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Report

drawn up on behalf of the Committee
on Budgets

on the request for the unfreezing of
appropriations entered in Article 930,
Section III 'Commission' of the General
Budget of the European Communities for 1977

Rapporteur: Lord BRUCE of DONINGTON

By letter of 14 October 1977, the Commission of the European Communities asked Parliament to unfreeze certain appropriations concerning aid to non-associated developing countries following the decisions taken by Parliament during the course of the budgetary procedure for 1977.

Following the procedure laid down for the unfreezing of appropriations in the Report of the Committee on Budgets (Doc. 144/76) in the context of the unfreezing of certain research expenditure, the Committee on Budgets confirmed the mandate of Lord Bruce of Donington, rapporteur on the general budget of the Communities for 1977 at the occasion of its meeting of 14 November, 1977.

The request for unfreezing was examined at the meeting of the Committee on Budgets of 14 November 1977 and was adopted unanimously at the same meeting.

There were present: Mr Aigner, acting Chairman; Lord Bruce of Donington, rapporteur; Mr Dankert, Mr Früh, Mr Hansen F., Mr Mascagni, Mr Noè, (deputizing for Mr Alber), Mr Notenboom, Mr Schyns (deputizing for Mr van Nerssen) and Mr Würtz.

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A.

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 request for the unfreezing of appropriations entered in Article 930, Section III "Commission" of the general budget of the European Communities for 1977

The European Parliament

- having regard to its amendment to Article 930, Section III of the general budget of the European Communities for the 1977 financial year,
 - having regard to the budget of the European Communities for the 1977 financial year and in particular to Article 930 of Section III "Commission",
 - having regard to its resolution of 18 June 1976 concerning a procedure for the unfreezing of appropriations,⁽¹⁾
 - having regard to the report of its Committee on Budgets⁽²⁾ providing further dispositions for the unfreezing of appropriations,
 - having regard to the Commission's request for the unfreezing of these appropriations,
 - having regard to the report of its Committee on Budgets (Doc. 388/77),
1. Expresses its dismay at the failure of Council to arrive at a decision on the general regulation concerning financial and technical aid in favour of non-associated developing countries, which was submitted to it in March 1977;
 2. Approves the Commission's initiative in, nonetheless, seeking this unfreezing of appropriations as a matter of urgency before the financial year comes to an end;
 3. Reiterates its belief that an important contribution from the Community in terms of aid to the non-associated countries should be considered as a priority;

(1) OJ N. C 159, 12.7.1976, p.38

(2) OJ N. C 238, 11.10.1976, p.19

4. Authorises the unfreezing of 45 m.u.a. in payments for the financing of Community financial and technical aid for non-associated developing countries;
5. Considers that such an authorisation represents an instruction to the Commission to proceed to commit appropriations for projects before the end of 1977 on the basis of the proposals submitted, without awaiting any further action by Council;
6. Calls upon the Commission to submit to it a report before its December part-session on the progress made in committing expenditure under this Article and any problems arising;
7. Instructs its President to forward this resolution to the Council and the Commission of the European Communities.

B.

EXPLANATORY STATEMENT

Introduction

1. By letter of 14 October, 1977, Vice-President ORTOLI has written to the President of the European Parliament requesting the unfreezing of 45 m.u.a. entered in Article 930 of Section III "Commission" of the general budget for 1977.

Procedure for unfreezing appropriations

2. The European Parliament established a procedure for unfreezing appropriations in its resolution of 18 June 1976, on the unfreezing of staff for the 1976 financial year. This procedure gives a mandate to the Committee on Budgets to deliberate, and where necessary, to consult other committees, and to inform the President of Parliament so that he may contact the other Institutions, and inform them of its decision.

3. This procedure was spelt out in more detail in Mr COINTAT's report⁽¹⁾ on the unfreezing of research appropriations for 1976. Here in the third paragraph of the explanatory statement he states:

"However, where particularly large sums are to be unfrozen or where specific problems arise, the Committee on Budgets may, of course, approach Parliament more formally by submitting an appropriate motion for a resolution."

In the particular case under examination, these conditions are clearly fulfilled and this is why the Committee on Budgets is presenting a resolution on the unfreezing procedure for Article 930.

(1) Doc. 144/76

The deliberations on the 1977 general budget

4. The European Parliament, in adopting the 1977 general budget, added the following point to the remarks accompanying Article 930 (Financial cooperation with non-associated developing countries):

"These appropriations are frozen; they will be unfrozen by the European Parliament after appropriate contacts with Commission and Council."

5. It will be within the recall of the Committee on Budgets that this particular amendment was the subject of intense discussions, both within the Committee and with Council, during the concertation procedure.

In the "package" that was agreed, this item constituted the single most important increase to which Parliament's margin was put. Indeed, it represented one-third of the total increase voted by the European Parliament in the December part-session.

The freezing of the remarks to this item was the result of an important political debate.

6. It is, therefore, a matter of great concern that such an important amendment from Parliament, the most important during the 1977 budgetary procedure, should have been implemented five-sixths of the way through the budgetary procedure.

The European Parliament was consulted in March 1977 on the proposal of the Commission concerning a regulation for financial and technical aid in favour of non-associated developing countries.

7. In its resolution of 13 April 1977, Parliament approved this Commission proposal though seeking an amendment to Article 14, which in its original version gave management committees power of decision. This was the reason why Mr SCHREIBER, in drafting the Committee on Budgets' opinion, gave a negative reaction because it was decided to use this occasion to insist that these management committees not be given legislative power.

Since then, this whole matter has remained with Council and the Commission is now seeking to unfreeze appropriations, irrespective of the Council decision on the regulation.

8. It is, furthermore, clear that if the Parliament does not react speedily, these appropriations will lapse, and once again, the implementation of the budget will not correspond with Article 205 of the Treaty.

9. This is an example of the Commission at long last taking the necessary and vital step of committing itself to spending money voted in the budget without waiting for the Council to decide. It is an occasion on which the European Parliament must support the Commission because what is at stake is not simply the development policy of the Communities but also the significance of the budgetary powers of the Parliament.

10. This might seem to be the end of the matter, particularly in view of the clear statement made by Mr TUGENDHAT in the part-session of October, when in answer to questions about the implementation of the 1977 budget he had this to say on this very item:

"Finally under this heading, Mr President, there is item No. 6 which relates to Article 930: financial cooperation with the non-associated developing countries. The Commission has not yet used the appropriations set aside for this purpose, since the Council has not yet adopted the basic regulation for which the Commission submitted a proposal. This document defines the types of action by which the aids are to be implemented, what the objectives are, or how the projects should be managed. The Commission suggested consultation with the Council and the European Parliament on this proposal, but so far the Council has not replied. The Commission trusts that the consultation will soon take place. In the meantime it has gone ahead with processing the applications of non-associated developing countries so that final agreements, involving the entire 45m u.a. can be signed by 31 December. Before the funds can be used, it will also be necessary for the Parliament to unfreeze them. A formal request is now being made by the Commission.

This last case is a fitting introduction, Mr President, to the third part of the question as to whether the Commission considers that the budget, as approved, provides the legal basis for the use and expenditure of the appropriations. As Mr Cheysson did last year, I can confirm that we do consider that the budget, as approved, provides a requisite legal basis for the use and expenditure of appropriations." (1)

(1) Report of proceedings, 11 October 1977, page 76

11. He slightly qualified these remarks later in the debate:

"The case of the 20m u.a. for the non-ACP countries, which Mr Cheysson mentioned last year, seems to us to be a particular case. At that time, the Commission - and I was not then a member of the Commission, and am therefore referring to matters about which some Members of the House may have a clearer recollection than myself - took the view that further legal authority was not necessary for a one-year exploratory programme, although they wished to have such authority for the larger permanent programme which it considered essential. I can quite see how this would be a slightly murky distinction, but in our view there was a line of principle even if the surrounding circumstances make it a little difficult to perceive." (1)

12. It is, nonetheless, clear from these public statements, that the Commission intends to spend the money in the absence of any Council decision on the regulation. It is, therefore, disquieting to read in the letter from Vice-President ORTOLI to the President of Parliament, reference to the approval of a "draft proposal". The European Parliament considers that the unfreezing of these appropriations by itself is the necessary decision. In the long term the general regulation will have to be approved but for 1977 the legal basis is clear. If it is the intention to submit to Council, and incidentally not to Parliament, the specific programmes item by item and recipient by recipient for specific approval by Council, this will be an entirely unacceptable procedure for Parliament - in many ways worse than awaiting an approval on the general regulation, because the confiding of such responsibilities to Council on the individual projects would take away from the Commission any responsibility for the implementation of the budget and would fly in the face of Article 205 of the Treaty.

13. In order that this situation should be clarified, the Commission should be instructed to commit these appropriations on the basis of the decision by the European Parliament to unfreeze the appropriations. The Commission should then report to the European Parliament, in time for the December part-session, when budgetary decisions for 1978 will have to be taken, on the implementation of this budgetary line and on any problems that have arisen.

Conclusions

14. The Committee on Budgets authorises the Commission to unfreeze these appropriations. No further authorisation is required and the Commission is instructed to commit appropriations before the end of the financial year and to make a report to the European Parliament in time for its December part-session, notifying Parliament if any particular problems have arisen with the implementation of this item.

(1) Report of proceedings, 11 October 1977, page 83

ANNEX

Letter of 14 October 1977 from Mr François-Xavier ORTOLI Vice-President of the Commission, to Mr Emilio COLOMBO, President of the European Parliament

Dear Mr President,

During the second reading of the 1977 budget the European Parliament decided to enter 45 m u.a. under Article 930 of the budget for financial cooperation with non-associated developing countries.

As requested by the European Parliament and since the general regulation proposed by the Commission for such measures has not yet been adopted, the Commission has drawn up a draft proposal for the utilization of this sum.

To enable the commitment to be effected before the end of the current financial year and in view of Parliament's great interest in cooperation with non-associated developing countries, I should be grateful if you could do your utmost to ensure that Parliament, for its part, takes the necessary measures in good time.

Yours sincerely,

(sgd) François-Xavier ORTOLI

