

# EUROPEAN PARLIAMENT

ANNEX

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## BUDGETARY PROVISIONS OF THE TREATIES ESTABLISHING THE EUROPEAN COMMUNITIES

### RULES AND INTERNAL INSTRUCTIONS FOR THE CONSIDERATION OF THE BUDGET FOR THE 1975 FINANCIAL YEAR (1)

(Manual for internal use)

October 1974

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(1) The internal rules of procedure and the implementing provisions contained in this handbook have been adopted for the 1975 financial year only.



The resolution which the European Parliament adopted at its sitting of 25 September 1974 lays down internal rules of procedure governing consideration of the budget for the 1975 financial year.

Paragraph 2 of that resolution instructs the President to take all the necessary internal measures and to inform Parliament of his action.

Following the enlarged Bureau's deliberations of 2 October 1974 the President took the necessary internal measures and arranged for the publication of this brochure, Chapter III of which describes the measures taken.

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I

INTERNAL RULES OF PROCEDURE FOR CONSIDERATION OF THE DRAFT  
GENERAL BUDGET OF THE COMMUNITIES FOR THE 1975 FINANCIAL YEAR

The European Parliament,

- having regard to the Treaty of 22 April 1970 amending Certain Budgetary Provisions of the Treaties establishing the European Communities and the Treaty establishing a Single Council and a Single Commission of the European Communities;
- recalling that the provisions of the Treaty of 22 April 1970 are applicable to the procedures for the 1975 budget of the Communities;
- regretting, however, that it has not been possible to amend the provisions of this treaty before its entry into force, in spite of the undertakings entered into by the Commission in its new proposals on the strengthening of the budgetary powers of the European Parliament;
- considering that if Article 78 of the ECSC Treaty, Article 203 of the EEC Treaty and Article 177 of the Euratom Treaty are to be applied, it will be necessary to lay down the following specific rules:
  1. Has agreed provisionally to consider and establish the budget of the Communities for the financial year 1975 in accordance with the provisions set out in Articles 1 to 6 below;
  2. Instructs its President to take all the necessary internal measures for the implementation of the rules contained in these articles and to inform it of his action.

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Article 1 (Working documents)

1. The following documents shall be printed and distributed:
  - (a) the communication from the Commission of the Communities on the maximum rate laid down in paragraph 8 of Article 78 of the ECSC Treaty; Article 203 of the EEC Treaty, and Article 177 of the Euratom Treaty.
  - (b) the proposal from the Commission of the Communities fixing a new rate;

- (c) the proposal from the Council fixing a new rate;
  - (d) a summary by the Council of its deliberations on the amendments and modifications adopted by Parliament to the draft budget;
  - (e) the modifications made by the Council to the amendments adopted by Parliament to the draft budget.
2. These documents shall be referred to the appropriate committee. Any committee concerned may deliver an opinion.
  3. Where other committees have been asked for their opinions, the President shall fix the time-limit within which these shall be communicated to the appropriate committee.

#### Article 2 (Rate)

1. Subject to the conditions set out below, any representative may table and speak in support of proposals for decisions fixing a new maximum rate.
2. Such proposals shall be admissible only if they are presented in writing and bear the signatures of at least five Representatives or if they are tabled on behalf of a political group or committee.
3. The President shall fix a time-limit for the tabling of such proposals.
4. The appropriate committee shall report on these proposals before they are discussed in plenary sitting.
5. Parliament shall then vote on the proposals.

Proposals shall be adopted only if they receive the support of a majority of current Members of Parliament and three-fifths of the votes cast.

#### Article 3 (Consideration of the draft budget - first stage)

1. Subject to the conditions set out below, any Representative may table and speak in support of:
  - draft amendments to the draft budget;
  - proposed modifications to the draft budget.
2. Draft amendments shall be admissible only if they are presented in writing, bear the signatures of at least five Representatives or are submitted on behalf of a political group or committee, specify the



budget heading to which they refer and ensure the maintenance of a balance between revenue and expenditure.

The same provisions shall apply for proposed modifications.

3. The President shall fix a time-limit for the submission of draft amendments and proposed modifications.
4. The appropriate committee shall deliver its opinion on the texts submitted before they are discussed in plenary sitting.
5. Draft amendments to the estimates of the European Parliament which are similar to those already rejected by Parliament at the time the estimates were drawn up shall be discussed only where the appropriate committee has delivered a favourable opinion.
6. Notwithstanding Rule 26(1) of the Rules of Procedure, Parliament shall take separate and successive votes on:
  - each draft amendment and each proposed modification,
  - each section of the draft budget,
  - the draft budget as a whole,
  - a motion for a resolution concerning the draft budget.
7. Articles, chapters, titles and sections of the draft budget in respect of which no draft amendments or proposed modifications have been submitted shall be adopted.
8. Draft amendments shall require for adoption the votes of a majority of the current Members of Parliament.

Proposed modifications shall require for adoption an absolute majority of the votes cast.

9. If Parliament has adopted draft amendments that would raise the expenditure shown in the draft budget above the maximum rate laid down, the appropriate committee shall be required to submit to Parliament a proposal laying down a new maximum rate as provided in paragraph 8(4) of Article 78 of the ECSC Treaty, Article 203 of the EEC Treaty and Article 177 of the Euratom Treaty. The proposals shall be put to the vote after the various sections of the draft budget have been voted on. It shall be adopted, only if it receives the support of a majority of the current Members of Parliament and three-fifths of the votes cast. Where the proposal is rejected the draft budget as a whole shall be referred to the appropriate committee.

10. If Parliament has not amended the draft budget, adopted proposed modifications or adopted a proposal rejecting the draft budget, the President shall declare the budget to have been finally adopted.

If Parliament has amended the draft budget or adopted proposed modifications, the draft budget thus amended or accompanied by proposed modifications shall be forwarded to the Council.

11. The minutes of proceedings of the sitting at which the Parliament delivered its opinion on the draft budget shall be forwarded to the Council and Commission.

#### Article 4 (Agreement or disagreement by the Council)

1. The following documents shall be printed and distributed:

- the position of the Council on the proposal fixing a new maximum rate,
- the communication from the Council informing the Assembly of the fact that it has not modified any of the amendments adopted by it and that it has accepted the proposed modifications.

2. Where the Council has informed the Assembly of its agreement to the increased rate, the President shall declare in open sitting that the modified rate has been adopted.

If this is not the case, the Council's position shall be referred to the appropriate committee.

3. Where the Council has informed the Assembly that it has not modified its amendments and that it has accepted its proposed modifications, the President shall declare in open sitting that the budget has been adopted. He shall ensure that it is published in the Official Journal of the Communities.

#### Article 5 (Consideration of the Council's deliberations - second stage)

1. If the Council has modified one or more of the amendments adopted by the Assembly, the text thus modified by the Council shall be referred to the appropriate committee.
2. Subject to the conditions set out below, any Representative may table and speak in support of draft amendments to the text as modified by the Council.

3. Such drafts shall be admissible only if they are presented in writing, bear the signatures of at least five Representatives or are submitted on behalf of a political group or committee and ensure maintenance of a balance between revenue and expenditure.

A draft amendment shall not be admissible unless it refers exclusively to the text modified by the Council.

4. The President shall fix a time-limit for the tabling of draft amendments.
5. The appropriate committee shall deliver its opinion on the texts modified by the Council and on the draft amendments to the modified texts.
6. Draft amendments tabled to the texts modified by the Council shall be put to the vote. They shall be adopted only if they receive the support of a majority of the current Members of Parliament and three-fifths of the votes cast. If they are adopted, the text modified by the Council shall be deemed rejected. If they are rejected, the text modified by the Council shall be adopted.
7. The Council's summary of the results of its deliberations on the proposed modifications adopted by Parliament shall be discussed and a motion for a resolution may then be put to the vote.
8. Upon completion of the procedure provided for in this Article, and subject to the provisions of Article 6, the President shall declare the budget to have been finally adopted. He shall ensure that it is published in the Official Journal.

#### Article 6 (Total rejection)

1. Five representatives, a political group or a committee may submit a proposal to reject the budget as a whole. Such a proposal shall be admissible only if it is drawn up and presented within the time-limit set by the President.
2. The appropriate committee shall deliver its opinion on such a proposal, which will then be voted on in plenary sitting.

It shall be adopted only if it receives the support of a majority of the current Members of Parliament and three-fifths of the votes cast. If it is adopted, the draft budget as a whole shall be referred back to the Council.

## II

### PROVISIONS OF THE EUROPEAN PARLIAMENT'S RULES OF PROCEDURE REGARDING ADOPTION OF ITS DRAFT ESTIMATES

#### Rule 49

1. Parliament shall be assisted by a Secretary-General appointed by the Bureau.

The Secretary-General shall give a solemn undertaking before the Bureau to perform his duties conscientiously and with absolute impartiality.

2. The Secretary-General shall head a Secretariat the composition and organization of which shall be determined by the Bureau.

3. The Bureau, after consulting the appropriate committee of Parliament, shall decide the number of staff and lay down regulations relating to their administrative and financial situation.

The Bureau shall also decide to what categories of officials and servants Articles 12 to 14 of the Protocol on the privileges and immunities of the European Communities shall apply in whole or in part.

The President of Parliament shall inform the appropriate institutions of the European Communities accordingly.

#### Rule 50<sup>1</sup>

1. The Bureau shall draw up a first preliminary draft of the estimates of Parliament on the basis of a report prepared by the Secretary-General, and shall consult the appropriate committee on the subject.
2. After receiving the opinion of that committee, the enlarged Bureau shall adopt the preliminary draft estimates.
3. The President shall forward the preliminary draft estimates to the appropriate committee, which shall draw up the draft estimates and report to Parliament.

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<sup>1</sup>See also Rule 23A(5)

4. The President shall fix a time-limit for the tabling of amendments to the draft estimates.

The appropriate committee shall give its opinion on these amendments.

5. Parliament shall adopt the estimates.

6. The President shall forward the estimates to the Commission and Council.

7. The foregoing provisions shall also apply to supplementary estimates.

#### Rule 50 A

1. The President shall incur and settle, or cause to be incurred and settled, the expenditure covered by the internal financial regulations issued by the Bureau after consulting the appropriate committee.

2. The President shall forward the draft annual accounts to the appropriate committee.

3. On the basis of a report by its appropriate committee, Parliament shall pass its accounts and decide on the giving of a discharge.

### III

#### INTERNAL IMPLEMENTING PROCEDURE

##### A. BUDGETARY TIMETABLE

1. The budgetary timetable may be considered to consist of two sections:
  - the one concerns the maximum rate of increase in relation to certain expenditure in establishing the budget of the European Communities (non-obligatory expenditure, see paras. 20 and 21), fixed each year by the Commission pursuant to Article 203(8), para. 2, of the EEC Treaty;
  - the other concerns consideration of the draft budget itself. The latter must again be divided into three different stages:
    - . a presentation and preliminary debate on the draft budget in October,
    - . a first stage in November and
    - . possibly, if the Assembly modifies or amends the draft budget and if the Council, in its turn, modifies the Assembly's amendments and/or does not accept, in whole or in part, the proposed modifications, a second stage in December.

##### (A) The maximum rate of increase in expenditure<sup>1</sup>

2. Pursuant to Article 203(8), paragraph 2, the Commission shall inform the Institutions of the Community of the maximum rate for the financial year 1975.

Article 203 of the Treaty provides for modification of the rate in various ways. Several situations may arise:

- when the Commission has fixed the maximum rate, the European Parliament may propose a new rate;
- such a proposal may also be made by the Commission or the Council;

<sup>1</sup> See paras. 14-18 for conditions of admissibility and voting procedure for proposals to fix a new rate.

- after voting the various parts of the budget, Parliament may find that the amendments adopted by it give rise to an increase in expenditure which necessitates an increase in the rate and may propose a new rate.

(1) Proposed modification of the rate by Parliament

3. Such a proposal may be made at any time during the entire budgetary procedure if Parliament should consider that the maximum rate laid down by the Commission and communicated to the Institutions of the Community is insufficient.

The Commission's communication of the maximum rate is referred to the committee responsible, which may report to Parliament and possibly propose a new rate. Any proposals for fixing a new rate are also referred to the committee responsible<sup>1</sup>. The following procedure will be adopted during the first part-session:

Monday:

- Submission and discussion of any report from the committee responsible on the maximum rate and on the proposals for fixing a new rate; fixing of time-limit for tabling amendments for Monday evening or Tuesday morning at the latest.  
(tabling after report)

Tuesday afternoon:

- a meeting of the committee responsible to consider these amendments and to draw up a supplementary report.

Wednesday:

- submission and discussion of any report from the committee responsible; vote on proposals for fixing a new rate and on any related amendments.

<sup>1</sup> The President shall fix the time-limit for tabling amendments (tabled before the report).

(ii) Proposed modification of the maximum rate by the Council or Commission.

4. The Commission or Council may propose, in exceptional circumstances, the fixing of a new maximum rate.

In such cases the same procedure is followed and the same timetable is adopted as for item (i).

(iii) Proposal by Parliament to fix a new maximum rate after the vote on the various parts of the budget.

5. If, during the November part-session, the amendments adopted by the European Parliament during the vote on the various parts of the budget involve an increase in Community expenditure beyond the limits fixed for the maximum rate<sup>1</sup>, Parliament will have to propose a new maximum rate sufficient to cover the additional expenditure.

6. In these circumstances, the procedure will be as follows:

During the November part-session, after the vote on the modified revenue:

- . suspension of sitting to establish whether the maximum rate has been exceeded.
- . meeting of the committee responsible to consider the possibility of proposing a new maximum rate.
- . submission of report by the committee responsible.
- . vote on the proposal for the fixing of a new rate.

7. In cases (i) and (iii), as well as in case (ii), when the initiative comes from the Commission, the proposal to increase the maximum rate is forwarded to the Council.

When the latter informs the Assembly of its agreement, the President shall announce the new rate at the next sitting.

In case (ii), when the initiative comes from the Council and if the Assembly expresses its agreement with the proposed new rate, the President shall announce it forthwith.

<sup>1</sup> See para. 15 (ii)



(b) Consideration of the draft budget itself:

8. The debate on the draft budget itself, as already mentioned, can be divided into three stages: a preliminary debate in October, with a statement by the President-in-Office of the Council, an initial debate and vote in November and, possibly, in the case of Council modifications to amendments adopted by Parliament, a second debate and a second vote in December.

(i) preliminary debate at the October part-session

9. It will be possible during this debate to consider the broad outlines of the draft budget as well as Parliament's general feelings on the subject<sup>1</sup>.

(ii) first stage of the budgetary debate  
(November part-session)

10. The debate during the November part-session will be organized as follows:

Monday:

- presentation and discussion of the report of the committee responsible and statements by the Commission and Council;
- fixing of the time limit for tabling final proposed modifications<sup>2</sup>, draft amendments<sup>3</sup> and proposals for total rejection<sup>4</sup> which may have been lodged as a consequence of the debate, for Monday evening or Tuesday morning at the latest (tabled after the report or after the vote on the various parts of the budget)<sup>5</sup>.

<sup>1</sup> At the conclusion of this debate, the President shall fix - in application of Article 1(3) of the resolution on budgetary procedure - the time-limit in which the committees concerned should forward their opinions to the appropriate committee and - in application of Article 3(3) of this same resolution - the time-limit for tabling proposed modifications and draft amendments and, pursuant to Article 6 of this resolution, the time-limit for tabling proposals for total rejection, which shall be fixed at approximately 10 days (tabling before report).

<sup>2</sup> See paras. 19 to 38

<sup>3</sup> See paras. 19 to 38

<sup>4</sup> See paras. 46 to 49

<sup>5</sup> After the vote on the various parts of the budget, the time-limit shall refer only to proposals for rejection (see para. 47)

Tuesday afternoon:

- meeting of the committee responsible to consider the proposed modifications, the draft amendments and the proposals for total rejection and to draw up a supplementary report.

Wednesday:

- presentation and discussion of the supplementary report of the committee responsible;
  - vote on the draft budget according to the procedure laid down in Article 3(6) of the resolution on budgetary procedure and set out in detail in paras. 54 et seq. of this handbook.
11. Following the vote on the sections of the budget, a variety of situations may arise;
- if Parliament has neither modified nor amended the budget and if no proposal for total rejection has been tabled, the President shall declare that the budget has been finally adopted and shall ensure its publication in the Official Journal;
  - if, despite the adoption of amendments and proposed modifications, the maximum rate has not been exceeded and no request for total rejection has been presented (before or after submission of the report or after the vote on the sections), the President shall declare that the budget, as amended and modified, has been adopted.
  - if a proposal for total rejection has been presented (tabled after submission of the report or after the vote) and/or
  - if the maximum rate has been exceeded the sitting shall be adjourned and the vote postponed until the following day to enable the committee responsible to consider the proposal for rejection and/or to prepare a proposal for increasing the rate.

Thursday:

- submission of report by the committee responsible;
- possibly, vote on the proposal for fixing a new rate;
- possibly, vote on the proposal for total rejection or declaration of the adoption of the budget;
- vote on the motion for a resolution and on any amendments to it<sup>1</sup>.
- in view of the second stage made necessary by the vote on the proposed modifications, the draft amendments and/or by the proposal for a new maximum rate: the fixing, pursuant to Article 5(4) of the resolution on budgetary procedure, of the time-limit for the tabling of draft amendments to any modifications made by the Council to the amendments adopted by Parliament, and for proposals for total rejection (tabled before submission of the report); also, fixing of the time-limit in which the committees asked for their opinions on these modifications shall communicate them to the committee responsible. This time-limit shall be fixed at approximately 10 days.

(iii) The second stage of the budgetary debate (December part-session)

12. This stage will take place only if Parliament amends or modifies the draft budget and the Council modifies the amendments adopted by Parliament or rejects the modifications proposed by it.

The document containing the amendments modified by the Council and the Council's position with regard to Parliament's proposed modifications shall be referred on receipt to the committee responsible.

Any amendments to these modifications and any proposals for total rejection, as well as the opinions of the committees concerned, shall also be referred to the committee responsible, which shall report on the various items.

13. The procedure at the December part-session will be as follows:

Monday:

- if the Council has agreed to Parliament's proposal fixing a new maximum rate: announcement by the President of this new rate.
- presentation and discussion of the report of the committee responsible on the Council's modifications to the amendments adopted by the European Parliament, on any amendments thereto or proposals for total rejection, on the

<sup>1</sup>See paras. 50-52

committee opinions, and on the statements by the Council and the Commission: fixing of time-limit for amendments (tabling after submission of the report and after the vote on the amendments)<sup>1</sup>.

Tuesday:

Possibly, supplementary report by the committee responsible on any amendments and proposals for total rejection; vote on any amendments to the Council's modifications.

- if no proposal for total rejection is tabled before or after submission of the report, nor after the vote on the amendments, the President shall announce that the budget, as amended, has been adopted.
- if a proposal for total rejection is tabled, it shall be referred to the committee responsible and the sitting shall be suspended.

After suspension of sitting:

- presentation of report by the committee responsible.
- vote on proposal for total rejection.
- if the proposal for total rejection of the budget is adopted, the draft budget shall be referred back to the Council.
- if the proposal for total rejection is not adopted, the President shall announce that the budget, as amended, has been adopted.
- vote on the motion for a resolution on the Council's communication of the results of its deliberations on the modifications proposed by Parliament.

B. DEFINITION, ADMISSIBILITY, TABLING, DISTRIBUTION AND VOTING OF BUDGETARY DOCUMENTS

(a) Proposals for fixing a new maximum rate

14. As soon as the Commission has declared the maximum rate in relation to certain expenditure<sup>2</sup> for the establishment of the budget of the European Communities, pursuant to Article 203 (8), para. 2, of the EEC Treaty and as soon as this document has been distributed, five representatives, a political group or a committee may submit, within the time-limit fixed by the President, a proposal for fixing a new rate.

<sup>1</sup>After the amendments have been voted, the time-limit concerns only proposals for rejection (see para. 47)

<sup>2</sup>non-mandatory expenditure, see paras. 20 and 21

15. Two situations may arise:

- (i) Proposal to modify the rate before consideration of the draft budget

When the Commission has informed Parliament of the maximum rate for the following financial year, the President shall refer the Commission's document to the committee responsible and fix a time-limit for submitting proposal for fixing a new rate (modification proposed prior to submission of report).

The committee responsible shall report on the rate announced by the Commission and on any proposals for fixing a new rate, and may itself propose a modification of this rate.

- (ii) Proposal to modify the maximum rate after the vote on the sections of the budget

On the other hand, when draft amendments to the budget adopted by Parliament have the effect of increasing expenditure by an amount which would exceed the maximum rate announced<sup>1</sup>, the committee responsible, pursuant to Article 3(8) of the resolution on budgetary procedure, is required to submit to Parliament a proposal modifying this rate accordingly.

16. To be adopted, such proposals must receive the votes of the majority of the current members of Parliament and three fifths of the votes cast.

17. Five representatives, a political group or a committee may table amendments to proposals fixing a new maximum rate.

The President shall fix the time-limit for tabling such amendments (tabled after submission of report). They shall be forwarded to the committee responsible, which shall report prior to their discussion in plenary sitting.

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<sup>1</sup> It should be noted in this connection that if the rate of increase in respect of all non-obligatory expenditure drawn up by the Council in the draft budget is less than half of the maximum rate, Parliament may increase the total amount of this expenditure (and therefore of revenue connected with it) up to the maximum rate. If, however, the rate resulting from the budget established by the Council exceeds half of the maximum rate, the Assembly may, by way of amendment, still increase the total amount of the said expenditure up to half the maximum rate.

To be adopted, such amendments must receive the votes of the majority of the current Members of Parliament and three fifths of the votes cast.

The voting shall be by roll call.

18. If a proposal fixing a new rate submitted by the committee responsible is rejected, when draft amendments adopted by Parliament would have the effect of increasing expenditure to a total amount which exceeds the maximum rate announced, the whole draft budget, the proposed modifications and the draft amendments shall be referred back to the committee responsible. This committee, in collaboration with the authors of the amendments, shall examine the possibility of withdrawing or modifying some of these amendments to bring the budget into line with the rate of increase previously fixed, so that everything can be put to a fresh vote.

If the proposal fixing a new rate is adopted, it shall be forwarded to the Council and, for information, to the Commission.

When the Council has informed Parliament of its agreement to the new rate, the President shall announce the new rate at the next sitting. If the Council adopts a position with regard to the fixing of a new rate different to that of the Assembly, the Council's position shall be referred to the committee responsible.

The same procedure shall be followed mutatis mutandis if the Council or Commission<sup>1</sup> takes the initiative of proposing a new maximum rate.

(b) Proposed modifications and draft amendments to the draft budget

19. Article 203 of the EEC Treaty empowers the Assembly to propose modifications and to amend the budget.

Such proposed modifications and draft amendments may be tabled as soon as the draft budget has been submitted, within the time-limit fixed by the President, and thus before the committee responsible has presented its report (tabling prior to report).

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<sup>1</sup> Article 203 (8), para. 5, of the EEC Treaty provides that where, in exceptional cases, the Assembly, the Council or the Commission considers that the rate should be exceeded, another rate may be fixed by agreement between the Council and the Assembly. It is therefore clear that, if the decision is up to the Council and the Assembly, the Commission nevertheless has a right of initiative.

20. While proposed modifications can refer only to obligatory expenditure, amendments may be tabled on all other expenditure (free appropriations) subject to the maximum rate<sup>1</sup>.

21. The Commission is responsible for drawing up a list of obligatory expenditure and non-obligatory expenditure. This list appears in Volume IV, Section 3, Annex III of the preliminary draft budget of the Communities.

22. Articles 199 and 203 of the EEC Treaty stipulate that the budget shall be in balance down to the level of the institutions.

All proposed modifications and draft amendments referring to the expenditure of an institution should thus provide for compensation

- either through an equivalent reduction in the same institution's expenditure,
- or through an equivalent increase in revenue.

23. Pursuant to Article 3(2) of the resolution on budgetary procedure, proposed modifications or draft amendments must indicate the section, heading, chapter and article of the draft budget to which they refer, as regards both expenditure and revenue.

However, where revenue originates in the contributions of Member States, the mention 'the amount of the contributions shall therefore be increased by ... ua.' shall suffice.

Proposed modifications and draft amendments shall be accompanied by a financial sheet showing the consequences for the items in terms of both revenue and expenditure in order to facilitate the subsequent final drafting of the budget, whose publication is the responsibility of the European Parliament.

The financial sheet shall be drawn up on the instructions of the authors of the amendments and proposed modifications with the assistance of the appropriate departments of the Secretariat of Parliament and of the Commission of the European Communities.

24. Proposed modifications and draft amendments shall be forwarded to the committee responsible, which shall give an opinion on them in its report.

25. On the other hand, proposed modifications and amendments may be tabled even after submission of the appropriate committee's

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<sup>1</sup>See para. 15 (ii), footnote 1.

report and within a very short time limit fixed by the President  
(tabled after submission of the report) .

26. All proposed modifications and draft amendments, whether or not they receive a favourable opinion from the committee responsible, shall be put to the vote.

27. Proposed modifications and draft amendments tabled within the time-limit shall be printed and distributed to all Members of Parliament. All of them, whether or not adopted by the committee responsible, may be included in an annex to the committee's report.

28. Article 3(2) of the resolution on budgetary procedure lays down that, to be admissible, draft amendments and proposed modifications shall be submitted in writing, be signed by at least five representatives or be tabled on behalf of a political group or a committee, and comply with the principle of balance between revenue and expenditure.

29. Paragraph 4 of this Article stipulates that the committee shall give its opinion on proposed modifications and draft amendments before they are discussed in plenary sitting.

30. Article 1(3) lays down that the President shall fix a time-limit within which committees asked for opinions shall communicate them to the committee responsible.

31. Article 3(3) provides that the President shall fix the time-limit for tabling amendments and proposed modifications (time-limits before and after submission of report) .

32. The following points should be noted in this connection:

(a) After the first budgetary debate, scheduled for 15 October, the time-limit for tabling proposed modifications and draft amendments, and the time-limit for forwarding the committee's opinions, shall be fixed at approximately 10 days; (proposed modifications and amendments prior to submission of report)

(b) After the debate on the report, scheduled for the Monday of the November part-session, the time-limit for the tabling proposed modifications and draft amendments shall be fixed at Monday evening or Tuesday morning; (proposed modifications and draft amendments submitted after the report in the light of the November debates) .



Such proposed modifications and draft amendments shall form the subject of a written or oral supplementary report.

33. As proposed modifications and draft amendments concern the draft budget and not the report, and because of the importance of the budgetary discussion, all proposed modifications and draft amendments, whether tabled before or after submission of the report, shall be distributed to all the Members of Parliament.

Those tabled within the first time-limit of 10 days shall be distributed forthwith. Those introduced after expiry of this time-limit shall be distributed at the beginning of the second tabling period (November). The authors shall be informed of this.

34. The various services of the Secretariat shall be required to assist Members of Parliament to enable them to **exercise** their mandates fully and without difficulty.

All proposed modifications and draft amendments shall be addressed to the Secretary-General in Strasbourg during part-sessions or otherwise in Luxembourg.

35. During discussions in committees to which the matter has been referred, suggestions or ideas bearing on appropriations or revenue may be put forward:

- If adopted by the committee, they shall be distributed with its report in the form of modifications proposed on behalf of that committee;
- If they are not adopted by the committee, there shall be no proposed modifications. The author may table with the Sessions Office a **proposed** modification or draft amendment fulfilling the conditions laid down in the Rules of Procedure. It will then be distributed on behalf of the signatory at the beginning of the second tabling period (November).

36. The reasons for forwarding proposed modifications and draft amendments to the Sessions Office as quickly as possible are as follows:

- (a) the relatively short period for tabling them;
- (b) the fact that under certain circumstances they may be put to the vote in the order which they were tabled.

They shall therefore be forwarded by telephone or telex.

37. Modifications or amendments tabled after the expiry of the first time limit:

- by a parliamentary committee, shall be appended to the opinion of that committee which shall be annexed to the report of the committee responsible;
- by at least five members, shall be kept by the Sessions Office and distributed at the beginning of the second tabling period (November).

38. In accordance with Article 3(3) of the resolution on budgetary procedure, the text put to the vote shall be that proposed by the Council in the draft budget.

This has the following consequences:

- (a) Proposed modifications and draft amendments shall bear the number of the draft budget;
- (b) They shall be numbered consecutively according to category, whether tabled before or after the report;
- (c) Modifications or amendments tabled on behalf of the committee responsible shall not be given priority;
- (d) Proposed modifications and draft amendments on which the committee responsible has not delivered a favourable opinion shall be called during the vote in plenary sitting without the authors' having to table them anew.
- (e) All proposed modifications and draft amendments will be called in plenary sitting and put to the vote unless they have been withdrawn by their authors.
- (f) In order to safeguard the principle of budgetary balance, sections of proposed modifications or draft amendments shall not be put to the vote separately, so as to prevent the adoption of expenditure without provision for a corresponding increase in revenue, or vice versa. For the same reason, no amendments shall be allowed to proposed modifications or draft amendments. Any such amendment must itself be tabled in the form of a proposed modification or draft amendment.

(c) Amendments to the Council's modifications to amendments adopted by Parliament.

39. Article 203 (EEC Treaty) stipulates that, if within a period of 15 days following the communication by the Assembly of the amended and modified draft budget, the Council has not modified any of the amendments adopted by the Assembly and has accepted the modifications put forward by the latter, the budget shall be deemed to be finally adopted.

However, if the Council within this period, has modified one or more of the amendments adopted by the Assembly or has not accepted the proposed modifications submitted by the latter, the draft budget shall again be submitted to the Assembly.

40. During this second stage of the budgetary debate which shall take place in December, it will no longer be possible for Members of Parliament to change proposed modifications or amendments already adopted during the budgetary debate in November. Parliament deliver an opinion only on the Council's text modifying the amendments adopted by Parliament.

41. Any representative may submit and speak to amendments to any Council modification to Parliament's amendments. To be admissible, such amendments must be tabled in writing, be signed by at least 5 representatives, a political group or a committee, and respect the balance of revenue and expenditure.

Only amendments concerning the Council's modified text shall be admissible.

The President shall fix the time-limit for tabling amendments (tabling before and after report). The committee responsible shall deliver its opinion on the texts modified by the Council and on the amendments to these texts.

42. Amendments to the texts modified by the Council shall be put to the vote. Their adoption shall require a majority of the votes of the current Members of Parliament and three fifths of the votes cast. Voting shall be by roll call.

43. Adoption of the amendments shall constitute rejection of the Council's modification. Their rejection shall constitute adoption of the text as modified by the Council.

44. Amendments shall be put to the vote in the order of the budget nomenclature.

Where more than one amendment refer to the same text, they shall be put to the vote in the order laid down in Rule 29(4) of the Rules of Procedure.

45. Subject to the time-limits fixed by the President and to the majorities stipulated in the resolution on budgetary procedure, the provisions laid down with regard to presentation, tabling, distribution and voting of proposed modifications and draft amendments<sup>1</sup> shall apply mutatis mutandis to amendments to the Council's modifications.

(d) Proposals for total rejection

46. Article 6 of the resolution on budgetary procedure allows Parliament to reject the budget.

To be admissible, a proposal for rejection shall state the reasons on which it is based and be tabled by five representatives, a political group or a committee.

The time-limit for tabling such proposals shall be fixed by the President (tabling before report).

The committee responsible shall report on proposals for rejection before they are debated in plenary sitting.

47. Notwithstanding the above, the fact that the committee responsible has adopted a contrary position shall not prevent representatives from tabling proposals for total rejection after presentation of that committee's report. Similarly, Members of Parliament remain entitled, if their amendments or proposed modifications have not been adopted, to define their position by proposing rejection of the budget in its entirety (tabling after report and tabling after vote on parts of the budget - first stage - or after vote on amendments - second stage).

The President will therefore have to fix a time-limit for tabling such proposals after the report. Similarly, after the vote on the various parts of the budget (first stage) and after the vote on the amendments to the Council's modifications (second stage), the President will have to ask the members whether any of them wish to table a proposal for total rejection before the budget is adopted.

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<sup>1</sup> See paras. 19-38

If such a proposal is tabled, the President shall suspend the sitting and refer the proposal to the committee responsible.

48. The adoption of a proposal for total rejection shall require the votes of the majority of the current members of the European Parliament and three fifths of the votes cast. If it is adopted, the budget as a whole shall be referred back to the Council.

49. Proposals for total rejection may be tabled during the first or second stage of the budget debate.

Voting on such proposals shall be by roll call before any announcement of the adoption of the budget.

(e) Motion for a resolution embodying Parliament's opinion on the draft budget and corresponding amendments

50. The draft budget modified and amended by Parliament shall be accompanied by a motion for a resolution in which Parliament pronounces on the general policy lines and main problems concerning Community budgetary matters.

51. In this connection it should be remembered that the principle of budgetary balance<sup>1</sup> in no way detracts from the right of Parliament and its members to pronounce on the budget independently of any considerations of balance between revenue and expenditure.

This can obviously not be done in the form of proposed modification or draft amendments to the draft budget, but it may be achieved by inserting paragraphs in the motion for a resolution or by tabling amendments thereto.

52. The motion for a resolution and corresponding amendments will be dealt with according to Parliament's usual procedure.

(f) Motion for a resolution on the Council's communication concerning the results of its deliberations

53. Article 203(5) of the EEC Treaty stipulates that the Council shall inform Parliament of the results of its deliberations on the modifications to the budget proposed by Parliament.

Pursuant to Article 5(7) of the resolution on budgetary procedure, the Council's communication shall be the subject of a debate which may be followed by a vote on a motion for a resolution tabled by the committee responsible.

<sup>1</sup> See para. 22.

As regards the conditions governing admissibility, tabling, distribution, voting, etc., of this motion for a resolution and any amendments thereto, Parliament's normal procedure for resolutions and amendments will be followed.

The debate and vote on this motion for a resolution shall take place after the budget has been declared adopted.

(g) Voting

54. Voting on the budget will take place as follows:

(I) First stage (November part-session)

The appropriations will be called:

- article by article
  - chapter by chapter
  - section by section
- Appropriations on which no draft amendment or proposed modification has been tabled will be deemed to have been approved without a formal vote;
- Draft amendments and proposed modifications will be called and put to the vote as follows:
- . normally, in the order of the budget nomenclature;
  - . where several texts concern the same article of the budget and have the same purpose, the one which departs furthest from the text of the draft budget will be taken first, in accordance with Rule 29(4) of the Rules of Procedure;
  - . finally, where several proposed modifications or draft amendments depart from the draft budget to the same extent, they will be called and put to the vote in the order in which they were tabled.

55. Under Article 203 EEC the adoption of proposed modifications requires an absolute majority of the votes cast and that of draft amendments the votes of a majority of the Members of Parliament.

In this connection it should be made clear that, in accordance with constant practice, 'Members of Parliament' means persons who are Members of Parliament at the time of the vote.

Voting on amendments, whose adoption requires a qualified majority, will have to be by roll call, whereas voting on proposed modifications and on the various articles, chapters and sections of the budget will be by show of hands in the normal fashion.

Finally, a vote will be taken on the revenue as modified.

56. These votes may give rise to a number of different situations:

- (i) If the Assembly has adopted no amendments or proposed modifications, the President shall announce that the Assembly has given its approval and that, in accordance with Art. 203 (4), para. 3, of the EEC Treaty, 'the budget has been finally adopted'. He shall then ensure its publication in the Official Journal.
- (ii) If the Assembly has adopted amendments or proposed modifications, but the maximum rate has not been exceeded and there has been no request for total rejection, the President shall announce that the budget, as resulting from the preceding votes, has been adopted.
- (iii) If the Assembly has adopted draft amendments or proposed modifications which have the effect of exceeding the maximum rate, or if a proposal for total rejection has been tabled, the President shall announce, as appropriate:
  - that the maximum rate has been exceeded
  - that he has received a proposal for rejection of the budget in its entirety.

Where the maximum rate has been exceeded, the vote shall be postponed to the following day and the committee responsible shall meet immediately. On the following day there shall first be a vote by roll call on the proposal for an increase in the rate, whose adoption shall require the votes of a majority of the members of the Assembly and three fifths of the votes cast. If the proposal is rejected, the whole draft budget shall be referred back to the committee responsible. Consequently, the report of the committee responsible and all draft amendments or proposed modifications tabled shall be null and void. In such case, the whole procedure will have to be repeated on the basis of a new report by the committee responsible in a very short time.

If Parliament has been presented with a proposal for rejection of the budget in its entirety, the adoption of this proposal shall require, in a vote by roll call, the votes of a majority of the

members of the Assembly and three fifths of the votes cast.

If the proposal for rejection of the budget in its entirety is adopted, the whole draft budget shall be referred back to the Council in accordance with Art. 6(2), para.2, of the resolution on budgetary procedure.

If this proposal is not adopted and the increase in the rate has been accepted, the President shall declare that the budget, as resulting from the preceding votes, has been adopted.

57. Parliament shall then vote on the motion for a resolution and corresponding amendments.

The draft budget so amended or accompanied by proposed modifications shall be forwarded to the Council, and the minutes of the sitting during which Parliament pronounced on the draft budget shall be forwarded to the Council and Commission.

58. In the cases referred to in (ii) and (iii), the President shall fix a time-limit for tabling amendments to the Council's modifications, for tabling proposals for total rejection and for submitting the opinions of the committees concerned to the committee responsible in regard to any modifications made by the Council to amendments adopted by Parliament and to the position which the Council has adopted on the modifications proposed by Parliament. This deadline will have to be about 10 days (deadline before report).

(II) Second stage (December part-session)<sup>1</sup>

59. The second stage takes place only if the draft budget is amended or modified by Parliament during the first stage.

Once the Council has communicated its position on the modifications proposed and the amendments adopted by Parliament, a number of different situations may exist:

- (i) If the Council has communicated to the Assembly its agreement to the new rate, the President shall announce the figure for the new rate thus adopted at the next sitting.
- (ii) If the Council has in this respect adopted a position different from that of the Assembly, the Council's position shall be referred to the committee responsible.

<sup>1</sup> As already mentioned, no proposed modifications or draft amendments may be tabled during the second stage.



- (iii) If the Council has informed the Assembly that it has not modified the latter's amendments and that it has accepted the latter's proposed modifications, the President shall announce at the next sitting that the budget has been adopted and shall ensure its publication in the Official Journal.
- (iv) If the Council has modified one or more of the amendments or has not accepted the modifications proposed by the Assembly, the Council's text shall be referred to the committee responsible.

60.

In such case the procedure will be as follows:

Monday:

- The committee responsible will submit a report giving its opinion on:
  - . the Council's modifications
  - . any amendments tabled to those modifications (if necessary it may in turn table amendments to the Council's modifications)
  - . any proposals for total rejection.

Submission of the report of the committee responsible shall not be immediately followed by a vote, so as to leave time for the tabling of amendments or proposals for rejection (to be tabled after the report). The President shall fix a time-limit for tabling such documents, which shall be forwarded to the committee responsible. The committee may then submit a supplementary report.

Tuesday:

Voting will take place as follows:

Parliament will pronounce, in successive votes and in the order of the budget nomenclature, on all the amendments to the Council's texts. Where several amendments concern the same text, they will be put to the vote in the order laid down in Rule 19(4) of the Rules of Procedure.

The adoption of amendments shall require the votes of a majority of the members of the Assembly and three fifths of the votes cast. Voting shall be by roll call. The adoption of an amendment shall constitute rejection of the Council's modification and the rejection of an amendment shall be equivalent to adoption of the text as modified by the Council.

Parliament shall then vote on the modified revenue.

If a proposal for total rejection has been tabled, it shall be put to a vote by Parliament. Its adoption shall require the votes of a majority of the members of Parliament and three fifths of the votes cast.

If the proposal for rejection is adopted, the draft budget shall be referred back to the Council.

If this proposal is rejected, a debate shall then be held, on the basis of a report by the committee responsible, on the Council's communication concerning the results of its deliberations on the modifications proposed by Parliament. This debate may be followed by a vote on a motion for a resolution tabled by the committee responsible or by any other body entitled to do so by the relevant provisions of the Rules of Procedure.

61. When this procedure has been completed, where necessary after a suspension of the sitting, the President will announce that, as a result of the votes taken in Parliament, the budget of the European Communities has been finally adopted.

The President shall ensure publication of the budget in the Official Journal.

IV

SPECIMEN BUDGETARY DOCUMENTS

PROPOSED  
MODIFICATION

BUDGET

EUROPEAN PARLIAMENT

(Date)

Doc. ....

DRAFT GENERAL BUDGET of the European Communities for the financial  
year ....

PROPOSED MODIFICATION No.  
tabled by .....

SECTION III : Commission

(A) Expenditure

Title 6 - Chapter 60 'European Agricultural Guidance and Guarantee  
Fund, Guarantee Section' - Cereals -

Article 601 'Intervention in respect of cereals'

Reduce appropriations by 1,000,000 u.a.

(B) Revenue

Reduce revenue accordingly.

JUSTIFICATION

Intervention in respect of cereals includes denaturing premiums listed  
under item 6010 (102 million u.a. for 1974).

In the past denaturing premiums were liable to be misused. If these  
premiums continue to be improperly used this is partly because of the  
failure of the Commission to give this matter the attention it deserves or  
to take vigorous steps towards reducing the scale of abuse.

It is hoped that a reduction of 1,000,000 u.a. in the funds appropriated  
will be sufficient to have the salutary effect of encouraging increased  
supervision in this area either by the Commission's departments or by the  
national authorities, at the instigation of the Community and within the  
context of existing regulations.

The preliminary draft budget provided for 114 million u.a. under  
Item 6010, the draft budget for only 102 million u.a. The Council gave no  
reasons for this reduction although Article 13 of the financial regulation  
of 25 April 1972 requires it to explain why it may have departed from the  
preliminary draft. Parliament has consequently been left in the dark.

Financial implications

Under the provisions currently in force the proposed modification will  
affect the budget as follows:

SECTION III - COMMISSION

Expenditure

Title 6 - Chapter 60 - Article 601 'Intervention in respect of cereals'

Reduce appropriations by 1,000,000 u.a.

Title 2 - Chapter 29 - Article 290 'Lump sum repayment of costs incurred  
in collecting own resources'

Reduce appropriations by 11,516 u.a.

Revenue

Title 1 'Own resources': Reduce by 115,161 u.a.

Title 5 'Contributions' Article 550: Reduce by 882,140 u.a.

Article 560: Reduce by 14,215 u.a.

### A M E N D M E N T

B U D G E T

E U R O P E A N   P A R L I A M E N T

(Date)

Doc. . . . .

DRAFT GENERAL BUDGET of the European Communities for the financial  
year ....

DRAFT AMENDMENT No.

|           |       |
|-----------|-------|
| tabled by | ..... |
|-----------|-------|

### SECTION III : Commission

(A) Expenditure

Title 2            - Buildings, equipment and miscellaneous operating  
                         expenditure

Chapter 26 - Expenditure on studies, surveys and consultations

Article 267 - Studies of the environment

Increase appropriations by 80,000 u.a.

(B) Revenue

Increase revenue by 80,000 u.a.

JUSTIFICATION

The appropriations in the amount of 880,000 u.a earmarked for this purpose involve more than a threefold increase in the appropriations approved by the Council for 1973 (250,000 u.a.) This sharp rise is fully justified if one takes into account the fact that in July 1973 the Council adopted the Community environmental action programme. The studies envisaged under this programme for 1974 cover the following subjects:

|  |              |
|--|--------------|
| - Environmental quality objectives: fresh water and sea water  | 120,000 u.a. |
| - Pollutants   | 160,000 u.a. |
| - Polluting industries   | 180,000 u.a. |
| - Marine pollution   | 40,000 u.a.  |
| - Disposal of waste  | 80,000 u.a.  |
| - Economic aspects of environmental protection                 | 40,000 u.a.  |
| - Urban development and improvement of amenities               | 60,000 u.a.  |
| - Use of natural resources                                     | 48,000 u.a.  |
| - Information and education in regard to environmental hygiene | 60,000 u.a.  |
| - Legal aspects  | 12,000 u.a.  |
| - Agricultural aspects   | 80,000 u.a.  |

Total: 880,000 u.a.

This relatively modest figure has been reduced by the Council by 80,000 u.a. so that only 800,000 u.a. are now available.

In view of the fact that the Community environmental action programme adopted in July 1973, must be carried out on schedule and in its entirety, the requested increase in appropriations of 80,000 u.a. to the amount asked for by the Commission is fully justified.

#### Financial implications

Under the provisions currently in force the draft amendment will affect the budget as follows:

#### SECTION III - COMMISSION

##### Expenditure

Title 2 - Chapter 26 - Article 267 'Studies of the environment'

Increase appropriations by 80,000 u.a.

Title 2 - Chapter 29 - Article 290 'Lump sum repayment of costs incurred in collecting own resources'

Increase appropriations by 921 u.a.

##### Revenue

Title 1 'Own resources': Increase by 9,213 u.a.

Title 5 'Contributions' Article 550: Increase by 70,571 u.a.

Article 560: Increase by 1,137 u.a.

R E J E C T I O N

B U D G E T

E U R O P E A N   P A R L I A M E N T

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(Date)

Doc. ....

PROPOSAL FOR THE REJECTION  
IN ITS ENTIRETY OF THE DRAFT  
GENERAL BUDGET of the European  
Communities for the financial  
year ....

tabled by .....

The European Parliament,

- having regard to the draft general budget ...
- having regard to ...
- whereas ...
- whereas ...

1. Rejects in its entirety the draft general budget of the European Communities for the financial year .... established by the Council (Doc. .... );
2. Refers the draft general budget back to the Council;
3. Instructs its President to forward this decision to the Council and, for information, the Commission of the European Communities.



M A X I M U M   R A T E

B U D G E T

E U R O P E A N   P A R L I A M E N T

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(Date)

Doc. ....

DRAFT PROPOSAL FOR A DECISION FIXING A NEW RATE OF INCREASE IN RELATION TO  
CERTAIN EXPENDITURE FOR THE ESTABLISHMENT OF THE BUDGET OF THE EUROPEAN  
COMMUNITIES FOR THE FINANCIAL YEAR ....

tabled by .....

The European Parliament,

- having regard to ...
- whereas ...

1. Proposes that the maximum rate of increase in relation to certain expenditure for the establishment of the budget of the European Communities for the financial year .... be fixed at ...%.
2. Instructs its President to forward this proposal for a decision to the Council and, for information, the Commission of the European Communities.

A M E N D M E N T    T O  
M A X I M U M    R A T E

B U D G E T

E U R O P E A N    P A R L I A M E N T

---

(Date)

Doc. ....

DRAFT PROPOSAL FOR A DECISION FIXING A NEW MAXIMUM RATE OF INCREASE IN  
RELATION TO CERTAIN EXPENDITURE FOR THE ESTABLISHMENT OF THE BUDGET OF  
THE EUROPEAN COMMUNITIES FOR THE FINANCIAL YEAR ....

Amendment No.

tabled by .....

Proposal for a decision fixing a new maximum rate

Paragraph ...

This paragraph should read as follows:

AMENDMENT TO  
COUNCIL MODIFICATIONS

BUDGET

EUROPEAN PARLIAMENT

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(Date)

Doc. ....

COUNCIL MODIFICATIONS TO PARLIAMENT'S AMENDMENTS TO THE DRAFT BUDGET OF THE  
EUROPEAN COMMUNITIES FOR THE FINANCIAL YEAR .... (Doc. ....)

Amendment No.

tabled by .....

Council Modification No.

JUSTIFICATION

Financial implications

The motion for a resolution on the Council communication concerning the results of its deliberations on the modifications proposed and amendments adopted by Parliament, as well as any amendments to that motion, shall be set out in the usual form. However, they must be clearly marked 'BUDGET'.

GENERAL PROVISIONS OF THE  
TREATIES IN THE BUDGETARY FIELD

SINGLE BUDGET OF THE THREE  
COMMUNITIES AND PORTION OF THE ECSC LEVY

Article 20<sup>1</sup>

1. The administrative expenditure of the European Coal and Steel Community and the revenue relating thereto, the revenue and expenditure of the European Economic Community, and the revenue and expenditure of the European Atomic Energy Community, with the exception of that of the Supply Agency and the Joint Undertakings, shall be shown in the budget of the European Communities in accordance with the appropriate provisions of the Treaties establishing the three Communities. This budget, which shall be in balance as to revenue and expenditure, shall take the place of the administrative budget of the European Coal and Steel Community, the budget of the European Economic Community and the operating budget and research and investment budget of the European Atomic Energy Community.

2. The portion of the expenditure covered by the levies provided for in Article 49 of the Treaty establishing the European Coal and Steel Community shall be fixed at eighteen million units of account.

As from the financial year beginning 1 January 1967, the Commission shall submit annually to the Council a report on the basis of which the Council shall examine whether there is reason to adjust this figure to changes in the budget of the Communities. The Council shall act by the majority laid down in the first sentence of the fourth paragraph of Article 28 of the Treaty establishing the European Coal and Steel Community. The adjustment shall be made on the basis of an assessment of developments in expenditure arising from the application of the Treaty establishing the European Coal and Steel Community.

3. The portion of the levies assigned to cover expenditure under the budget of the Communities shall be allocated by the Commission for the implementation of that budget in accordance with the timetable provided for in the financial regulations adopted pursuant to Article 209(b) of the Treaty establishing the European Economic Community and Article 183(b) of the

<sup>1</sup> Treaty of 22 April 1970: Article 10 amending Article 20(1) of the Treaty establishing a Single Council and a Single Commission of the European Communities

Treaty establishing the European Atomic Energy Community relating to the methods and procedure whereby the contributions of the Member States shall be made available.

BALANCING THE BUDGET  
AND ANNUAL ACCOUNTING

Article 199 (EEC)<sup>1</sup>

All items of revenue and expenditure of the Community, including those relating to the European Social Fund, shall be included in estimates to be drawn up for each financial year and shall be shown in the budget.

The revenue and expenditure shown in the budget shall be in balance.

Article 202 (EEC)<sup>2</sup>

The expenditure shown in the budget shall be authorised for one financial year, unless the regulations made pursuant to Article 209 provide otherwise.

In accordance with conditions to be laid down pursuant to Article 209, any appropriations, other than those relating to staff expenditure, that are unexpended at the end of the financial year may be carried forward to the next financial year only.

Appropriations shall be classified under different chapters grouping items of expenditure according to their nature of purpose and subdivided, as far as may be necessary, in accordance with the regulations made pursuant to Article 209.

The expenditure of the Assembly, the Council, the Commission and the Court of Justice shall be set out in separate parts of the budget, without prejudice to special arrangements for certain common items of expenditure.

Article 176 (Euratom)<sup>3</sup>

1. Subject to the limits resulting from programmes or decisions involving expenditure which, in pursuance of this Treaty, require the unanimous approval of the Council, allocations for research and investment expenditure shall include:

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<sup>1</sup> Corresponds to Article 171(1) of the Euratom Treaty

<sup>2</sup> Corresponds to Article 175 of the Euratom Treaty

<sup>3</sup> See also Articles 203a(7), 177a (Euratom) and 78A (ECSC)

- (a) commitment appropriations, covering a series of items which constitute a separate unit and form a coherent whole;
  - (b) payment appropriations which represent the maximum amount payable each year in respect of the commitments entered into under subparagraph (a).
2. The schedule of due dates for commitments and payments shall be annexed to the corresponding draft budget proposed by the Commission.
3. Appropriations for research and investment shall be classified under different chapters grouping items of expenditure according to their nature or purpose and subdivided, as far as may be necessary, in accordance with the regulations made pursuant to Article 183.
4. Unused payment authorizations shall be carried forward to the next financial year by decision of the Commission, unless the Council decides otherwise.

PROVISIONS OF THE TREATY OF 22 APRIL 1970 FOR THE PERIOD  
BEGINNING WITH THE DRAFT BUDGET  
FOR THE FINANCIAL YEAR 1975

ESTABLISHING THE BUDGET

Article 203 (EEC)<sup>1</sup>

1. The financial year shall run from 1 January to 31 December.
2. Each institution of the Community shall, before 1 July, draw up estimates of its expenditure. The Commission shall consolidate these estimates in a preliminary draft budget. It shall attach thereto an opinion which may contain different estimates.

The preliminary draft budget shall contain an estimate of revenue and an estimate of expenditure.

3. The Commission place the preliminary draft budget before the Council not later than 1 September of the year preceding that in which the budget is to be implemented.

The Council shall consult the Commission and, where appropriate, the other institutions concerned whenever it intends to depart from the preliminary draft budget.

The Council shall, acting by a qualified majority, establish the draft budget and forward it to the Assembly.

4. The draft budget shall be placed before the Assembly not later than 5 October of the year preceding that in which the budget is to be implemented.

The Assembly shall have the right to amend the draft budget, acting by a majority of its members, and to propose to the Council, acting by an absolute majority of the votes cast, modifications to the draft budget relating to expenditure necessarily resulting from this Treaty or from acts adopted in accordance therewith.

<sup>1</sup>

Corresponds to Article 177 of the Euratom Treaty and also to Article 78 of the ECSC Treaty, which has an extra paragraph 10 reading:  
'10. Final adoption of the administrative budget shall have the effect of authorizing and requiring the High Authority to collect the corresponding revenue in accordance with the provisions of Article 49.'



If, within forty-five days of the draft budget being placed before it, the Assembly has given its approval, the budget shall stand as finally adopted. If within this period the Assembly has not amended the draft budget nor proposed any modifications thereto, the budget shall be deemed to be finally adopted.

If within this period the Assembly has adopted amendments or proposed modifications, the draft budget together with the amendments or proposed modifications shall be forwarded to the Council.

5. After discussing the draft budget with the Commission and, where appropriate, with the other institutions concerned, the Council may, acting by a qualified majority, modify any of the amendments adopted by the Assembly and shall pronounce, also by a qualified majority, on the modifications proposed by the latter. The draft budget shall be modified on the basis of the proposed modifications accepted by the Council.

If, within fifteen days of the draft budget being placed before it, the Council has not modified any of the amendments adopted by the Assembly and has accepted the modifications proposed by the latter, the budget shall be deemed to be finally adopted. The Council shall inform the Assembly that it has not modified any of the amendments and has accepted the proposed modifications.

If within this period the Council has modified one or more of the amendments adopted by the Assembly or has not accepted the modifications proposed by the latter, the draft budget shall again be forwarded to the Assembly. The Council shall inform the Assembly of the results of its deliberations.

6. Within fifteen days of the draft budget being placed before it, the Assembly, which shall have been notified of the action taken on its proposed modifications, shall act, by a majority of its members and three fifths of the votes cast, on the modifications to its amendments made by the Council, and shall adopt the budget accordingly. If within this period the Assembly has not acted, the budget shall be deemed to be finally adopted.

7. When the procedure provided for in this Article has been completed, the President of the Assembly shall declare that the budget has been finally adopted.

8. A maximum rate of increase in relation to the expenditure of the same type to be incurred during the current year shall be fixed annually for the total expenditure other than that necessarily resulting from this Treaty or from acts adopted in accordance therewith.

The Commission shall, after consulting the Conjunctural Policy Committee and the Budgetary Policy Committee, declare what this maximum rate is as it results from:

- the trend, in terms of volume, of the gross national product within the Community;
- the average variation in the budgets of the Member States;  
and
- the trend of the cost of living during the preceding financial year

The maximum rate shall be communicated, before 1 May, to all the institutions of the Community. The latter shall be required to conform to this during the budgetary procedure, subject to the provisions of the fourth and fifth subparagraphs of this paragraph.

If, in respect of expenditure other than that necessarily resulting from this Treaty or from acts adopted in accordance therewith, the actual rate of increase in the draft budget established by the Council is over half the maximum rate, the Assembly may, exercising its right of amendment, further increase the total amount of that expenditure to a limit not exceeding half the maximum rate.

Where, in exceptional cases, the Assembly, the Council or the Commission considers that the activities of the Communities require that the rate determined according to the procedure laid down in this paragraph should be exceeded, another rate may be fixed by agreement between the Council, acting by a qualified majority, and the Assembly, acting by a majority of its members and three fifths of the votes cast.

9. Each institution shall exercise the powers conferred upon it by this Article, with due regard for the provisions of this Treaty and for acts adopted in accordance therewith, in particular those relating to the Communities' own resources and to the balance between revenue and expenditure.

## AUDIT OF ACCOUNTS AND DISCHARGE

### Article 206 (EEC)<sup>1</sup>

The accounts of all revenue and expenditure shown in the budget shall be examined by an Audit Board consisting of auditors whose independence is beyond doubt, one of whom shall be chairman. The Council shall, acting unanimously, determine the number of the auditors. The auditors and the chairman of the Audit Board shall be appointed by the Council, acting unanimously, for a period of five years. Their remuneration shall be determined by the Council, acting by a qualified majority.

The purpose of the audit, which shall be based on records and, if necessary, performed on the spot, shall be to establish that all revenue has been received and all expenditure incurred in a lawful and regular manner and that the financial management has been sound. After the close of each financial year, the Audit Board shall draw up a report, which shall be adopted by a majority of its members.

The Commission shall submit annually to the Council and to the Assembly the accounts of the preceding financial year relating to the implementation of the budget, together with the report of the Audit Board. The Commission shall also forward to them a financial statement of the assets and liabilities of the Community.

The Council and the Assembly shall give a discharge to the Commission in respect of the implementation of the budget. To this end, the report of the Audit Board shall be examined in turn by the Council, which shall act by a qualified majority, and by the Assembly. The Commission shall stand discharged only after the Council and the Assembly have acted.

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<sup>1</sup> Corresponds to Article 180 of the Euratom Treaty and to Article 78d of the ECSC Treaty

Article 78e (ECSC)

The Council shall appoint an auditor to serve for three years. He shall draw up an annual report stating whether the accounting and the financial management of the High Authority have been effected in a regular manner; this report shall not cover entries relating to the administrative expenditure referred to in Article 78(2), to administrative revenue or to revenue derived from the tax for the benefit of the Community levied on the salaries, wages and emoluments of its officials and other servants. He shall draw up this report within six months of the close of the financial year to which the accounts refer and shall submit it to the High Authority and the Council. The High Authority shall forward it to the Assembly.

The auditor shall be completely independent in the performance of his duties. The office of auditor shall be incompatible with any other office in an institution or department of the Communities other than that of member of the Audit Board provided for in Article 78d. His term of office shall be renewable.

DOCUMENTS ANNEXED TO THE TREATY OF 22 APRIL 1970  
(ENTERED IN THE MINUTES OF THE COUNCIL)

Resolutions

1. Resolution on the section of the budget concerning the Assembly for the period referred to in Article 78A of the ECSC Treaty, Article 203a of the EEC Treaty and Article 177a of the EAEC Treaty.

The Council undertakes not to modify the Assembly's estimates of expenditure in so far as these estimates do not conflict with Community provisions, including those relating to the staff regulations, the conditions of employment of other servants and the seat of the institutions.

2. Resolution on Community acts having a financial effect and on cooperation between the Council and the Assembly.

In order to provide the Assembly with all the information it requires to give its opinion on Community acts having a financial effect, the Council requests the Commission to attach estimates of the financial effects of such acts to the proposals which it forwards to the Assembly.

The Council undertakes to maintain the closest possible cooperation with the Assembly during examination of such acts and to explain to the Assembly the reasons which may have led it to depart from the Assembly's opinion.

3. Resolution on cooperation between the Council and the Assembly on budgetary procedure

All necessary measures shall be taken, by agreement between the Council and the Assembly, to ensure close cooperation at all levels between the two institutions in respect of the budgetary procedure, notably through the presence of the President-in-Office or another member of the Council at the Assembly during discussion of the draft budget.

Council declaration

(a) At the signing of the Treaty amending certain budgetary provisions of the Treaties establishing the European Communities and of the Treaty establishing a Single Council and a Single Commission of the European Communities, the Council took careful note of the Assembly's views as

expressed in its resolutions of 10 December 1969, 3 February and 11 March 1970 and in its memorandum of 19 April 1970.

(b) The Commission has accordingly informed the Council of its intention of submitting proposals on this subject subsequent to, and within two years of, ratification by all the Member States of the Treaty signed on 22 April.

(c) The Council will examine those proposals, in accordance with the procedure laid down in Article 236 of the EEC Treaty, in the light of debates held in Member States' parliaments, the development of the European situation and the institutional problems raised by the enlargement of the Community.

APPLICATION OF COUNCIL RESOLUTION No 3  
ANNEXED TO THE TREATY OF 22 APRIL 1970  
ON COOPERATION BETWEEN THE COUNCIL AND  
THE ASSEMBLY ON BUDGETARY PROCEDURE

Council note

I. Cooperation between the Assembly and the Council during the  
first stage

(Establishment of the draft budget by the Council)

- (a) As soon as it receives the preliminary draft budget from the Commission, the Council will forward it officially to the Assembly, so as to enable it to subject that document to initial examination from the political point of view.
- (b) The Council will thus be able to take note of the Assembly's initial observations concerning the general lines of the preliminary draft budget when it is being established.
- (c) The Assembly's observations will be brought to the Council's attention during an exchange of views between the President-in-Office of the Council, accompanied by any other members of the Council who desire to attend, and a delegation from the Assembly. The Commission will take part in this exchange of views.

The President of the Council will inform the Council of the Assembly's observations before the Council commences its discussion on the preliminary draft budget.

It is to be understood that this procedure must not hold up the Council's work in establishing the draft budget.

II. Cooperation between the Assembly and the Council during the second  
stage

(Examination of the draft budget by the Assembly)

The Council accepts the Assembly's proposal. The procedure for cooperation during this stage will therefore be as follows:

- (a) The President-in-Office of the Council will submit the draft budget

to the Assembly during the latter's October sitting.

- (b) The President-in-Office or other members of the Council will be present at meetings of the Committee for Finance and Budgets devoted to examination of the draft budget.
- (c) The President-in-Office of the Council will be present when the draft budget is debated and voted in plenary sitting.

III. Cooperation between the Assembly and the Council during the third stage

(Examination by the Council of modifications adopted by the Assembly and adoption of the budget)<sup>1</sup>

- (a) When the Council itself examines the modified draft budget, a delegation from the Assembly may, at the start of the Council's work, explain the reasons which led the Assembly to propose modifications. After an exchange of views with this delegation the Council, as normally constituted, will resume its work and adopt the budget.
- (b) The Council will inform the Assembly of its decisions, giving the reasons why it may not have followed the Assembly's opinions. This may be done by letter, as in the past, or by direct contact between a representative of the Council and the Assembly.

In agreeing with this text, the enlarged Bureau considered that to ensure that the contacts provided for, between the Council and a delegation from the European Parliament, in Section I of the Council note are as fruitful as possible, they should be prepared by the Secretaries-General and their staffs.

(Sitting of 18 November 1971)

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<sup>1</sup> The Council would point out that the procedure set out above will have to be revised in 1975, when the provisions laid down for the definitive stage by the Treaty of 22 April 1970 enter into force.



Letter from the President of the Council  
to the President of the European Parliament

Brussels, 28 April 1972

Mr Walter BEHRENDT  
President of the European Parliament

Centre Européen  
Plateau du Kirchberg

LUXEMBOURG

Dear Mr President,

In your letter of 23 November 1971 you informed me that the European Parliament, at its sitting of 18 November 1971, had approved the Council proposal concerning cooperation between our two institutions regarding budgetary procedure. I take this opportunity to express to you the Council's satisfaction at the conclusion of this agreement.

In your letter you also informed me of the way in which the Bureau of the European Parliament interprets Section I (c) of this procedure.

As at this stage in the procedure the aim is to sum up the first political positions adopted by the European Parliament regarding the broad lines of the preliminary draft budget, the Council is unable to concur in the interpretation of the enlarged Bureau; it would once again like to emphasize, however, that both in a general way and in this particular instance, the usual working relations between our two secretariats must be maintained.

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(signed) Gaston THORN





