



The Budget: First Steps to Reform

Finally, on July 9, the European Community has a budget for the present calendar/financial year. Rejecting a proposal by a number of British Labour and Italian Radical Members to reject the Council's draft budget a second time, the European Parliament agreed to accept the amended draft.

There were probably very few Members who were completely satisfied with the 1980 budget, said James Scott-Hopkins (Dem/UK). The underlying problems were still there. Pledges by Commission and Council to produce a better balance in the overall structure of the 1981 budget would have to be fulfilled, otherwise Commission or Council could never be trusted again.

Budgets Committee Chairman Erwin Lange (Soc/Ger) and 1980 Budgets rapporteur Pieter Dankert (Soc/NL) saw the decision as marking "some progress in the battle to reform the Community's budget". But there remains the need "to curb agricultural spending in the surplus sectors, to shift the balance in the budget towards social, regional and structural policies".

Compared with 1979 the 1980 budget sees "a small but significant shift." Farm spending goes up 12 per cent, but social, regional and structural policy expenditure is up 30 per cent. Moreover, Mr. Lange and Mr. Dankert argued, Parliament's rejection of the budget caused the Commission to be much more economical, so that export subsidies for dairy products have been cut by 50 per cent. It also created the context where the Council agreed to higher levies on milk production. "All the signs are that the prolonged period of over-production in the milk sector is coming to an end."

When Budgets Commissioner Christopher Tugendhat presented the preliminary draft budget for 1981 the following day he too was able to stress the Commission's wish to see restraint on farm surplus expenditure and greater emphasis on development policies. Agricultural guarantee spending at an estimated 13 billion European units of account is 12.7 per cent up on 1980, which compares with rises of around 23 per cent in most recent years. Mr. Tugendhat emphasised that the Commission's price proposals for the 1981-82 farm year will be made with a view to keep spending within the present framework. But farm spending will still be 64.5 per cent of the total budget on this basis, against 73.2 per cent this year.

Total payments estimated for 1981 will be 20 billion Eua, or 27.9 per cent more than in 1980, and some five per cent of the total will be additional repayments to the United Kingdom as a result of the Venice agreement. Expenditure commitments in the 1981 budget - that is, including payments actually to be made in later years - total 21.7 billion Eua.

Mr. Tugendhat was able to point to significant scheduled increases in spending in structural fields: the Social and Regional Funds, the Guidance side of the Agricultural Fund,

the interest subsidies to Ireland and Italy through their membership of the European Monetary System, and the repayments to the United Kingdom.

However, the apparent 90 per cent increase in Social Fund spending over 1980 results from the abnormal 1980 situation, and the real increase is only 16.8 per cent. Regional Fund payments in 1981 are due to rise by 91 per cent to 770 m Eua (and commitments by 37 per cent to 1,600 m Eua).

With EMS interest subsidies and the UK repayments the structural and investment commitments total 4,569 m Eua, or 21 per cent of the total budget.

Payment appropriations (millions of Eua)	Definitive Budget 1980	Preliminary draft Budget 1981
Agricultural sector: total	11,878	13,514
incl. Market guarantees	11,486	12,941
Guidance section	317	490
Fisheries	64	69
Social sector	402	743
Regional sector	603	2,045
Research, energy, ind., trans.	379	376
Overseas Aid	642	748
incl. Food aid	395	390
Administrative costs	618	731
Repayments to M.States	835	1,056
Total Commission	15,362	19,689
Other institutions	321	364
EEC total	15,683	20,053

The overall increase in expenditure means that, on the basis of forecasts of the revenue accruing from import levies and duties and the product of VAT, the rate of VAT to be required from the member states will be 0.95 per cent, against 0.72 per cent this year. This would mean that, over and above the 1981 estimates, either some expenditures are cut, or the member states are called on to agree to an increase in the VAT ceiling of the per cent.

This trend means that the "crunch" as regards revenue is approaching, in that failure to agree on a new financial basis for the Community in the second half of next year would result in a major Community financial and political crisis. The Commission will make its proposals by the end of June 1981 and the second half of next year (when, incidentally the United Kingdom will preside over the Council of Ministers) will be a period of major political importance for the Community. Members of the Parliament left Strasbourg on July 11 for the summer recess determined that the Parliament would play a central role in ensuring that from 1981 onwards the balance of expenditure in the Community's budget will be even more clearly directed towards the structural needs of a Community of Ten, and shortly afterwards, of Twelve.

The Community Budget in Perspective (millions of Eua)

	Total EEC budget	Farm guarantees	Col. 2 as % of Col. 1	Member States' total budgets	Community gross domestic prod.	Col. 1 as % of Col. 4	Col. 1 as % of Col. 5
1973 (1)	4,641	3,594	77.4	227,700	870,200	2.0	0.53
1977	8,483	6,512	76.8	442,600	1,483,800	1.9	0.57
1979	14,373	10,387	71.0	527,300	1,742,000 (2)	2.7	0.83
1980	16,264	11,551	71.0	601,900	1,959,600 (3)	2.4	0.75
1981	20,247	12,941	63.9 (4)	2,182,500 (3) (4)	0.81
(1)	millions of units of account		(2) provisional	(3) forecast	(4) no forecast available		

Work in Progress

DOCUMENT	SUBJECT	Main Cttee.	Other Cttee.
COM (80) 109 fin	Proposals on the Cooperation Agreement between the EEC and Yugoslavia and interim agreements	Ext.	Pol.
COM (80) 150 fin	Proposal for a regulation on common rules for imports of whale products.	Env.	Agric. Ext.
COM (80) 231 fin	Proposal for a regulation on the conservation of fishery resources applicable to Norwegian vessels during 1980	Agric.	
COM (80) 255 fin	Proposals for regulations on catch quotas between Member States and vessels fishing in the Faroese, Swedish or Norwegian waters.	Agric.	
COM (80) 267 fin	Proposal for an amending directive on proprietary medicinal products.	Econ.	
COM (80) 298 fin	Proposal for a regulation fixing the basic price, the intervention price and the reference price for sheepmeat for the 1980/81 marketing year.	Agric.	Budget
COM (80) 286 fin	Proposal for a directive on flavourings for use in foodstuffs and source materials for their production.	Env.	Econ.
COM (80) 291 fin	Proposal for a regulation on measures for the conservation of fishery resources off the W Greenland coast applicable to vessels flying the flag of a Member State	Agric.	
COM (80) 334 fin	Proposals for regulations on (a) the solution of the principal structure problems affecting the UK and thus the convergence of the economies of the Member States (b) the setting up of a financial mechanism	Budget	Econ. Reg.
COM (80) 258 fin	Proposal for a directive on exemption from VAT on the final importation of certain goods	Econ.	
COM (80) 313 fin	Proposal for a directive on the environmental effects of certain public and private projects.	Env.	
COM (80) 319 fin	Proposal for a decision on the protection of the Rhine against chemical pollution	Env.	
COM (80) 312 fin	Proposal for an amending regulation on the application of social security schemes to employed persons and their families within the Community	Soc.	
COM (80) 327 fin	Proposal for regulations on the stimulation of agricultural development in the less-favoured areas of N. Ireland.	Agric.	Budget
COM (80) 285 fin	Proposal for a regulation on the conclusion of the Framework Agreement between the EEC and Brazil	Ext.	Dev.
COM (80) 295 fin	Communication on Community action in the natural gas supply sector	Energy	
COM (80) 306 fin	Commission report on distortions of competition in hothouse agriculture	Econ. Ener. Agric.	
Own Initiative	Reports on relations between the EP and the Court of Justice and on a draft uniform electoral procedure.	Pol.	
Own Initiative	Report on trade relations between the Community and the Persian Gulf States	Ext.	
Own Initiative	Report on the pre-conditions for an effective Community energy policy	Energy	

First Anniversary - A Year of Activity

The task facing Parliament during its first year since the 1979 elections had been immense but had comfortably been achieved, President Simone Veil told Members on 8 July. Parliament's future, she told the press, the following day, did not depend as much on the development of its legislative powers as on Europe's ability to plan a new future. Parliament, the Council and Commission should all give this serious thought. Europe would require changes perhaps as radical as was the Treaty of Rome in its day if the aspirations of the founding fathers were to be reconciled with the needs of today.

From 17 July 1979 to 27 June 1980 Parliament sat for 59 days in 14 part sessions. 264 meetings of its fifteen

specialised committees were held — twice as much as in the previous year — together with meetings of its ad hoc Women's Rights committee, 3 other sub-committees and 6 working parties, and meetings of its inter-parliamentary delegations (now 32 up from 10) and 7 political groups. Full committee and delegation meetings alone currently number some 45 per month. Parliament received some 161 new requests for consultation on Commission proposals plus a further 40 which had been held over from the previous Parliament. 143 opinions and 44 own initiative reports were voted; by the end of June only 41 consultation requests were still in committee. Some 380 other report requests were pending in committee following the tabling of

motions by Members.

The number of written questions in the 1979 Parliamentary year was 1961, up from 1,127 in 1978 (530 in calendar year 1978, 1,303 in 1979). Some 2,300 written questions were asked by Members of the new Parliament up to the end of June 1980. The number of questions tabled at Question Time was also substantially higher, up from 215 in 1978 to 325 in 1979. Some 643 Working Documents were printed in 1979 as against 539 in 1978; the number of pages printed rose from 93,440,492 in 1978 to 101,651,163 in 1979. Over a typical three month period in autumn 1979 over 52,000 pages were translated, as against 48,000 in the same period in 1978 and 32,000 in 1974.

Action taken on Parliament's Opinions

Each month the Commission reports on the action it has taken in response to the Opinions previously expressed by Parliament.

In its 16–20 June part-session the European Parliament voted on 20 proposals from the Commission.

1. In 15 cases Parliament adopted committee reports which were favourable to Commission proposals:

- Report by Hemmo Muntingh on the conservation of European wild life and natural habitats.
- Report by Henri-Guy Caillavet on the common organisation of the market in processed fruit and vegetable products.
- Report by Joachim Dalsass on the common organisation of the market in wine.
- Report by Hubert Buchou on the conclusion of the Fisheries Agreement with Spain and the management of fishery resources applicable to Spanish or Canadian vessels.
- Report by Kent Kirk on the re-

structuring of the inshore fishing industry.

- Report by Finn Lynge on the management of fishery resources applicable to Faroese, Norwegian and Swedish vessels.
- Report by Noel Davern on aid for the hop sector in the 1979 harvest.
- Report by Hubert Buchon on the eradication of African swine fever in Portugal.
- Report by Hubert Buchou on measures to combat classical swine fever.
- Proposal for a directive on heating equipment used to heat premises and produce hot water.
- Report by Giosuè Ligios on the beef and veal sector.
- Report by Hendrik Louwes on tariff quotas for cows and bulls.
- Report by Lucien Radoux on protective measures provided for in the Agreement with Yugoslavia.

- Report by Stanley Johnson on fruit juices and certain similar products.

- Report by Eugène Remilly on the marketing and use of certain dangerous substances and preparations.

2. In 4 cases Parliament proposed amendments which the Commission accepted:

- Report by Yvette Füllet on alkaline chlorides in the aquatic environment.
- Report by Meinolf Mertens on the discharge of aldrin into the aquatic environment.
- Report by Yvette Roudy on the major accident hazards of certain industrial activities.
- Report by Heinrich Jürgens on the common organisation of the market in oils and fats.

3. In one case the Commission was unable to accept the Parliament's amendments:

- Report by Ursula Schleicher on legislation on cosmetic products.

Replies to Members' Questions

Unscrupulous employment agencies – Elaine Kellett-Bowman (*Dem/UK*) WQ 99/80

The Commission is looking at Community action regarding temporary employment (hiring out of workers by temporary employment agencies, fixed-term contracts, subcontracting and occasional free lending of employees between firms). A report will shortly be sent to the Standing Committee on Employment. It will give attention to cross-frontier activities of such agencies, in particular any related fraudulent or illegal aspects that should be stopped.

Anglophone v. Francophone ACP's – Andrew Pearce (*Dem/UK*) WQ 390/80

Asked why 60% of Lomé Convention Stabex payments go to francophone ACP states who make up only one third of the total ACP states' population, the Commission says: Transfers under the Stabex system are made to offset a fall in ACP States' earnings from their exports of a number of products to the Community when the circumstances of a product and the fall in earnings meet certain conditions – principally the crossing of dependence and fluctuation thresholds. Once these conditions have been met, the country is entitled to a transfer and the system operates automatically without reference to any criteria other than those contained in the Convention.

Channel Tunnel – André Diligent (*EPP/F*) WQ 149/80

A Commission study shows that the Community would benefit from a link of this kind. Regarding Community financial aid, under a proposal addressed to the Council on 5 July 1976 and since amended it is up to the Member States on whose territory or territories the project is to be carried out to ask for Community support.

Tobacco market – Sir David Nicolson (*Dem/UK*) WQ 1369/79.

Excise harmonization has an important part to play in reducing tobacco market differences between Member States. At present, the Commission's first objective is to complete harmonization of the excise structure. Harmonization of the excise rates will necessarily follow at a later stage. This pattern is being followed in relation to all the excises to be harmonized.

The Commission is also aware that price controls exist in a number of Member States, as do a variety of other controls (e.g. on advertising) and that such controls may have an impact on the free circulation of goods and on the conditions under which competition takes place. Where such controls conflict with Treaty provisions, appropriate action has been taken in the past and if necessary will be taken in the future.

EEC funds for Coastal Protection – Joyce Quin (*Soc/UK*) WQ 89/80

The Commission may contribute to the financing of infrastructure projects if justified by regional development programmes and provided that the infrastructure projects form an integral part of investments which contribute to the development of the region concerned. If these conditions are met, work relating to the protection of sea coasts may, in the Commission's view be considered for financial assistance from the ERDF. No other Community Funds are available.

No European Passport yet – Elise Boot (*EPP/NL*) WQ 132/80.

No progress was made in 1979 towards the introduction of a uniform passport because the Member States were unable to agree on which languages should be used on the first page, whether the words 'European Community' should appear in bolder characters than the name of the country on the cover and which legal instrument should be used to create the passport.

Following the debate in Parliament on 12 March 1980 the Commission sent the Council working party a working paper with proposals for resolving the above difficulties.

Committee Changes

POLITICAL AFFAIRS

Add: **Sir John Stewart Clark** (*Dem/Sussex East*)

AGRICULTURE

Add: **Brian Hord** (*Dem/London West*)

Delete: **Paul Howell** (*Dem/Norfolk*)

BUDGETS

Add: **William Newton Dunn** (*Dem/Lincolnshire*)

Paul Howell (*Dem/Norfolk*)

Delete: **Lord O'Hagan** (*Dem/Devon*)

Brian Hord (*Dem/London West*)

ECONOMIC & MONETARY AFFAIRS

Add: **Peter Beazley** (*Dem/Bedfordshire*)

Delete: **Sir Peter Vanneck** (*Dem/Cleveland*)

ENERGY & RESEARCH

Add: **Peter Price** (*Dem/Lancashire West*)

Robert Moreland (*Dem/Staffordshire East*)

Delete: **Lord Douro** (*Dem/Surrey*)

Sir Peter Vanneck (*Dem/Cleveland*)

EXTERNAL ECONOMIC RELATIONS

Add: **James Spicer** (*Dem/Wessex*)

Lord O'Hagan (*Dem/Devon*)

Delete: **John de Courcy Ling** (*Dem/Midlands Central*)

Edward Kellett-Bowman (*Dem/Lancashire East*)

SOCIAL AFFAIRS & EMPLOYMENT

Add: **John D. Taylor** (*Dem/Northern Ireland*)

Delete: **James Spicer** (*Dem/Wessex*)

ENVIRONMENT, PUBLIC HEALTH & CONSUMER PROTECTION

Add: **Sir Peter Vanneck** (*Dem/Cleveland*)

Delete: **William Newton Dunn** (*Dem/Lincolnshire*)

YOUTH, CULTURE, EDUCATION, INFORMATION & SPORT

Add: **David Curry** (*Dem/Essex North East*)

Richard Cottrell (*Dem/Bristol*)

Alasdair Hutton (*Dem/South of Scotland*)

Delete: **Sir David Nicolson** (*Dem/London Central*)

James Spicer (*Dem/Wessex*)

Peter Price (*Dem/Lancashire West*)

DEVELOPMENT & COOPERATION

Add: **Alexander Sherlock** (*Dem/Essex South West*)

Edward Kellett-Bowman (*Dem/Lancashire East*)

Delete: **John Marshall** (*Dem/London North*)

Richard Simmonds (*Dem/Midlands West*)

BUDGETARY CONTROL

Add: **Ben Patterson** (*Dem/Kent West*)

Delete: **John M. Taylor** (*Dem/Midlands East*)

RULES OF PROCEDURE & PETITIONS

Add: **John de Courcy Ling** (*Dem/Midlands Central*)

Delete: **Alan Tyrrell** (*Dem/London East*)

Future Committee Meetings

Held at Parliament's Brussels offices at 3, Boulevard de l'Empereur (unless otherwise indicated). This list is provisional.

Rules (6)	1 Sept – 4 Sept	Budgets	20 Oct – 22 Oct	Ext (6)	25 Nov – 26 Nov
Budgets (6)	11 Sept. – 12 Sept	Turkey (Izmir)	20 Oct – 23 Oct	Legal (6)	25 Nov – 26 Nov
ACP (5)	22 Sept – 26 Sept	Dev (6)	20 Oct – 21 Oct	Region (6)	25 Nov – 26 Nov
Pol (6)	22 Sept – 23 Sept	Pol (6)	20 Oct – 21 Oct	Pol (6)	26 Nov – 28 Nov
Region	22 Sept – 23 Sept	Agric (6)	20 Oct – 21 Oct	Agric (6)	26 Nov – 28 Nov
Youth (7)	22 Sept – 23 Sept	Econ (6)	20 Oct – 21 Oct	Env (6)	26 Nov – 28 Nov
Women	22 Sept – 23 Sept	Ext (6)	20 Oct – 21 Oct	Rules (6)	26 Nov – 27 Nov
Agric	23 Sept – 25 Sept	Legal (6)	20 Oct – 21 Oct	Trans (6)	27 Nov – 28 Nov
Energy	23 Sept – 24 Sept	Rules (6)	21 Oct –	Control (6)	1 Dec – 2 Dec
Ext (7)	23 Sept – 24 Sept	Energy (6)	21 Oct	Econ (6)	1 Dec – 2 Dec
Legal	23 Sept – 24 Sept	Region (6)	21 Oct	Women (6)	1 Dec – 2 Dec
Budget (2)	24 Sept – 25 Sept	Control (6)	3 Nov – 4 Nov	Soc (6)	1 Dec – 3 Dec
Env.	24 Sept – 26 Sept	Reg (6)	3 Nov – 4 Nov	Ext (6)	2 Dec – 3 Dec
Trans	25 Sept – 26 Sept	Women (6)	3 Nov – 4 Nov	Rules (6)	2 Dec – 3 Dec
Dev (2)	29 Sept – 30 Sept	Env (6)	3 Nov – 5 Nov	Budgets (6)	3 Dec – 4 Dec
Control	29 Sept – 30 Sept	Econ (6)	4 Nov – 5 Nov	Pol (6)	3 Dec – 4 Dec
Soc	29 Sept – 1 Oct	Agric (6)	4 Nov – 6 Nov	Energy (6)	3 Dec – 4 Dec
Ext (1)	30 Sept – 1 Oct	Ext (6)	4 Nov – 5 Nov	Legal (6)	3 Dec – 4 Dec
Rules	30 Sept – 1 Oct	Dev (6)	5 Nov – 6 Nov	Youth (6)	3 Dec – 4 Dec
Legal	1 Oct – 2 Oct	Soc (6)	5 Nov – 6 Nov	Dev (6)	4 Dec – 5 Dec
Env	1 Oct – 2 Oct	Rules (6)	5 Nov – 6 Nov	Agric (6)	4 Dec – 5 Dec
Youth	1 Oct – 2 Oct	Energy (6)	6 Nov – 7 Nov	Trans (6)	4 Dec – 5 Dec
Econ	2 Oct – 3 Oct	Legal (6)	6 Nov – 7 Nov	Env (6)	4 Dec – 5 Dec
Energy (7)	2 Oct – 3 Oct	Trans (6)	6 Nov – 7 Nov	Budgets (6)	9 Dec – 11 Dec
Trans	2 Oct – 3 Oct	Youth (6)	6 Nov – 7 Nov		
Women	2 Oct – 3 Oct	Dev (6)	24 Nov – 25 Nov	(1) 2 rue Ravenstein, Brussels	
Greece (Rhodes)	2 Oct – 3 Oct	Control (6)	24 Nov – 25 Nov	(2) Palais d'Egmont, Brussels	
Budgets	8 Oct – 9 Oct	Econ (6)	24 Nov – 25 Nov	(3) Palais de Congrès, Brussels	
		Youth (6)	24 Nov – 25 Nov	(4) Palais de l'Europe, Strasbourg	
		Women (6)	24 Nov – 25 Nov	(5) European Centre, Luxembourg	
		Budgets (6)	25 Nov – 26 Nov	(6) Brussels – to be announced	
		Energy (6)	25 Nov – 26 Nov	(7) To be announced	

NOTE: The next issue of DIGEST will appear after the July-August Summer Recess

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