

# European Communities

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EUROPEAN PARLIAMENT

## Working Documents

1974-1975

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9 December 1974

DOCUMENT 398/74

### Report

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drawn up on behalf of the Committee on Budgets

on the ~~fixing~~ fixing of ECSC levies and on the operational budget for 1975

(Doc. 353/74)

Rapporteur : Mr Pierre LAGORCE

At its meeting of 21 October 1974, the Committee on Budgets appointed Mr LAGORCE rapporteur on the fixing of ECSC levies and on the operational budget for 1975.

The meeting of the four committees concerned - Committee on Budgets, Committee on Economic and Monetary Affairs, Committee on Social Affairs and Employment and Committee on Energy, Research and Technology - was held on 26 November 1974.

The motion for a resolution and the explanatory statement were considered and adopted by 10 votes to 1 with 1 abstention at the meeting of the Committee on Budgets on 2 December 1974.

Present: Mr Aigner, vice-chairman and acting chairman; Mr Lagorce, rapporteur; Mr Artzinger, Mr Boano, Mr Cointat, Mr Fabbrini, Mr Gerlach, Mr Kirk, Mr Pêtre, Mr Radoux, Mr Shaw and Mr Terrenoire.

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 fixing of ECSC levies and on the operational budget for 1975

The European Parliament,

- having regard to the aide-memoire from the Commission of the European Communities (Doc. 353/74);
  - following the joint meeting of the Committee on Budgets, the Committee on Social Affairs and Employment, the Committee on Economic and Monetary Affairs and the Committee on Energy, Research and Technology;
  - having regard to the report of the Committee on Budgets (Doc. 398/74);
1. In the context of the present discussion on the strengthening of its budgetary powers, draws attention to the exemplary nature of the own resources system applicable to the ECSC budget,
  2. Notes that the procedure for the adoption of this budget makes it possible in practice for real cooperation to be established between the two institutions concerned and results in a genuine form of co-decision;
  3. Asks the Commission henceforth in the aide-memoire to Parliament to base its budgetary strategy on more detailed financial and economic considerations and to place this draft budget more specifically in the context of the Community's energy policy;
  4. Approves the Commission's determination to restrict the amount of expenditure to a level compatible with the anti-inflation policies of the Member States, and notes that the volume of the proposed appropriations will permit the continuation of the measures undertaken in the sectors concerned;
  5. Notes with satisfaction that this draft budget encourages a dynamic and varied approach to the problems and objectives involved;

EXPLANATORY STATEMENTThe ECSC budgetary procedure

1. Under the provisions of the ECSC Treaty and on the basis of the procedure established by joint agreement between the Commission and the European Parliament, the fixing of the ECSC levy rate and the establishment of the ECSC operational budget are covered by a specific budgetary decision-making process which is in many respects exemplary.

The Commission alone has the power to fix the levy rate and adopt the ECSC's operational budget; the Council is required to intervene only if the Commission is proposing to fix the rate at more than 1 %.

The Commission does not, however, adopt the ECSC budget without ascertaining the opinion of the European Parliament. This opinion is based on an aide-memoire submitted to the Assembly by the Commission. The aide-memoire is first considered at a joint meeting of the four parliamentary committees concerned (the Committee on Budgets, the Committee on Economic and Monetary Affairs, the Committee on Social Affairs and Employment and the Committee on Energy, Research and Technology). The aide-memoire is then referred to the Committee on Budgets which draws up a motion for a resolution taking into account the views expressed at the joint meeting.

2. The ECSC budgetary procedure is exemplary in several respects. Attention should be drawn first of all to its system of financing, based on own resources, namely levies and loans. In the context of the present discussion on Parliament's budgetary powers it should also be noted that the procedure for adoption of the ECSC budget facilitates the establishment of real cooperation between Parliament and the Commission; in practice the Commission has always given the fullest possible consideration to the Assembly's opinion, except in one isolated instance.

Implementation of the ECSC budget for 1974

3. The provisional figures for the implementation of the ECSC budget for the financial year 1974 show that resources exceeded estimates by 5.7 m.u.a. This increase is mainly attributable to a sudden and sharp rise in interest on investments and loans on non-borrowed funds in 1974. These additional resources have been or will be used mainly for interest rebates in respect of investment or resettlement operations and up to a third can also be used for financing aid to research in the coal sector.

- Subsidized housing: the proposed appropriation of 12.5 m u.a. represents a 25 % increase on 1974 and constitutes the first stage of a 25 m u.a. two-year scheme covering 1975 - 76; it should be pointed out that almost 138,000 subsidized housing units have been financed by the ECSC to date.

7. The Commission's proposals on revenue are affected by the uncertainty as to the trend of average values on which the levy rate is based and the trends in rates of interest and the exchange rates for the various Community currencies. Estimating the yield from the levies is particularly difficult for the 1975 financial year because of the margin of uncertainty as to the production level of ECSC products. The yield from interest on investments is also very difficult to determine because of the exceptional increases in rates in 1974 as a result of which any estimates for 1975 are unreliable. The instability of exchange rates for the Community currencies may also influence estimates for resources in the ECSC budget and possibly lead to book losses. These are the results of adjustments made to the ECSC unit of account twice a year on the basis of current exchange rates in the Community.

#### Overall assessment of the 1975 ECSC budget

8. Apart from the value of the basic options it sets out, the Commission's aide-memoire does not give a sufficiently detailed account of the circumstances and reasons that have prompted its decisions on certain appropriations.

9. This is all the more regrettable because the document, brief though it is, presents a dynamic and varied action programme. It describes, for example, the completion of certain measures implemented in previous years, the continuation of measures undertaken in other fields, for example subsidized housing and aid to resettlement, the intensification of measures planned in sectors that have been allocated (or re-allocated) priority such as the coal sector.

10. In this connection it is to be regretted that the Commission has not tried to place the general outlines of the ECSC budget more firmly within the context of the Community's energy policy. This omission, which does not detract from the dynamism of the budgetary decisions taken, is partly due to the fact that the Commission will shortly be presenting a communication on the Community's coal policy.

11. As far as the presentation of the budget is concerned, the inclusion of an item covering unused resources from the previous financial year represents an important step forward in that it will enable resources that previously appeared in the ECSC's balance sheet to be entered and allocated in the