

EUROPEAN PARLIAMENT

Working Documents

1980 - 1981

5 December 1980

DOCUMENT 1-705/80

REPORT

drawn up on behalf of the Committee on Budgets
on the/draft general budget of the European
Communities for the financial year 1981

Section III - Commission - modified by the Council
(Doc. 1-670/80)

Rapporteur: Mr P. ADONNINO

On 24 November 1980 the Council acted on the draft budget as amended and modified by Parliament at its sitting of 6 November 1980.

The Committee on Budgets considered the modified draft budget at its meetings of 25/26 November and 3/4 and 9/10 December 1980.

After re-instating, and thus confirming, a number of the amendments modified by the Council, the Committee on Budgets adopted the motion for a resolution contained in this report by 14 votes to 8 with 5 abstentions.

Present: Mr Lange, chairman, Mr Notenboon, Mr Spinelli and Mr Rossi, vice-chairmen; Mr Adonnino, rapporteur, Mr Arndt, Mr Baillet, Mrs Bosorup, Mr Colla, Mr Dankert, Mr Fich, Mr Forth, Mr Gouthier, Mrs Hoff, Mr Hord, Mr Howell (deputizing for Mr J.M. Taylor), Mr R. Jackson, Mr Lega, Mr Megahy (deputizing for Mr Jalton), Mr Motchane, Mr Newton Dunn, Mr Nord, Mr Orlandi, Mr Pfennig, Mrs Scrivener, Mr Seeler (deputizing for Mr Balfe), Mr Simonnet, Mr Tuckman.

The explanatory statement will be presented orally.

The Committee on Budgets hereby submits to the European Parliament the following motion for a resolution:

MOTION FOR A RESOLUTION

on the draft budget of the European Communities for the financial year 1981 (section III : Commission) amended by Parliament and modified by the Council

The European Parliament,

- having regard to the draft budget as amended and modified by Parliament on first reading on 6 November and modified by the Council on 24 November and to the second letter of amendment to the draft budget dated 19 November 1980,
- having regard to the results of the meeting of 23 November 1980 between the delegation from the European Parliament and the Council within the framework of the procedure for budgetary cooperation,
- having regard to the report of the Committee on Budgets and the amendments re-instated by Parliament (Doc. 1-705/80),
- referring to the guidelines laid down in the resolution adopted on the occasion of the first reading of the draft budget for 1981 (Doc. 1-540/80),
- reaffirming in particular its belief that the present circumstances require a strengthening of Community solidarity and that it is therefore essential to endow the Community with the financial resources needed to meet the present difficulties,

INTRODUCTION

1. Agrees that the 1981 financial year is transitional because certain financial and budgetary policy problems - which have been postponed for too long - still remain to be solved;
2. Confirms, however, the need already stated on the first reading to ensure the continuity of short and medium-term Community action through a sound balance between payment and commitment appropriations for 1981;
3. Is of the opinion that the resources available for 1981 will enable, with some difficulty, this responsibility to be discharged while maintaining a reasonable safety margin in relation to the Community VAT ceiling;
4. Notes, however, the need to select a number of priorities and accordingly confirms the choices already made by it on the first reading in favour of the sectors of energy, development cooperation and social and regional action;

COMMON AGRICULTURAL POLICY

5. Views in a favourable light, in both budgetary and institutional terms, the acceptance by the Council of the two principal modifications proposed by the Parliament in the agricultural sector, namely :
 - the placing of 2% of the appropriations for the Guarantee Section in a reserve
 - the reduction by 50 m EUA of the appropriations to cover aid for skimmed milk powder;
6. Notes with satisfaction that the Council shares the concern of Parliament and the Commission with regard to the financing of the CAP and therefore feels that:
 - the budgetary consequences of the fixing of agricultural prices for the 1981/82 marketing year on the one hand and of the normal economic trends in 1981 on the other, will be financed through savings made within the overall provision under the 1981 draft budget and from the reserve created by Parliament for this specific purpose on the first reading,
 - further savings will be made in those sectors of agriculture where there is a production surplus;

ENERGY

7. Confirms the priority already accorded to this sector of expenditure on the first reading and therefore welcomes the increases in appropriations and the new budget lines approved by the Council;
8. Considers it essential, however, to reinstate certain increases or reserves of appropriations and calls upon the Commission and Council to take the necessary steps to ensure that the actions for which appropriations are provided in this way are developed or initiated during the 1981 financial year;
9. Considers that its position in this area has once again been supported by the conclusions of the European Council meeting in Luxembourg (1 and 2 December 1980) which called for a reduction of the Community's dependence on oil through energy savings and the use of other sources of energy;

COOPERATION

10. Points out that food aid policy is one of the most representative external actions of the Community and declares its intention to pursue its efforts, particularly in the budgetary sphere, to promote the development of this policy on the lines indicated in its resolution on world hunger;
11. Regrets the fact that the Council has rejected all the amendments adopted by Parliament in this sector on first reading and a number of the amendments relating to cooperation with the non-associated developing countries and to emergency disaster aid, and decides to reinstate certain appropriations to enable progress to be made with the Community effort in 1981;
12. Hopes that the problem of classification of food aid appropriations will not jeopardize this humanitarian action and reiterates its wish to discuss the matter with the Council at the end of the present procedure;

REGIONAL FUND/SOCIAL FUND

13. Deplores the fact that the new endowment of the Regional and Social Funds provided by the Council still results in a reduction in real terms, as compared with 1980, in the appropriations intended for the enlarged Community, and is particularly disturbed by the fact that the Social Fund is thus liable to have insufficient resources to meet its commitments in 1981;
14. Decides therefore partially to reinstate the appropriations needed to permit the normal development of the Social Fund which now constitutes one of the most solid foundations of European unification;

ECSC

15. Notes with satisfaction that, with the inclusion of a token entry, the 1981 budget at long last opens the prospect of Community financing of social measures in parallel with restructuring of the steel industry, but deplores the fact that more than five years after the onset of the crisis, the Council has still failed to take a definitive decision on this problem;
16. Considers for its part that this crisis poses for the Community a general social and economic problem and that the necessary financial measures must therefore be taken from 1981 onwards;

STAFF

17. Notes that the Council has failed to provide an adequate response to the problem of the blockage of the staff situation at the Commission for the last two years, and therefore considers it necessary to maintain most of the amendments proposed on first reading together with the priorities laid down on that occasion, while attempting to restrain the financial consequences for the financial year 1981;

BUDGETARY PRINCIPLES AND MECHANISMS

18. Regrets that the problems relating to the budgetary principles and mechanisms (classification of expenditure, application of the maximum rate to commitment appropriations, relationship between the budget and Community legislation) have not been solved during the present budgetary procedure and therefore proposes to the Council that the discussion of these problems should be reopened at the beginning of the 1981 financial year with a view to reaching an overall and lasting agreement before the procedure for consideration of the 1982 budget begins;
19. Notes, however, with satisfaction that the Council has agreed to the opening of several budget lines pending the adoption of further legislative acts which may be necessary; considers that this acceptance makes it necessary for the institutions concerned to take all the measures needed for the actions concerned to begin during the 1981 financial year;
20. Reiterates its position that all new policies must be classified as non-compulsory expenditure, draws the attention of the Council to the detailed statement of its views on this matter¹ and stresses that it classifies the following expenditure as non-compulsory:

- supplementary measures for the United Kingdom (Article 580),
- EAGGF Guidance Section (Title 8),
- Food Aid (Chapter 92),
- Financial cooperation with third countries (Chapter 96).

¹Annex 2 to the report (1st reading) on the draft budget for 1981 (Doc. 1-540/80/Ann.2)

BORROWING/LENDING

21. Notes the provisional improvements made by the Council - as compared with the 1980 budget - in the budgetary document outlining the capital operations and management of the Community's debt and also the commitments given by the Council on :

- the inclusion of a discussion on capital operations in the budgetary procedure
- the use of the conciliation procedure in respect of the basic instruments of the borrowing and lending mechanisms;

stresses that it will assess the entire budget on the basis of these factors which will thus provide a further criterion of assessment;

considers these improvements inadequate and cannot accept the Council's position on the classification of capital operations as compulsory expenditure;

22. Confirms the need for more direct participation by the budgetary authority in the annual definition of borrowing and lending operations in accordance with the procedures proposed by the Commission in 1978
23. Considers that the review of the Financial Regulation due to take place in 1981 must enable an adequate and lasting solution to be found to the problem of the budgetization of borrowing and lending operations;

EDF

24. Notes that the Council, while considering it impossible to budgetize the 5th EDF, given that an intergovernmental financing method has already been decided, has however adopted a position on the classification of this expenditure as compulsory expenditure in the budget;
25. Disputes this classification but points out that the position of the Council constitutes the confirmation requested by Parliament of the possibility of budgetizing the 6th EDF;
26. Welcomes the financial document relating to the EDF attached to the draft budget; annexes that document to the budget (Annex 4) and reserves two lines in Title IX for budgetization of the 6th EDF;

RESTRUCTURING OF COMMUNITY EXPENDITURE

(mandate given to the Commission by the Council on 30 May 1980)

27. Draws attention to its main guidelines on the restructuring of Community expenditure as set out in its resolution of 6 November 1980 :
- control over agricultural expenditure,
 - balanced distribution of financial resources between the different expenditure sectors, having regard to priorities and the need for economic convergence between the Member States,
 - improvement of the effectiveness of current structural policies,
 - stringent selection but effective implementation of new policies;
28. Stresses the need to draw up, in connection with the proposed structural modifications, a complete and coherent programme for the financing of Community expenditure and confirms its intention to participate actively in the elaboration of that programme from the beginning of 1981 onwards.

CONCLUSIONS

29. Considers that the positions outlined above demonstrate the continuity of the budgetary policy followed by Parliament since the 1980 budget was rejected;

SUMMARY TABLE FOR THE SECOND READING OF THE COMMUNITY BUDGET

ANNEX

Budgetary nomenclature	No. of amendment adopted at 1st reading	Amend. No.	Subject	Change with regard to draft budget modified at 2nd reading by the Council on 24.11.1980		New position of the Committee on Budgets
				Payments	Commitments	
STAFF	523/rev.	69.890/17	Conversion of 160 posts and of 20 posts for the JRC	+ 221,000		18/8/3
STAFF	519/rev.II	69.890/1	Creation of 58 posts and of 25 temporary posts	+ 1,492,000		27/3/1, after it had been agreed to amend the remarks
STAFF	522	69.890/2	Conversion of 45 local staff posts into permanent posts	+ 775,000		24/4/2
STAFF	519/rev. II	82	24 temporary posts for the data processing sector	+ 522,000		The Committee on Budgets considered this amendment to be invalid
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<u>TITLE 2</u>						
Article 251	527	69.890/14	Committees	- 298,750		22/2/0
Item 2720	5	55	Publicity, information expenditure	+ 2 mEUA		6/22/1
Item 2720	5	69.890/15	" "	+ 1.0 mEUA		13/12/2
Item 2721	6	81	Community participation in international exhibitions	- 350,000 but token entry		14/16/0

Budgetary nomenclature	No. of amendment adopted at 1st reading	Amend. No.	Subject	Change with regard to draft budget modified at 2nd reading by the Council on 24.11.1980 Payments Commitments	New position of the Committee on Budgets
Article 280	102	85	Supply Agency subsidy	Remarks	The Committee on Budgets approved the principle of new draft amendment 86 by 27 votes unanimously; and considered that the principle of greater budgetary transparency involved in all the amendments from the Committee on Budgetary Control should be approved
Article 289	104	83	European schools	- 10 mEUA carried over to Ch. 100	28/0/2
Article 289	103	84	" "	Remarks	The Committee on Budgets approved the principle of new draft amendment 86 by 27 votes unanimously; and considered that the principle of greater budgetary transparency involved in all the amendments from the Committee on Budgetary Control should be approved
Article 290	451	56	Subsidies for further education institutes	+ 370,000 and modification of heading	9/22/1 The Cttee on Budgets approved a draft amend. by the rapporteur to increase payments by 70,000 EUA by 20/10/0
Article 290	451	80	" "	+ 135,000	20/10/0

Budgetary nomenclature	No. of amendment adopted at 1st reading	Amend. No.	Subject	Change with regard to draft budget modified at 2nd reading by the Council on 24.11.1980		New position of the Committee on Budgets
				Payments	Commitments	
TITLE 3						
Art. 301	105	86	European Centre for professional training	Remarks		27/0/0
It. 3030	521	30	Pilot schemes: housing of handicapped workers	+ 1.2 mEUA		14/5/7
It. 3200	70	64	Development of technological projects: hydrocarbons	+ 2 mEUA		0/21/0
It. 3210	71	40	Uranium prospection	+ 5 mEUA	+ 20 mEUA	18/9/1
It. 3210	71	69.890/9	" "	+ 5 mEUA	+ 10 mEUA	Withdrawn
Art. 322	66/72	41	Transport of radioactive material	+ 500,000		25/1/1
It. 3240	432	68	Energy economies	+ 3 mEUA	+ 4 mEUA	11/19/0
It. 3241	77	67	New energy sources	+ 9.5 mEUA + token entry Ch. 100	+ 17.5 mEUA + 5 mEUA Ch. 100	15/14/2 However, in view of the closeness of the vote, the rapporteur proposed an increase in payments of 9 mEUA and in commitments of 15 mEUA; this proposal was adopted by 24/3/2

Budgetary nomenclature	No. of amendment adopted at 1st reading	Amend. No.	Subject	Change with regard to draft budget modified at 2nd reading by the Council on 24.11. 1980		New position of the Committee on Budgets
				Payments	Commitments	
It. 3240, 3241)	432	69.890/4	New energy sources	+ 9 mEUA in Ch. 100	+ 15 mEUA in Ch. 100	Covered by previous vote
Art. 326	78	66	New Community initiative	token entry in Ch. 100	+ 100 mEUA in Ch. 100	0/28/2
Art. 326	542	69.890/10	" " "		+ 25 mEUA in Ch. 100	26/6/1
Art. 327	79	65	Energy balance sheets	+ 1 mEUA		16/10/1
Art. 328	80	69.890/11	Energy studies	+ 1 mEUA		19/8/0
It. 3292 (new)	538/301/rev.	42	Interest rate subsidies for a programme of Community loans to economise on energy	+ 5 mEUA		10/18/2
It. 3292	538/301/rev.	69.890/5	" "	token entry and 5 mEUA in Ch. 100		29/1/0
It. 3342	81	43	JET	+ 10 mEUA	+ 10 mEUA	6/23/0
It. 3360	82	44	Environment research	+ 1.522 mEUA Partially compensated	+ 5.322 mEUA partially compensated	0/25/0

Budgetary nomenclature	No. of amendment adopted at 1st reading	Amend. No.	Subject	Change with regard to draft budget modified at 2nd reading by the Council on 24.11.1980		New position of the Committee on Budgets
				Payments	Commitments	
It. 3370	83	45	Research biomolecular engineering	+ 1 mEUA partially compensated	+ 4 mEUA partially compensated	13/13/1
It. 3381	84	46	Teaching and training	+ 534,000 compensation	+ 2.898 mEUA partially compensated	1/23/2
Art. 351	22	59	Environment	Remarks		Withdrawn
It. 3510	458	60	Pollution control	+ 1 mEUA		22/8/2
It. 3511	500	61	Development of low pollution technologies	+ 1 mEUA		22/8/2
It. 3512	501	62	Environment protection	+ 1 mEUA		22/8/2
It. 3513	487	63	Changes in economic activities to protect the environment	+ 1 mEUA		22/8/2
Art. 359	106	71	Foundation for the improvement of living and working conditions	Remarks		The Ctte on Budgets approved the principle of new draft amendment 86 by 27 votes unanimously; and considered that the principle of greater budgetary transparency involved in all the amendments from the Ctte on Budgetary Control should be approved

Budgetary nomenclature	No. of amendment adopted at 1st reading	Amend. No.	Subject	Change with regard to draft budget modified at 2nd reading by the Council on 24.11.1980		New position of the Committee on Budgets
				Payments	Commitments	
It. 3623	88	47	System of automatic translation (Eurotra)	+ 500,000 in Ch. 100	+ 1.754 mEUA in Ch. 100	19/9/0
It. 3702	91	26	Data processing development	+ 1.478 mEUA	+ 978,000	29/0/2
It. 3722	93	27	Textile industry technology	+ 600,000	+ 3.2 mEUA	) ) 29/0/1
It. 3722	93/90/284	48	" " "	+ 600,000	+ 3.2 mEUA	
It. 3722	93/90/284	58	" " "	+ 400,000	+ 2.5 mEUA	Covered by previous vote
It. 3761	96	28	Ceramics	+ 500,000		29/0/3
It. 3762	285	69.890/16	Productivity in the clothing industry	+ 500,000		) ) 28/0/3
It. 3762	285	72	" "	+ 500,000		
It. 3762	285	57	" "	+ 400,000		Covered by previous vote
It. 3780	67	69.890/12	Studies prior to the financial support for transport infra-structures	+ 300,000		29/0/1

Budgetary nomenclature	No. of amendment adopted at 1st reading	Amend. No.	Subject	Change with regard to draft budget modified at 2nd reading by the Council on 24.11.1980		New position of the Committee on Budgets
				Payments	Commitments	
It. 3781	68	78	Financial support for transport infrastructures		+ 8 mEUA in Ch. 100	11/18/1
It. 3781	68	69.890/13	" "		+ 5 mEUA in Ch. 100	20/3/2

Budgetary nomenclature	No. of amendment adopted at 1st reading	Amend. NO.	Subject	Change with regard to draft budget modified at 2nd reading by the Council on 24.11.1980		New position of the Committee on Budgets
				Payments	Commitments	
TITLE 5						
Item 5010	19/52	31	ESF - aid in the field of vocational training and mobility	+ 24.8 mEUA		24/0/3
Item 5010	19/52	79	" " "	+ 24.8 mEUA		
Item 5011	20/53	32	Aid to promote employment	+ 10.4 mEUA		11/14/2
Item 5011	20/53	77	" " "	+ 10.4 mEUA		
Article 505	536	33	Measures for women	+ 4 mEUA	+ 12 mEUA	13/16/2
Item 5100	56	34	Employment situation in certain regions	+ 20.8 mEUA		15/13/2
Item 5101	57	35	Improvement in employment situation in certain groups of undertakings	+ 4.5 mEUA	+ 7 mEUA	8/21/1
Item 5102	58	36	Improvement in employment situation in certain sectors adapting to technical progress	+ 4.9 mEUA		16/9/3
Article 511	59	37	Measures for handicapped persons	+ 5.2 mEUA		23/0/0

Budgetary nomenclature	No. of amendment adopted at 1st reading	Amend. No.	Subject	Change with regard to draft budget modified at 2nd reading by the Council on 24.11.1980		New position of the Committee on Budgets
				Payments	Commitments	
Article 520	61	38	ESF - pilot schemes		+ 1 mEUA	Withdrawn. A proposal by the rapporteur to increase commits. by 0.5 mEUA was agreed to by 15/12/2
Chapter 54	535	73	ECSC contribution - social measures linked to re-structuring of steel industry	+ 112 mEUA)
Article 540	535	39	" "	+ 112 mEUA)
Article 540	535	74	" "	+ 100 mEUA in Ch. 100		) To be examined subsequently by the Committee on Budgets in the light of the deliberations of Council
Article 540	535	69.890/3	" "	+ 50 mEUA)
Article 550	441	69.890/6	National regional policy support	+ 150.8 mEUA	+ 57 mEUA	) To be examined by the Committee on Budgets in the light of the conciliation procedure
Article 550	441	75	" "	+ 150.8 mEUA)
Article 560	137/445	69.890/7	Specific Community measures		+ 3 mEUA)
Article 560	445	76	" "		+ 3 mEUA	) 14/12/2 Indicative vote - to be re-examined with the above
Item 5610	489	69.890/8	Preparatory studies for integrated actions	+ 50,000		20/3/4

Budgetary nomenclature	No. of amendment adopted at 1st reading	Amend. No.	Subject	Change with regard to draft budget modified at 2nd reading by the Council on 24.11.1980		New position of the Committee on Budgets
				Payments	Commitments	
TITLE 9						
Ch. 90 & 91	116	1	Budgetisation of the EDF			token entry
Item 9201	112	2	Food aid: cereals other than rice	+ 32.5 mEUA	partially compensated)
Item 9201	112	51	" "	+ 32.5 mEUA	partially compensated)
Item 9213	115	3	Food aid: butteroil programme	+ 15.070 mEUA)
Item 9213	115	50	" "	+ 15.070 mEUA		) 23/1/2
Item 9221	121	4	Sugar	+ 1.265 mEUA)
Article 923	120	5	Food aid other products	+ 8.9 mEUA)
Article 923	115	49	" "	+ 8.9 mEUA)
Item 9241	119	6	Transport costs of food aid	+ 10.740 mEUA		) 16/6/1
Item 9261	118	7	Quality control measures	+ 400,000		) 23/1/0

Budgetary nomenclature	No. of amendment adopted at 1st reading	Amend. No.	Subject	Change with regard to draft budget modified at 2nd reading by the Council on 24.11.1980		New position of the Committee on Budgets
				Payments	Commitments	
Article 930	117	8	Financial cooperation with non-associated developing countries	+ 42 mEUA	+ 50 mEUA	The Ctte on Budgets gave a negative opinion (for the payments proposed) by 6/20/1 and (for the commitments) by 9/16/1
Article 930	117	69.890/18	" "	+ 17 mEUA	+ 25 mEUA	
Article 931	125	9	Development of commercial relations with non-associated developing countries	+ 5.150 mEUA		3/20/2
Article 931	125	69.890/19	" "	+ 1 mEUA		14/12/0
Article 940	124	10	Cooperation with non-associated developing countries in the energy sector	+ 5 mEUA	+ 20 mEUA	4/20/2
Article 940	124	69.890/20	" "	+ 1 mEUA		15/8/1
Item 9410	123	11	Scholarships	+ 1.112 mEUA		7/17/0 A proposal from the rapporteur to increase payments by 612,000 EUA was approved by
Article 945	122	12	Development aid projects by non-governmental organisations	+ 7.250 mEUA	+ 6 mEUA	13/8/2
Article 945	122	52	" "	+ 7.250 mEUA	+ 6 mEUA	) 18/5/2
Article 945	122	69.890/21	" "	+ 2.250 mEUA	+ 3 mEUA	) Covered by previous vote

Budgetary nomenclature	No. of amendment adopted at 1st reading	Amend. No.	Subject	Change with regard to draft budget modified at 2nd reading by the Council on 24.11.1980		New position of the Committee on Budgets
				Payments	Commitments	
Item 9461	126	13	Consultative group for the Cty's cooperation policy	+ 100,000		7/13/5
Article 947	534	29	I.F.A.D.	token entry		17/2/4
Article 950	135/rev.	14	Aid to disaster victims - developing and other non-member countries	+ 57 mEUA		4/22/0
Article 950	135/rev.	69.890 /22	" "	+ 17 mEUA		13/11/1
Article 950	135/rev.	54	" "	+ 10 mEUA		Covered by previous vote
Item 9650	142	15	Cooperation with Algeria	+ 1.5 mEUA)
Item 9651	141	16	Cooperation with Morocco	+ 2.2 mEUA)
Item 9652	143	17	Cooperation with Tunisia	+ 1.4 mEUA		) 2/22/2
Item 9660	144	18	Cooperation with Egypt	+ 2.2 mEUA)
Item 9661	145	19	Cooperation with Jordan	+ 600,000)

Budgetary nomenclature	No. of amendment adopted at 1st reading	Amend. No.	Subject	Change with regard to draft budget modified at 2nd reading by the Council on 24.11.1980		New position of the Committee on Budgets
				Payments	Commitments	
Item 9662	146	20	Cooperation with Lebanon	+ 200,000		2/22/2
Item 9700	133	21	Common fund: financing of stocks	token entry		11/10/1
Item 9701	132	22	Common fund: structural improvement of world market	token entry		11/10/0
Article 971	131	23	International rubber agreement	token entry		10/12/1
Article 990	109	69	Subsidy to the European Assoc. for Cooperation	Remarks		The Ctte on Budgets approved the principle of new draft amend. 86 by 27 votes unan. and considered that the principle of greater budgetary transparency involved in all the
Article 991	128	24	Delegations to the southern Mediterranean countries	+ 845,000 partially compensated		6/13/4 The Ctte on Budgets approved the principle of new draft amend. 86 by 27 votes unan. and considered that the principle of greater budgetary transparency involved in all the
Article 991	111/rev.	70	" "	Remarks		6/18/3
Article 992	129	25	Delegations to the ACP and overseas territories	+ 6.4 mEUA		10/15/1
Article 992	129	69.890/23	" "	+ 3.250 mEUA		
TITLE 10						
Chapter 100	291/rev.	53	Global operational reserve for the energy sector	+ 15 mEUA	+ 30 mEUA	30/0/1 * amendments from the Ctte on Budgetary Control should be approved