

EUROPEAN PARLIAMENT

Working Documents

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DOCUMENT 337/74

Report

drawn up on behalf of the Committee on Budgets

on the draft of the first amending and supplementary Budget of the European Communities for the financial year 1974 (doc. 336/74)

Rapporteur : Mr Michael SHAW

By letter of 24 September 1974, the President of the Council of the European Communities, in accordance with the procedure agreed between the European Parliament and the Council regarding cooperation between the two Institutions in relation to budgetary procedure, transmitted to the European Parliament the preliminary draft of supplementary and amending budget No. 2 of the European Communities for the financial year 1974. On 5 November 1974, the Council of the European Communities established draft supplementary and amending budget No. 1 for the financial year 1974 and referred this budget to the European Parliament.

The Committee on Budgets appointed Mr Shaw rapporteur on 21 October 1974. It considered the preliminary draft at its meeting of 29 October 1974 and the draft budget at its meeting of 5 November 1974.

At its meeting on 5 November 1974, the Committee on Budgets unanimously adopted the motion for a resolution and the explanatory statement.

The following were present: Mr Spénale, chairman; Mr Shaw, rapporteur; Mr Berthoin (deputizing for Mr Houdet), Mr Concas, Mr Della Briotta (deputizing for Mr Lautenschlager), Mr Fabbrini, Mr Gerlach, Mr Hansen, Mr Lagorce, Lord Lothian, Mr Maigaard, Mr Memmel (deputizing for Mr Aigner), Mr Notenboom, Mr Pêtre, Mr Terrenoire and Mr Vernaschi.

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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

on the First amending and supplementary Budget of the European Communities for the financial year 1974

The European Parliament

- having regard to the draft amending and supplementary budget (No. 1) of the European Communities for the financial year 1974 (Doc. 336/74);
 - having regard to the Report of the Committee on Budgets (Doc. 337/74);
 - noting (a) that the measure is necessary to finance the Community contribution to a special scheme to aid the developing countries most severely affected by crisis conditions,
(b) that it takes account of factors on the receipts side which have developed since the 1974 budget was adopted ;
 - considering that the special scheme to aid developing countries constitutes an item of non-obligatory expenditure ;
1. approves the draft supplementary and amending budget (No. 1) subject to certain reservations mentioned in the accompanying report,
 2. therefore considers that the draft supplementary and amending budget shall be deemed to be finally adopted in accordance with the provisions of Article 78A(4) of the Treaty establishing the European Coal and Steel Community, Article 203(a) of the Treaty establishing the European Economic Community and Article 177(a) of the Treaty establishing the European Atomic Energy Community.
 3. instructs its President to forward this resolution, the minutes of this sitting and the report of the Committee on Budgets to the Council of the European Communities.

EXPLANATORY MEMORANDUM

1. This proposal for the draft supplementary and amending budget No. 1 for the financial year 1974 consists of two parts :

- an amending budget which updates the estimates of own resources for 1974;
- a supplementary budget authorizing an appropriation of \$150,000,000 (124.5 m.u.a.) to finance the Community contribution towards a special scheme to aid the developing countries most severely affected by the present crisis.

Own resources

2. As regards the amendment of own resources estimates, it is apparent from the flow of receipts during the first 8 months of this financial year that there will be a considerably higher amount accruing from customs duties overall than had been initially estimated while agricultural levies and levies on sugar will yield less than had been expected. These affect the amounts collected by seven Member States only, because two States, the United Kingdom and Ireland, pay their relative share on the basis of expenditure and not according to the amounts collected.

3. In the tables relating to the receipts side of the budget, the Commission has given a consolidated presentation which merges three separate factors : the revision of estimates of customs receipts and levies, the consequential revision of the contributions of Member States and the result of providing for the supplementary budget. This has had the effect of producing a pattern in the table at page 20 which could give the impression that one Member State will meet nearly one-half of the cost of the supplementary budget. In fact, if everything in the 1974 budget had remained unchanged, apart from the own resources side, the fall in the own resources receipts in the case of the particular Member State would have required an increase in the contribution of 34 m.u.a. Thus, the reflection in one table of the effects of different factors can give misleading impressions. Moreover, the package approach reduces the scope of Parliament in regard to putting forward possible variations in the proposal.

Additional expenditure

4. As regards the \$150,000,000 (124.5 m.u.a.) contribution to the special aid scheme for developing countries, the arrangements proposed are that (i) a sum of \$30,000,000 should be paid into the United Nations' special account and (ii) the balance of \$120,000,000 should be allocated to the countries most severely affected. The sums involved in each instance and the nature of the aid will be determined on a case by case basis. Information supplied by the United Nations regarding the basic needs of those countries which are worst hit will be a prime consideration in reaching decisions. The Commission will put to the Council proposals regarding the programme for distributing the aid and will implement the programme.

5. As well, the fact that the forecasts of total own resources have increased by 210,070,477 u.a. entails an increase under Chapter 29 of the Budget in the lump sum repayment of costs incurred in their collection amounting to 21,007,048 u.a.

Tabular presentation

6. If the contribution of 124.5 m.u.a. to the special aid scheme for developing countries is looked at in isolation (i.e. leaving aside the changes in the forecasts of own resources and their effect on the lump sum repayment of the cost of collection), the share per Member State would be as follows :

	<u>m.u.a.</u>
Belgium	10.0
Denmark	1.8
Germany	35.4
France	29.2
Ireland	0.4
Italy	22.5
Luxembourg	0.2
Netherlands	11.3
United Kingdom	13.7
Total:	<u>124.5</u>

This represents an apportionment of the expenditure according to the relative shares determined by applying the provisions of the Decision of 21 April 1970 and of the Treaty of Accession. See also the appendix.

Conclusion

7. Early implementation of the scheme is essential if the Community effort is to be of maximum assistance to those developing countries worst hit by the energy crisis. The Committee on Budgets has already indicated its favourable attitude to the proposal and, therefore, it approves this draft amending and supplementary budget subject to the reservations set out at paragraph 3 above.

ANNEX

CHANGES ON THE RECEIPTS SIDE
(rounded to 0.1 m.u.a.)

	Effect of the special aid scheme plus new forecast of own resources		Effect of the new forecast of own resources alone		Effect of the special aid scheme alone			
	1	2	3	4	5	6		
	Contributions: Budget 1974	Contributions: suppl. budget revision	Variations in contributions 2 - 1 - +		Contributions: budget 1974 with new forecast of own resources	Variations in contributions 4 - 1 - +		Net position
BELGIUM	144.2	136.7	7.5	-	126.6	17.6	-	10.1
DENMARK	24.6	15.3	9.3	-	13.5	11.1	-	1.8
GERMANY	527.0	597.1	-	70.1	561.3	-	34.3	35.8
FRANCE	692.5	655.6	36.9	-	626.1	66.4	-	29.5
IRELAND	-	-	-	-	-	-	-	0.4*
ITALY	517.6	430.4	87.2	-	407.5	110.0	-	22.8
LUXEMBOURG	4.2	4.5	-	0.3	4.3	-	0.1	0.2
NETHERLANDS	163.3	169.3	-	6.0	157.9	5.4	-	11.4
UNITED KINGDOM	-	-	-	-	-	-	-	13.9*
	2,073.4	2,008.9			1,897.2			125.9 ^ø

* In the case of Ireland and the United Kingdom the payments are own resources and not contributions - see paragraph 2 of text.

^ø The 'full cost' of the special aid scheme is 124.5 m.u.a. plus 1.4 m.u.a., which represents the cost of reimbursing 10% of the shares of Ireland and the United Kingdom which are paid as own resources. For the purpose of clarity the figure of 1.4 m.u.a. has been excluded from the table in paragraph 6 of the text.

Luxembourg
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