Consequently the appropriations under Titles 6 and 7 relating to the Guarantee Section of the EAGGF will now only cover refunds paid out as a result of differences between Community internal prices and world market prices. Chapter 90 will now cover only food aid expenditure proper, that is the world market value of the products and the costs incurred in supplying them.
4. Since some of the deliveries effected pursuant to contracts already in force are nearing completion or have been completed, in order to avoid complicating the accounting in respect of current expenditure, current or completed contracts are excluded from this regulation. On the other hand, the Commission proposes that the regulation in question should be applied only to operations which came into effect after 30 November 1973.
5. In relation to financial implications, it should be noted that, as already explained above, this proposal for a regulation merely reapportions Community budget expenditure, without entailing any financial repercussions.

Conclusions

6. Your rapporteur congratulates the Commission unreservedly on this proposal for a resolution which will, in particular, place auditors in a better position to verify whether expenditure under the European Agricultural Guidance and Guarantee Fund has been incurred in a regular manner and whether the financial management has been sound. It is recommended that the proposal be adopted.