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Report

drawn up on behalf of the Committee on Budgets

on the ~~draft~~ amendatory and supplementary budget No. 4 of the European
Communities for the financial year 1973, (Doc. 151/73)

Rapporteur : Mr H. AIGNER

On 23 and 24 July 1973 the Council of the European Communities established draft rectifying and supplementary budget No. 4 of the European Communities for the financial year 1973. The Council forwarded it to the European Parliament pursuant to Article 203 a of the EEC Treaty, Article 78 A of the ECSC Treaty and Article 177 a of the EAEC Treaty.

At its meeting of 13 July, the Committee on Budgets appointed Mr AIGNER rapporteur in his capacity as member of the committee's Bureau, until Mr TERRENOIRE, who had been appointed rapporteur on the annual budget of the Communities for 1973 could take up his duties.

At its meeting of 13 September the Committee on Budgets unanimously adopted the motion for a resolution. The proposed modification submitted by its rapporteur reducing by 52 m. u.a. the appropriations under Chapter 62 'Milk and Milk Products' was adopted by 9 votes in favour with one abstention. The committee adopted the modification proposed by the Social Affairs Committee, reinstating under Chapter 51 120 m u.a. which had been shown in the preliminary draft rectifying and supplementary budget No. 4, by 8 votes in favour and 2 against.

The following were present: Mr SPÉNALE, chairman, Mr AIGNER, vice-chairman and rapporteur, Mr KOLLWELTER, Mr LEENHARDT, Miss LULLING (deputizing for Mr SCHMIDT), Mr MEMMEL, Mr PETRE, Mr POUNDER, Mr TERRENOIRE and Mr WIELDRAAIJER;

The opinion of the Committee on Agriculture is attached to this report.

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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 draft rectifying and supplementary budget No. 4 of the European Communities for the financial year 1973

The European Parliament,

- having regard to draft rectifying and supplementary budget No. 4 of the European Communities for the financial year 1973;
- having regard to the report of the Committee on Budgets and the opinion of the Committee on Agriculture (Doc. 158/73);
- 1. Notes that draft rectifying and supplementary budget No. 4 covers a total of 871,336,150 u.a., 864,336,000 u.a. of which relates to the common agricultural policy;
- 2. Acknowledges that the bulk of the increase in expenditure could not have been foreseen at the time when the 1973 budget was established;
- 3. Regrets, however, that decisions on certain expenditure in excess of the available appropriations, for example in connection with the supply of butter to the USSR, were taken without consulting Parliament;
- 4. Points out that this expenditure is accordingly insufficiently justified and takes the view that from the financial year 1975 onwards it will become increasingly difficult to introduce supplementary budgets, as a result of financing from the Communities' own resources;
- 5. Feels obliged, therefore, to reduce the appropriations under Article 621 by 52 m u.a.;
- 6. Proposes, furthermore, to reinstate for the purpose of the new Social Fund the 120 m u.a. that had been shown in the preliminary draft supplementary budget;
- 7. Approves rectifying and supplementary budget No. 4, however, subject to the abovementioned reduction and reinstatement of appropriations, while adding the following recommendations concerning the additional appropriations for the EAGGF:

- (a) Observance of the dates laid down in the basic regulations for the fixing of agricultural prices in the Community would make it easier to estimate expenditure in the various sectors;
- (b) The Member States should provide the Commission with better production forecasting data and information on agricultural markets. The Commission should have its own forecasting service;
- (c) The problem of price relationships between products should be studied with an eye to channelling production towards non-surplus areas and avoiding the costs of substitution operations which these price relationships tend to encourage;
- (d) The provisions relating to the denaturing of common wheat should be modified with a view to the progressive elimination of this practice, which affects a substantial proportion of the harvest in some Member States.
- (e) Solutions should be sought, for example as regards certain regional price arrangements or the margin between intervention and target prices, which would avoid the expedient, resorted to in some regions, of disposing of virtually the total yield of certain types of produce at intervention prices.
- (f) Some Member States, particularly Italy, should improve their administrative structures in order to avoid delays in the payment of direct aid for certain products such as olive oil, durum wheat and tobacco;
- (g) An attempt should be made to acquire greater familiarity with the markets in certain third countries in order to allow disposal of surpluses at higher prices. This could be done, for example, through exchanges of information on harvests of the type planned between the USSR and the United States of America;
- (h) The financial implications for the Community and the detrimental effects on the Common Agricultural Policy of the present monetary situation should be redressed through genuine progress towards economic and monetary union;

(i) The directives of 17 April 1972 on the modernization of farms, the encouragement of the cessation of farming and the re-allocation of utilized agricultural area for the purpose of structural improvement and the provision of socio-economic guidance for and the acquisition of occupational skills by persons engaged in agriculture should be implemented at a faster pace in all Member States, thus paving the way for structural reform designed to channel production more skilfully and to achieve more competitive prices that still guarantee a fair income to farmers.

8. Instructs its President, pursuant to Article 78 A (4) paragraph 4 of the ECSC Treaty, Article 203 a (4), paragraph 4 of the EEC Treaty, and Article 177 a (4), paragraph 4 of the EAEC Treaty, to forward draft rectifying and supplementary budget No. 4 modified as above, this resolution, the minutes of today's sitting, the report of the Committee on Budgets and the opinion of the Committee on Agriculture to the Council of the European Communities.

B.

EXPLANATORY STATEMENT

The recommendations contained in paragraph 7 of the resolution are based on the opinion of the Committee on Agriculture.

In formulating its resolution, the Committee on Budgets adopted its rapporteur's proposed modification reducing by 52 m u.a. the EAGGF appropriations under Article 621 'Intervention in respect of milk and milk products'.

It also adopted the Social Affairs Committee's proposed modification intended to reinstate under Chapter 51 (Social Fund) the 120 m u.a. which had been shown in the preliminary draft budget.

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The rapporteur will explain the decisions of the Committee on Budgets to the plenary sitting.

OPINION OF THE COMMITTEE ON AGRICULTURE

Rapporteur: Miss Lulling

The Committee on Agriculture, which had been asked for its opinion on the draft amendatory and supplementary budget No.4 of the European Communities for the financial year 1973, appointed Miss LULLING draftsman for the opinion.

At its meeting of 12 September 1973 it considered the draft opinion and adopted its conclusions with 11 votes in favour, 1 against, and 2 abstentions.

The following were present:

Mr HEGER, acting chairman

Miss LULLING, draftsman for the opinion

Mr AIGNER (deputizing for Mr LUCKER), Mr BROEKSZ (deputizing for Mr CIFARELLI), Mr CIPOLLA, Mr GIBBONS Mr John HILL, Mr JAKOBSEN, Mr KAVANAGH, Mr de KONING, Mr LABAN, Mr LIGIOS, Mr SCOTT-HOPKINS, Mr SPENALE (deputizing for Mr VALS).

1. The Committee on Agriculture has been instructed to deliver an opinion for the Committee on Budgets on draft amendatory and supplementary budget No. 4 incorporating a sum of 871 million u.a. for the Guarantee Section of the EAGGF. This represents an increase of approximately one-third over initial appropriations.

In considering the reasons for this supplementary budget the Committee on Agriculture drew a distinction between permanent factors and new factors which have arisen during the past year.

Part One - Permanent Factors

A. Budgeting of agricultural expenditure

2. The Committee on Agriculture has repeatedly drawn attention to the difficulty of fitting revenue and expenditure estimates into a tight budgetary framework; although revenue and expenditure are determined partly by agricultural policy, they also depend on weather conditions and their economic repercussions as well as on the agricultural policy pursued by trading partners in world markets.

3. This basic point was made during the debate in the European Parliament on financial forecasts covering several years relating to the Communities' budget (see O.J., Debates of the European Parliament, No. 160, March 1973, p. 79). An amendment tabled by the Chairman and the Vice-Chairmen of the Committee on Agriculture pointed out that the forecasts of EAGGF expenditure and own resources of agricultural origin can only be indicative as the amounts involved in each case are contingent on factors outside the control of the Community, in particular the exchange rate position on the world market.

4. The Commission had considered this remark to be well-founded. The rapporteur of the Committee on Budgets, Mr Arndt, felt unable to accept the amendment since it would, he said, make all medium-term forecasting pointless, but he did at least admit that budgetary forecasts were based on the level of agricultural prices at the time when the forecasts were made, and hence that any price changes would necessarily mean a revision of these forecasts. Agreement on the basic principle having thus been obtained, the Committee on Agriculture withdrew its amendment.

B. Economic repercussions on the budget

5. The Commission makes a similar observation although referring specifically to the annual budget of the Community. It notes that although

the budget is finally adopted in the month of December, preparatory work is started in May and June at a time when the Community is not, or at least has never so far been in possession of one of the basic items of information required for internal purposes, viz. the price level which will be applicable in the year covered by the budget under consideration. It could of course be added that, in any case, even if these prices were known, they would be applicable for only three-quarters of the year (meat and milk marketing years) or for half the year (cereal, sugar etc.). But at least calculations would be much easier.

6. Experience has shown that, although prices may not have been fixed by the date provided for in the basic regulations, i.e. one year ahead, the Commission would often have been able to make a certain number of corrections while the budget was in preparation, based on the more accurate information available in October on harvests and hence the market situation.

This is true not only of grain harvests but also for the assessment of stocks and prospects for their disposal. While the 1973 budget was being prepared, for instance, the Commission submitted to the Council a statement to the effect that the appropriations for milk products and cereals should be adjusted upwards by approximately 150 million u.a. The Commission pointed out that a difference of 1% between actual and estimated milk production can mean a difference in costs of between 80 and 100 million u.a. This clearly shows how weather conditions, to which reference was made above, still have a major influence on agricultural production. The increase in expenditure which may arise from surplus production will be greater the nearer the rate of self-supply is to 100%: for example, during the last few months of last year and during the current year the increase in milk production has entailed additional expenditure running to several hundred million u.a.

7. This prompts the question of whether the budgetary procedure might include provision for an amendatory letter which would be legally considered as an integral part of the draft budget. It would of course raise a further problem in the budgetary procedure but it could help either to dispense with supplementary budgets or at least to reduce their size.

C. The importance of the EAGGF section in the Community budget

8. As the EAGGF section accounts for roughly 85% of the Community budget, any changes made to it will clearly entail a substantial increase or decrease in the size of the budget and public opinion is particularly sensitive to increases. While the arguments put forward in Section A are most certainly

equally valid for national budgets, agriculture accounts for perhaps 5-10% of the total, which means that an adjustment of one-third, as in the present case, in the agricultural section comes out as an adjustment of 1 or 2% in the national budget. Furthermore, such adjustments may be made in the form of transfers of appropriations, thus avoiding the need for an amendatory budget.

D. Cash situation

9. The appropriations included in the Community budget are intended to cover expenditure incurred by Member States in implementing the common agricultural policy. As pointed out by the Commission, there is here a further element of uncertainty in that the time lapse between the operation generating expenditure and actual payment is difficult to assess, since it varies according to the Member State and the product concerned; in the case of olive oil, durum wheat and tobacco, for example, expenditure entered in the supplementary budget (of the order of 100, 60 and 27 million u.a. respectively) is the result of administrative delays in production forecasting and subsequent major fluctuations, especially in the case of olive oil, and also of delays in payment.

10. Improvements seem necessary in production forecasting. There is a need for more accurate statistics and here it must be added that Member States often submit their returns too late. Consideration might be given to setting up a forecasting service within the Commission.

E. Reasons inherent in the operation of markets

11. This examination of the supplementary budget affords an opportunity to look into some of the financial implications of market organisation and, in particular, of price relationships.

This is a subject which is broached every year when the Community price proposals are issued. It seems clear that, depending on the region, the relationship between the price of forage cereals and the price of wheat is responsible for the denaturation of a very high percentage of the wheat harvest. The figure is said to be one-quarter of the overall yield in the Six and two-thirds in the United Kingdom.

There are further problems such as the regionalization of cereal prices and standards of quality and, finally, the wider problem of the margin between the intervention price and the market price which in certain regions of the Community leads to the disposal of virtually the whole harvest at the intervention price.

It is clear that the absolute security provided by the intervention system is scarcely an incentive to processing and marketing and hence to a reduction in the quantities sold at intervention prices.

F. Problems of accurate assessment

12. It was found in earlier years that large differences occurred between appropriations granted and actual expenditure as the following table will show.

<u>YEAR</u>	<u>GUARANTEE SECTION</u> ¹	
	<u>APPROPRIATIONS</u>	<u>EXPENDITURE</u> (in thousands of u.s.)
1971	2,727,137	2,008,273
1972	2,687,000	2,508,959 ²
1973	2,952,210	3,831,210 ³
1974	3,800,000 ⁴	

¹ Source: Budgets for the years 1970-73

² Source: Reply to question by Mr Martens, No. 640/72
(O.J. C47, 26 June 1973)

The figure is for 13 months

³ Including expenditure up to July 1973 plus appropriations in the amendatory budget

⁴ Draft budget 1974

13. One reason for these gaps, apart from the general considerations described above, is the fact that the Commission often does not know how stocks can be disposed of. Paradoxically enough, delay in disposing of stocks may cause expenditure to fall from the point in time when the stocks must be disposed of at a substantial loss. With a better knowledge of markets, particularly in state-trading countries, these stocks could perhaps be disposed of at more competitive prices as in the case of the butter supplied to the USSR.

The table shows that in the past expenditure has often been below the level of the appropriations. In order to forestall criticism the Commission departments have therefore tended to cut their estimates of 1973 appropriations as finely as possible.

Part Two - New Factors

14. This closer estimate of expenditure has perhaps been made at an inopportune moment in that new factors have come into play during 1973. The most important of these are the consequences of the enlargement of the Community, and the monetary situation. To these should be added the sudden reversal of the situation on agricultural markets in June 1973 although its effects are difficult to assess at the present time.

A. The consequences of the enlargement of the Community

15. These consequences are felt at various different levels.

The most important financial measure concerns the compensatory amounts paid by the old and new Member States for exports to new Member States whose price levels are lower than the Community level. The decisions taken by the Council early in 1973¹, particularly on Danish exports to Great Britain, could obviously not be known when the budget was established. For example, intervention expenditure in the pig meat sector was virtually unknown in the Community of Six whereas Danish exports of pig meat in its various forms to Great Britain now generate expenditure of the order of 45 million u.a.

16. A second factor is that while agricultural prices in the new Member States have remained within a predictable margin, spending on direct aid is roughly the same as in the Community of Six. Thus the decision on direct aid for skimmed milk means an increased charge on the Community budget. The three new Member States thus account for 110 million u.a. out of a total expenditure of 435 million u.a.

¹ Meeting of the Council, 22, 23 and 24 January 1973, cf. Communication PE 32.162.

for the Community of Nine.

17. The introduction of Community market machinery in the new Member States has led, if not to new practices, at least to full exploitation of the opportunities offered within the Community. This is especially true in the case of denatured wheat where the figure is approximately 4.5 million tons in the three new Member States as against 5.5 - 6 million tons for the Six.

18. Apart from the fact that expenditure resulting from the denaturation of wheat will run to approximately 106 million u.a. it must be pointed out that the widespread use of denatured wheat means lower barley consumption which in turn means the payment of export refunds for the barley surpluses occurring in some countries. Finally, the price relationships of the Six, applied in the new Member States, are producing surpluses of some products where there were none before. Thus in Denmark the extremely low price of imported maize means that barley is exported with a 100% refund from the EAGGF while the levy on imported maize is not paid entirely into Community funds. This substitution phenomenon could even lead to land previously used for barley production being converted to pasture and a possible increase in milk production.

19. It is also highly likely that the prospect of accession encouraged higher production in new Member States whose prices were below those of the Community.

20. At all events, these consequences of enlargement which have led to cases of economic substitution and produced financial consequences beyond what could have been anticipated, may be included among the factors which belong to the Common Agricultural Policy properly speaking.

B. The monetary situation

21. The monetary situation, on the other hand brings outside influences to bear on the Common Agricultural Policy. The Committee on Agriculture and Parliament itself have often drawn attention to the dangers to which the monetary situation made the Common Agricultural Policy vulnerable.

It must be recognized today that compensatory amounts, however

necessary they may be for the income of agricultural producers, act as a centrifugal force and that behind this Community shield there lurks the threat of a 'renationalization' of prices.

The compensatory amounts rise in proportion to the devaluation of a currency. If as a result of the revaluation of the DM and the Federal Republic's import situation, compensatory amounts are paid into the Community budget, a one-point drop in the value of the lira or the pound, on the other hand, costs the EAGGF 9 million or 5 million u.a. over a year. Thus the devaluation of the lira which is at present running at 28% will cost the EAGGF about 250 million u.a. and that of the pound sterling, which is of the order of 20%, will mean extra expenditure for the Guarantee Section of the EAGGF of approximately 60 million u.a.

Part III: The place of the EAGGF Guidance Section in the overall
agricultural budget

22. While the appropriations for the current budgetary year are completely inadequate for the Guarantee Section of the EAGGF, the opposite is true of the Guidance Section. The Council Directives of 17 April 1972 on the modernization of farms, the encouragement of the cessation of farming and the reallocation of utilized agricultural area for the purposes of structural improvement, and on the provision of socio-economic guidance for and the acquisition of occupational skills by persons engaged in agriculture, gave new direction to the Community's agricultural structure policy. The individual projects previously financed partly from Community funds are to be replaced by common measures. As the agricultural and market structure funds, limited since July 1967 to a ceiling of 285 million u.a., were not fully used, unspent amounts to cover these measures were transferred to the so-called Mansholt Reserve Fund. At the beginning of the current financial year these reserves stood at approximately 438 million u.a.

23. By issuing these directives for reform, the Council clearly underlined the importance of a Community agricultural structure policy as a component of the Common Agricultural Policy. In considering the substantial increase expenditure on the organization of markets it may be useful to make a comparison with what has been attained in this field.

24. The directives lay down Community criteria for the formulation of national agricultural structure programmes. National implementing measures are checked by the Commission for compliance with the directives and financial support by the EAGGF becomes effective, when comprehensive plans in line with the objectives of the directives have actually been introduced.

25. Almost all of the Member States have already submitted texts setting out implementing measures but almost all of them cover only some aspects of the Directives. Only Italy has introduced a Bill which meets the requirements of all three directives. The Member States should have introduced the requisite implementing measures by mid-April of this year. The deadline has now been extended to the end of the current year. However, as soon as the texts of comprehensive implementing regulations formulated by a Member State have been accepted, the EAGGF participates retroactively in the financing of the measures. It may therefore be presumed that the appropriations of 25 million u.a. for the three directives mentioned in the 1973 budget will at least be partially taken up. However by allocating only 15 million u.a. for the same Directives in the preliminary draft budget 1974 (as against total funds for the Guidance Section after enlargement of the Community amounting to 325 million u.a.) the Commission seems to make the assumption that the

implementation of the structural directives will be somewhat slow in starting; the bulk of the Guidance budget (i.e. about 310 million u.a.) will continue to be earmarked for individual projects. Expenditure not taken up will then be transferred to the Mansholt Reserve Fund.

26. The Committee on Agriculture ~~very much~~ regrets this state of affairs and wishes to stress once again that ~~expeditious~~ implementation of the Community agricultural structure policy is an major prerequisite for improvement in the economic and incomes structure of farms and should ultimately also help to channel production and hence reduce surpluses. The Member States are therefore urged to create the proper conditions for the speediest possible implementation of common agricultural policy measures.

CONCLUSION

At the conclusion of this study the Committee on Agriculture notes once again the difficulties inherent in establishing an economic budget within a strict budgetary framework.

The expenditure which the Community has undertaken to meet on the basis of Community regulations and the Treaties of Accession must evidently be financed by the Community. The Committee on Agriculture can therefore do little else but recommend to the Committee on Budgets that the supplementary budget should be adopted, but with the following recommendations.

- (a) Observance of the dates laid down in the basic regulations for the fixing of agricultural prices in the Community would make it easier to estimate expenditure in the various sectors.
- (b) The Member States should provide the Commission with better production forecasting data and information on agricultural markets. The Commission should have its own forecasting service.
- (c) The problem of price relationships between products should be studied with an eye to channelling production towards non-surplus areas and avoiding the costs of substitution operations which these price relationships tend to encourage.
- (d) The provisions relating to the denaturing of common wheat should be modified with a view to the progressive elimination of this practice, which affects a substantial proportion of the harvest in some Member States.
- (e) Solutions should be sought, for example as regards certain regional price arrangements or the margin between intervention and target prices, which would avoid the expedient, resorted to in some regions, of disposing of virtually the total yield of certain types of produce at intervention prices.
- (f) Some Member States, particularly Italy, should improve their administrative structures in order to avoid the delays in payment of direct aid for certain products such as olive oil, durum wheat and tobacco.
- (g) An attempt should be made to acquire greater familiarity with the markets in certain third countries in order to allow disposal of surpluses at higher prices. This could be done, for example through exchanges of information on harvests of the type planned

between the USSR and the United States of America.

- (h) The financial implications for the Community and the detrimental effects on the Common Agricultural Policy of the present monetary situation should be redressed through genuine progress towards economic and monetary union.
- (i) The directives of 17 April 1972 on the modernization of farms, the encouragement of the cessation of farming and the reallocation of utilized agricultural area for the purpose of structural improvement and the provision of socio-economic guidance for and the acquisition of occupational skills by persons engaged in agriculture should be implemented at a faster pace in all Member States, thus paving the way for structural reform designed to channel production more skilfully and to achieve more competitive prices that still guarantee a fair income to farmers.

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The Committee on Agriculture, asked for its opinion, requests the Committee on Budgets to adopt the above conclusions and invites it to consider the following proposal:

'Parliament shall be informed in the event of any derogation from the provisions governing the payment of refunds which would impose substantial new burdens on the budget of the Communities over and above the budget estimates and which would necessitate supplementary appropriations'.

13 SEPTEMBER 1973

151/1

DRAFT SUPPLEMENTARY AND RECTIFYING BUDGET NO. 4 of the European Communities for the financial year 1973 (Doc. 151/73)

PROPOSED MODIFICATION No. 1

submitted by the Committee on Social Affairs and Employment and the Committee on Budgets.

SECTION III - COMMISSION

(A) Expenditure

Title 5 - European Social Fund

Chapter 51 - Art. 510 'Expenditure under Article 5 of the Council decision of 1 February 1971 on the reform of the European Social Fund'

Increase appropriations by 120 m u.a.

Title 2 - Chapter 29, Article 290, Lump sum repayment to Member States of costs incurred in collecting own resources.

Increase appropriations by 1,096,908 u.a.

(B) Revenue

Title 1 - Own resources

Increase revenue by 10,969,081 u.a.

Title 5 - Contributions

Increase contributions by 110,127,827 u.a.

EXPLANATORY STATEMENT

In its preliminary draft supplementary and rectifying budget No. 4, the Commission of the European Communities had stated that an increase was indispensable because the requests for aid received from Member States in respect of operations to be financed by appropriations under Chapter 51 (expenditure under Article 5 of the Council decision on the reform of the European Social Fund) had proved much higher than the estimates made when the 1973 budget was established. The Commission of the European Communities proposed an increase of 120 m u.a.

This increase would allow only part of the requests from Member States for the financial year 1973 to be met.

It should be recalled that in the draft budget for the financial year 1973 the Council had entered appropriations of 110 m u.a. under Article 510, and that Parliament, regarding the proposed amount as inadequate, had introduced a modification so as to increase these appropriations by 30 m u.a. to 140 m u.a. In the event the Council did not accept the proposed modification, although it did not exclude the possibility of resorting to a supplementary budget if the need arose.

The Committee on Social Affairs and Employment and the Committee on Budgets regard the reasons advanced by the Commission for its request to increase the appropriations to be well founded (delay in Member States notifying their requirements; difficulty in allowing for the enlargement of the Communities when drawing up estimates in 1972; underestimation of requirements), and consider the proposed increase of 120 m u.a. to be completely justified.

If the budget for the Social Fund were not increased, this would mean that:

- the Member States would be contradicting themselves because, on the one hand, each of them would have submitted applications for substantial aid from the Social Fund, whereas, on the other hand, each of them would be refusing to enter in the budget supplementary appropriations necessary to to meet their own needs;
- the attitude of the Member States would be in flagrant contradiction to the declarations made and undertakings given by the Heads of State or Government at the Summit Conferences in The Hague and Paris 'to draw up a programme of action providing for concrete measures and the corresponding resources particularly in the framework of the Social Fund'.

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DRAFT SUPPLEMENTARY AND RECTIFYING BUDGET NO. 4 of the
European Communities for the financial year 1973 (Doc. 151/73)

PROPOSED MODIFICATION No. 2

submitted by Mr AIGNER on behalf of the Committee on Budgets

SECTION III - COMMISSION

(A) Expenditure

Title 6 - Chapter 62 'Milk and milk products'

Article 621 'Intervention in respect of milk and milk products'

Reduce appropriations by 52 m u.a.

Title 2 - Chapter 29, Article 290, Lump sum repayment to Member States
of costs incurred in collecting own resources.

Reduce appropriations by 475,327 u.a.

(B) Revenue

Title 5 - Contributions

Article 550

Reduce contributions by 47,722,058 u.a.

Title 1 - Own resources

Reduce revenue by 4,753,269 u.a.

EXPLANATORY STATEMENT

This 52 m u.a. should be deducted from the 483,636,000 u.a. shown under
Item 6214 for the storage of butter and procedures for the reduction of
surplus butter fat.

Where the refunds paid by way of exception in connection with the
marketing of surplus stocks exceed the sum that would normally arise from
the provisions relating to the granting of refunds and where the appropria-
tions shown in the budget are insufficient to cover such exceptional refunds,
Parliament, in its capacity of budgetary authority, should be consulted on
such measures.

On the basis of the data supplied by the Commission, the Committee on
Budgets has found that part of the appropriations entered in the supplemen-
tary budget arise from the payment of excessive refunds on the sale of butter
to the USSR. The excess in question amounts to 52 m u.a.

The Committee on Budgets therefore proposes that the appropriations shown under item 6214 should be reduced by this amount in order to underline the fact that while respecting the powers vested in the Commission of the European Communities for administration of the common agricultural policy, it cannot accept that Parliament should be confronted with an accomplished fact through a decision that necessitates the entry of additional expenditure and revenue in a supplementary budget. Parliament should be consulted in advance on decisions of this nature.

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