

# European Communities

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EUROPEAN PARLIAMENT

## Working Documents

1973-1974

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12 November 1973

Document 231/73

### Report

drawn up on behalf of the Committee on Budgets

on the ~~draft~~ general budget of the European Communities for 1974

(Doc. 187/73)

Rapporteur : Mr Rafton POUNDER

PE 34.541/fin.



On 13 July 1973 Mr Pounder was appointed rapporteur for the draft general budget of the European Communities for 1974.

The draft general budget of the Communities for 1974 drawn up by the Council was forwarded to Parliament on 4 October 1973, within the time-limit stipulated by the Treaties.

On 15 October 1973 Parliament referred this draft budget to the Committee on Budgets. It was also referred for their opinion to those committees which had 'expressed the wish to deliver an opinion'.

The Sub-Committee on the budget of the Communities (Control of Implementation) discussed the draft budget on 19 September 1973.

A delegation from Parliament, appointed from within the Committee on Budgets, met the Council on 21 September 1973.

The draft budget was discussed in the presence of the Commission of the Communities on 10 and 24 October 1973 and also in the presence of the Council on 8 November 1973.

The proposals for modifications were discussed on 8 November 1973 in the presence of the Council and the Commission.

At the latter meeting the committee delivered its opinion on Mr Pounder's draft report and adopted the motion for a resolution by 18 votes in favour and 2 against.

The following were present: Mr Spénale, chairman; Mr Aigner, vice-chairman; Mr Pounder, rapporteur; Mr Artzinger, Mr Durand, Mr Durieux (deputizing for Miss Flesch), Mr Fabbrini, Mr Federspiel (deputizing for Mr Houdet), Mr Fellermaier (deputizing for Mr Adams), Mr Gerlach, Mr Gibbons (deputizing for Mr Nolan), Mr Leenhardt, Mr Memmel, Mr Müller, Mr Notenboom, Mr Pêtre, Sir Brandon Rhys Williams, Mr Schuijt (deputizing for Mr Poher), Mr Schmidt, Mr Terrenoire, Mr Thomsen (deputizing for Lord Bessborough) and Mr Wohlfart.

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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 draft general budget of the European  
Communities for 1974

The European Parliament,

- having regard to the preliminary draft budget of the European Communities and particularly to the explanatory statement of Section 3 concerning the Commission,
  - having regard to the draft general budget of the Communities for 1974 and the explanatory statement provided by the Council (Doc. 187/73),
  - having regard to the report of the Budget Committee, the opinions of other committees, and the proposed amendments which are joined to this report (Doc. 231/73),
  - and after having debated with the Commission and the Council,
1. Emphasizes that this draft budget for 1974 is the last before the budget of the Community is financed entirely from the Communities' own resources and that as we approach January 1 1975, the Parliament is determined to search for a new institutional balance which is necessary as the Community becomes financially autonomous;
  2. Believes that inter-institutional collaboration must improve during the coming financial year, given the great problems which the Institutions will have to resolve in the implementation and within the context of the new budgetary provisions;
  3. Welcomes the steps towards collaboration which have been taken by Parliament and the other Institutions as regards the budgetary procedure, however, reiterates again the fact that a real and effective dialogue must be founded - as was envisaged in the financial regulation which came into force on 1 May 1973 - on the clear explanation by the Council of the reasons which may have led it to differ from the preliminary draft budget submitted by the Commission, deeply regrets that the explanatory statement given by the Council completely fails to satisfy this need;

4. Further observes with dismay that the inter-institutional collaboration for Community Acts with financial implications has not honoured the undertakings of the Council and the Commission at the time of the Treaty of 22 April 1970 which has thus resulted in Parliament being unable to make a proper assessment of such proposals because it has not received satisfactory financial schedules accompanying such Acts: also recalls that this point was clearly emphasized in Parliament's resolution on the draft budget for 1973;
5. Insists that the Commission henceforth transmit to Parliament financial schedules, on the model proposed in the report of the Budget Committee, when it makes proposals with financial implications;
6. Asks the Commission to let the Parliament know the main proposals for measures increasing internal control, reserves its position until the final decisions have been taken after a trial period, is favourably disposed to an increase in the number of officials concerned with internal control measures to be engaged at the time of the introduction of a supplementary budget for the Regional Fund, notes the intention of the Commission to proceed to fulfil these tasks, in part by recruiting specialist staff, perhaps outside the national administrations, and in part by extending the scope of work of officials present in the Commission.

Basic features of the draft budget

7. Observes that the draft budget amounts to slightly more than 5,000 m.u.a. whilst the Commission's preliminary draft was for 5,780 m.u.a.
8. Regrets profoundly that the reason for these reductions has been the failure by the Council to include appropriations for the Regional Policy and to make the substantial increases proposed by the Commission of the Communities in the appropriations for the Social Policy, which has meant that the Budget is no longer diversified encompassing a wide spectrum of Community policies thus contributing to a broadening of the Community, but reverts once more to being one predominantly for the agricultural markets.
9. Recalls moreover that the draft budget as now proposed by the Council does not fulfil the demands laid down by the Summit Conference of the Heads of State and Government of the Member States in October 1972 and that to carry out the obligations set out there, substantial appropriations must be included in the operational chapters of the Budget for the Regional Policy by January 1, 1974; insists that the figure eventually provides for the huge tasks which have been assigned to it - namely the progressive reduction and eventual elimination of regional imbalances in Europe - and its relationship to European integration, particularly to the realization of economic and monetary union.

10. Notes Council's intention to provide appropriations for these policies by supplementary budgets, reminds the Council that such supplementary budgets make the budgetary procedure more difficult from the aspect of financial control and draws to the attention of the Council that this practice which has been used too often in the past will have to be abandoned in the period of financing by own resources; recognizes that as regards the Social Fund our inadequacy of position for 1974 as well as necessitating a possible further supplementary budget may well lead to a distortion of the criteria for grants under present social policy and the arbitrary refusal of requests for funds by the Commission;
11. Is opposed to the budgetary presentation in which the needs of the Community are shown in such a meagre fashion particularly since it has asked for the inclusion within the Budget of forward estimates, in conformity with Council's decision of 21 April 1970, in order to have a meaningful opportunity to examine the proposed growth of Community policies and hence the budgetary choices which result;
12. Deplores that in respect of the appropriations for the Guidance Section of the EAGGF - to cover finance for the improvement of agricultural structures - decisions taken in 1972 and 1973 have been called in question by the Council by a dubious budgetary procedure which relegates certain appropriations under Remarks in the draft budget for 1974; believes that the general needs for reforming the agricultural structure have been expressed in a very confused budgetary arrangement both as regards the Remarks and Explanations and as regards the different items in the Budget;
13. Is critical of the absence for the second consecutive year of appropriations for industrial development policies and the extremely meagre appropriations for research investment policy, for youth activities, for the environment and for information policies;
14. Insists that the Council after having considered the proposed parliamentary amendments on the draft budget refers to them both in writing and orally in the Session which follows the adoption of the Budget;
15. Charges the President to transmit to Council the draft budget amended according to paragraph 4 of Article 78(a) of the ECSC Treaty, Article 203a of the EEC Treaty, and Article 177a of the Euratom Treaty, as well as the Resolution, the minutes of today's sitting and the report of the Budget Committee.

EXPLANATORY STATEMENT

FOREWORD

1. This explanatory statement includes the following elements which should clarify certain aspects of the examination in the 1974 Draft Budget :

(a) The record since 1970  
- which has been the period of application of the Treaty of 22 April 1970 and which remains in force until the end of 1974.

(b) The role played by Parliament in this period.

(c) The inter-institutional collaboration.

(d) The inadequacies in procedure which have appeared and improvements that could be made.

These 4 points will be dealt with in the general introduction.

(e) The comparison between the Commission's proposals in its preliminary draft budget and the Council's decisions in the draft budget. Chapter 1 will deal with this.

(f) The conclusions of the Budget Committee on the draft budget of the Communities as well as its Opinion on the proposed amendments put forward by other Committees or by members of Parliament will be in Chapter 2 which will be added to the report after the meeting of the Budget Committee on 8 and 9 November.

GENERAL INTRODUCTION

2. In the Commission's general introduction to its preliminary Draft Budget (volume 7) the importance of the year 1974 was explained - mainly because 1974 will be the last year before the exclusive financing of the Budget from the Community's own resources. As the Commission says (page 65 of this volume) the budgetary problems will alter substantially. We can already see however that the changes envisaged by the decision of 21 April 1970 replacing contributions from Member States by 'own resources' are not working satisfactorily. Also we can see particularly in view



of the important debates on the increase of Parliament's own power in the budget, a great need to increase those powers before the new provisions come into force in 1975. The Community remains committed to the date of 1 January 1975 as the date when the budget will be completely financed by own resources. Obviously the financial year preceding this event is an important one for that reason alone.

3. The Council also brings out the importance of this budgetary year in its explanatory statement for its draft budget. The Council notes the need for immediate further study of problems arising within the context of the new budgetary provisions.

This explanatory statement mentions the meeting between the Council and the Parliamentary delegation on 21 September last before the Council established its Draft Budget. Parliament can draw satisfaction from these meetings and the importance the Council attaches to them as a welcome sign of a general shift which should improve the institutional balance.

4. But the question has to be asked, is the inter-institutional collaboration as a result of the Treaty of 22 April 1970, really satisfactory? The decision of Council about this collaboration which was communicated to the assembly on 17 November 1971, was welcomed by the Parliament. This collaboration was annexed to the Treaty of 22 April 1970 and envisaged numerous contacts each year either in the Parliamentary Sessions of October and November, or with Parliament's presentation of its reactions to the Budget before the Council establishes its Draft Budget, and again before Council finally adopts its Budget. The Council has, moreover, participated in meetings of the Budget Committee to which it was invited.

5. So there has been some progress. But unfortunately it has to be acknowledged that the results of such collaboration have been even less fruitful than could have been hoped. There are several reasons for this.

6. First of all the smooth working of this inter-institutional dialogue was disrupted by the fact that it was 1 May 1973 by the time the financial regulation was agreed in its various parts.

If one takes the example of one element which has not been adhered to one could examine Article 13 of the financial regulation which deals with the explanatory memorandum that the Council attaches to the Draft Budget which it sends to the Parliament. This should include

- the relationship between the principal objectives of the Communities and the requests for appropriations ;
- the changes in appropriations compared with the preceding financial year ;
- the Council's reasons for departing where necessary from the preliminary draft budget.

Clearly if this was adhered to, the explanatory memorandum of the Draft Budget would be an extremely important part of the inter-institutional dialogue. Unfortunately this has not been the case. The Council has never satisfactorily followed the provisions of this financial regulation. The remarks that the Council makes about its decisions in establishing the Draft Budget for 1974 show clearly that the Council has failed to explain in detail the reasons why it has departed from the preliminary Draft Budget.

The Commission made a serious effort to present its main considerations in a sufficiently straightforward manner to enable Parliament to make an overall political assessment of the Budget. So the Commission changed its explanatory statement and did not restrict its comments to particular appropriations.

By comparison the Council has maintained its habit from three previous years of providing a rather neutral text, which has no bearing on the range of major budgetary choices presented by the Commission, and which is really of just a technical nature.

7. The trouble with this 'dialogue of the deaf' is that a real inter-institutional debate requires the taking of very definite political positions by particular institutions. It is not simply a question of details; indeed as regards the 1974 Draft Budget the Council has not even added to its explanatory memorandum a table showing the budgetary consequences (for each title chapter and article of the draft budget) of the decisions that it has taken which diverge from the Commission's proposals in the preliminary Draft Budget.

The Council has now modified in some way 34 of the 47 chapters of the Budget (excluding the Guarantee Section of the EAGGF).

In the absence of synoptic tables or comprehensive details showing the quantitative and qualitative reasons for the Council's divergence from the Commission's proposals, Parliament must flit from document to document looking for the basic material in order to permit it to make an assessment of the importance of the decisions taken (we will come back to these considerations in more detail in the first chapter).

8. Since 1970 Parliament has been informed by the Council where and why the Council has differed from proposed Parliamentary amendments at the time that the Council adopts the Budget, but this stage of the dialogue is also lacking substance.

Parliament learns of the deliberations of Council usually from an oral declaration given by the President-in-Office of the Council at the Session which follows the adoption of the Budget. This declaration has usually been of a rather general nature.

Parliament has not been informed of the real reasons for Council decisions or indeed of the manner in which the decisions were taken. This could be useful to know if only because the provisions of the Treaty envisage a qualified majority of Council as necessary in order to reject proposed amendments in the Draft Budget which do not involve any increase in total expenses.

9. The collective work with the Commission has been more useful as regards the Budget, but it must be said that parliamentary control has sometimes been hindered by the Commission's inaction. For example, in this year the Budget Committee has yet to receive any 3-monthly account of the execution of the Budget even though the financial regulation is quite specific on this point. It is obviously vital that Parliament should have this information if it is to be able to exercise any effective budgetary control.

10. On the subject of the role Parliament has played in this intermediary period, one can see that the hopes raised by the 1970 Treaty have been rather disappointed - particularly as regards those Acts with financial implications.

The Council Resolution annexed to the Treaty of 22 April 1970 states that

'In order to provide the European Parliament with such information as will enable it to give its opinion on Community Acts having financial implications, the Council shall invite the Commission to append to the proposals which it forwards to the European Parliament estimates of the financial implications of those Acts'.

'The Council undertakes to maintain the closest cooperation with the European Parliament in the examination of such Acts and to explain to it such reasons as may have led it to depart from the European Parliament's Opinion'.

This Resolution led to an implementation agreement between the Council and Parliament (reached not without difficulty) on 15 November 1972.

The difficulties concerned the interpretation of certain provisions by the Council as regards what constituted 'departing' from the Parliament's Opinion and the suspending of these provisions in times of urgency or 'when the Communities' interest demands it'.

At every opportunity the appropriate Parliamentary bodies have expressed their reservations on these points. But this would have been a minor point had the Parliament been able to guarantee receiving the financial information which would have enabled it to assess Community Acts with financial implications. In fact what has happened is that the financial analysis made by the Commission which is joined to each proposed regulation or directive is seldom helpful. For the most part they do not make a serious financial estimate and are often very summary. So the precondition for the application of this Council Resolution of 22 April 1970 has been missing and the dialogue has been inevitably weakened. Had the resolution been applied there would have been at least a real, if incomplete, participation by Parliament. As it is the Council has never really explained to Parliament

the reasons that may have led it to differ from Parliament's Opinion on Acts with financial implications. <sup>++</sup> Consequently Parliament has not always been able to play the role envisaged for it in the Council Resolution as regards these Community Acts with financial implications. For example, the cases of appropriations for certain organizations in the agricultural markets which were decided recently - like vegetables, fruit, hops, seeds and silkworms.

11. This is a vital point. We are now only one year away from the definitive period. We must ask the Commission when they submit to Parliament proposals for Acts with financial implications that these must be accompanied by a financial schedule in which should appear:

- Indication of the links between the financial implications of the measures proposed and the annual budget(s), and therefore
  - indication of the overall cost;
  - as detailed a breakdown of expenditure as possible using the budgetary nomenclature (Title, Chapter, Article, Item);
  - in the case of expenditure not covered by the budgetary nomenclature, suggested line in the budget with an accurate heading;
- Breakdown of expenditure in time;
  - effect on the current budget;
  - effect on the draft budget in preparation;
  - effect on the multi-year estimates and therefore on future annual budgets;
- Indication of whether expenditure will be covered by receipts and therefore
  - whether it will be covered by the appropriations provided in the current budget;
  - whether it can be covered by transfers;
  - whether it will have to be covered by new budget appropriations: in a future budget, by a supplementary budget;
- Effect on the various components of own resources:
  - other than VAT;
  - VAT;

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<sup>++</sup> There has been one single exception: during the Presidency of Mr Westerterp on his initiative during the time of the Draft Budget of 1973 at the meeting of 8 November 1972.

- Indication of the financial implications to allow a comparison with expenditure provided for and actually effected in past financial years or in the current financial year, so that it can be decided whether or not requests for new appropriations are justified;
- Explanation of the bases on which the estimates have been made;
- Indication of
  - a bracket showing minimum and maximum estimates of costs;
  - alternative assessments of financial implications;
  - degree of uncertainty of the estimates;
- Comparison of the financial implications of an act with those of all the acts already adopted in the current financial year;
- Explanations of the effects of acts having financial implications in terms of 'financial machinery and liquid assets'.

12. The financial regulation should also show in tabloid form as follows: (see pages 14(a), (b) and (c)).

13. These provisions must be carried out to enable the Budget Committee and Parliament to fulfil its responsibilities.

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14. We may conclude this introduction by noting two observations by the Commission of the Communities.

In its introduction to the preliminary draft budget the Commission admits the shortcomings in the budgetary procedures and the methods of control, and recognises Parliament's concern about its own lack of powers of intervention in budgetary matters, a concern which will be aggravated as the date for the transfer to own resources occurs.

The Commission states that it is convinced that reforms must take place on a 3 tier basis:

- rationalization of budgetary choices
- control of expenditure
- reform of the institutional mechanism for the decision-making process.

That is why the Commission presented to the Council and to Parliament the proposed changes in the Treaty which it considered to be essential to enable Parliament to intervene effectively in the budgetary process from 1975.

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BASIC MODEL OF A FINANCIAL SCHEDULE

A. FINANCIAL IMPLICATIONS: EXPENDITURE

	Total	Breakdown by financial year			Budgetary allocations in previous financial years		
		Current year (n)	n + 1	n + x	Current year (n)	n - 1	
						Estimate	Actual expenditure
<u>Budgetary line</u>							
Title .....							
Chapter .....							
Article .....							
Item .....							
<b>B. MEANS OF COVERING EXPENDITURE</b>							
Appropriations under current budget							
Transfers within current budget							
Supplementary Budget No. ...							
Appropriations to be entered for future budgets							

C. EFFECTS ON REVENUE

Source of revenue	Increase in revenue					
	Year n		Year n + 1		Year n + x	
	absolute	%	absolute	%	absolute	%
VAT						
Levies						
Customs duties						
Other sources						

D. BASES FOR ESTIMATES AND ALTERNATIVE ASSESSMENTS OF FINANCIAL IMPLICATIONS

	Basic criteria	Year n		Year n + 1		Year n + x		Average assessment	Assessment with the smallest degree of uncertainty
		Minimum cost	Maximum cost	Minimum cost	Maximum cost	Minimum cost	Maximum cost		
Alternative No. 1									
Alternative No. 2									
Alternative n									

-14(b)

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E. COMPARISON WITH ALL ACTS HAVING FINANCIAL IMPLICATIONS ADOPTED IN A FINANCIAL YEAR

	Estimate covering all adopted acts having financial implications			Acts to be adopted			I + II		
	(I)			(II)					
	Year n	Year n + 1	Year n + x	Year n	Year n + 1	Year n + x	Year n	Year n + 1	Year n + x
Total Breakdown:									
Title									
Chapter									
Article									
Item									

F. EFFECTS OF THE PLANNED FINANCIAL MACHINERY ON SHORT- AND MEDIUM-TERM LIQUID ASSETS

Expenditure effected at a regular rate  
 Expenditure following a seasonal cycle  
 Time spread of expenditure compared with appropriation, commitments, etc.



Of course these problems are being dealt with elsewhere and have been the subject of a major debate in Parliament itself. I refer to it here in this introduction to point out the dangers of maintaining the present institutional imbalance and the need for a major increase in the powers of the Parliament in budgetary matters before the 1975 budgetary period so that both the budgetary control can be effective and that the level of democracy in the Communities can be strengthened.

## CHAPTER 1

### THE PRELIMINARY DRAFT BUDGET PROPOSED BY THE COMMISSION - THE DRAFT BUDGET ESTABLISHED BY THE COUNCIL

#### A. The Preliminary Draft Budget

15. The Preliminary Draft Budget amounted to 6,077,583,960 u.a. It was subsequently reduced by 259.6 m.u.a. as a result of a Rectifying Note from the Commission - thus leaving 5,781,983,960 u.a. Its main characteristic was a tentative broadening of finance for Community policies, notably by fairly substantial allocations for regional policy and for social policy. The Regional Fund amounted to 500 m.u.a. (or 8.23% of the total amount in the Budget) and the Social Policy amounted to 470 m.u.a. (7.78%).

As a result the agricultural element had been reduced to 81% of the whole appropriations which was considerably less than in previous years. This broadening of the Budget by the Commission resulted from

- the progress towards economic and monetary union, in particular the move to the second stage of such a union for 1st January 1974;
- the commitments undertaken by the Commission for the planned growth of the volume of appropriations for the new Social Fund;
- and of course because of the communiqué of the Summit Conference of Heads of State and of Governments of 12 October 1972 which envisaged new policies being put into operation in 1974 - not merely regional and social policies but also policies for energy etc.

B. The Draft Budget

16. The Draft Budget of the Communities established by the Council reduces the Draft Budget to 5,025,897,030 u.a. As has already been stated in the general introduction the effect of this reduction has been felt on 34 of the 47 chapters of the Budget (without including the chapters for the Guarantee Section of the EAGGF).

17. The main changes in appropriations are shown in the following tables. These have been supplied by the Commission of the Communities to the Budget Committee:

TABLE I

COMPARISON OF THE MAIN BUDGETARY ELEMENTS IN 1973 AND 1974

Budgetary Headings	Appropriations for 1973 (1)	%	Appropriations proposed in the preliminary draft budget of 1974 (2)	%	Appropriations proposed in the Draft Budget 1974 (	%
1. Administrative and Operational Appropriations (Titles 1 to 4 and chapters 98 and 99)	311.666.200 (3)	6,1	386.846.280 (3)	6,7	358.878.803 (3)	7,1
2. Research Expenditure	74.686.830	1,5	87.552.626	1,5	85.823.819	1,7
3. Social Fund	282.950.000	5,5	470.770.000	8,2	327.800.000	6,5
4. Regional Development Fund	-		500.000.000	8,7	p.m.	
5. EAGGF - Guarantee Section	3.806.546.000 (4)	74,1	3.504.600.000	60,6	3.504.600.000	69,7
- Guidance Section	350.000.000 (5)	6,8	400.000.000 (6)	6,9	325.000.000	6,5
6. Food Aid	48.177.000	0,9	130.000.000 (7)	2,2	130.000.000	2,6
7. Reimbursement to member states of 10% of the amount shown under 'Own Resources' (Ch. 29)	260.467.841	5,1	302.399.261	5,2	293.794.408	5,9
	5.134.493.871	100,0	5.782.168.167	100,0	5.025.897.030	100,0

1. Supplementary Budgets Nos. 2, 3 and 4 included
2. Including the Rectifying Note
3. Including 350.000 u.a. carried forward (Art. 401)
4. Including 170.000.000 u.a. carried forward
5. Including 25.000.000 u.a. carried forward
6. Including 75.000.000 u.a. carried forward
7. Including 25.000.000 u.a. carried forward

TABLE II  
CHAPTER 98 "NON-ALLOCATED PROVISIONS"

a) In the 1973 Budget	:	155 MUA 17 sub-headings
b) In the 1974 preliminary draft Budget	:	9 MUA 3 sub-headings

The Commission's Approach:

All expenditure provisions should be included in the operational chapters of the Budget as far as possible. Only those for which the appropriate decisions cannot be reasonably expected during the course of the preceeding year should be entered under chapter 98.

c) In the 1974 Draft Budget	:	22 MUA 15 sub-headings
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TABLE III

GENERAL RECAPITULATION ON APPROPRIATIONS FOR THE EUROPEAN COMMUNITIES BUDGET

en u. a.

Budgetary Headings	Preliminary Draft Budget for 1974	Draft Budget for 1974	Council's Amendments	Remarks
1. Administrative and Operational Appropriations (Titles 1 to 4 and chapters 98 and 99)	(2) 386.846.280	358.878.803 (2)	- 27.967.477	Cf. An. I } Cf. An. II
2. Research Expenditure (Chapters 33 and 98)	87.552.626	85.823.819	- 1.728.807	
3. Social Fund (Chapters 50 to 54)	470.770.000	327.800.000	-142.970.000	
4. Regional Development Fund (Chapters 55 and 56)	500.000.000	p.m.	-500.000.000	
5. EAGGF - Guarantee Section (Titles 6 and 7)	3.504.600.000	3.504.600.000	-	
- Guidance Section (Title 8)	(3) 400.000.000	325.000.000	- 75.000.000	
6. Food Aid (Chapter 90)	(4) 130.000.000	130.000.000 (4)	-	
7. Reimbursement to member states of 10% of the amount shown under 'Own Resources' (Chapter 29)	302.399.261	293.794.408	- 8.604.853	
GENERAL TOTAL	5.782.168.167	5.025.897.030	-756.271.137	

- (1) Including the Rectifying Note
- (2) Including 350.000 u.a. carried forward (Article 401)
- (3) Including 75.000.000 u.a. carried forward
- (4) Including 25.000.000 u.a. carried forward

TABLE IV  
ADMINISTRATIVE EXPENSES OF THE COMMUNITY

en u.a.

The Institutions	Preliminary Draft Budget of 1974	Appropriations 1974 Draft Budget	Changes made by the Council
<u>Assembly</u>	29.373.300	29.373.300	-
<u>Council</u>	32.564.175	33.862.165	+ 1.297.990
<u>Economic and Social Committee</u>	6.422.540	6.330.420	- 92.120
<u>Control Commission</u>	894.130	894.130	-
<u>Auditor for the ECSC</u>	161.975	161.975	-
<u>Commission</u>			
- Administrative expenditure	297.183.600	257.391.223	-39.792.377
- Provisional expenditure and unforeseen expenses	12.350.600	22.923.390	+10.572.790
<u>Court of Justice</u>	7.895.960	7.942.200	+ 46.240
	386.846.280	358.878.803	-27.967.477

(1) In titles 1 to 4, not including chapter 29

(2) Chapters 98 and 99 (excluding appropriation for 1.715.900 u.a. meant for Research Appropriations which are included in operational expenses)

TABLE V

INTERVENTION FUNDS

en u.a.

Budgetary	Preliminary Draft Budget 1974	Draft Budget 1974	Changes made by the Council
1. Research Expenditure	87.552.626	85.823.819	- 1.728.807
2. Social Fund	470.770.000	327.800.000	- 142.970.000
3. Regional Fund	500.000.000	p.m.	- 500.000.000
4. EAGGF			
- Guarantee Section	3.504.600.000	3.504.600.000	-
- Guidance Section - appropriations in this Budget	325.000.000	325.000.000	-
- carried forward	75.000.000	p.m.	- 75.000.000
5. Food Aid			
- appropriations in this budget	105.000.000	105.000.000	-
- carried forward	25.000.000	25.000.000	-
TOTAL	5.092.922.626	4.373.223.819	- 719.698.807
of which carried forward	100.000.000	25.000.000	

TABLE VI

## STAFF (SECTION III - COMMISSION)

Comparison between the new staff demanded by the Commission for 1974  
and those agreed by the Council in the Draft Budget.

Categories of employees demanded	Demands for new employees			New employees envisaged in the Draft Budget	Changes made by the Council
	Initial Preliminary Draft Budget	Changes made during the course of the examination of the preliminary draft Budget	Total		
I. <u>Own operational needs of the Commission</u>					
1. <u>Permanent Staff</u>					
a) New staff for priority projects (economical and monetary union, social fund EAGGF, regional fund)	179	-	179	)	
b) New employees for particular services (representation abroad, internal documentation, computer centre)	88	-	88	)	
2. <u>Temporary Staff</u>				)	
Study group on economic and monetary union.	17	-	17	)	
TOTAL I	284	-	284	)	
II. <u>Language Service</u> (Permanent staff)	268	25	293	)	- 5
III. <u>Publications Office</u> (Permanent Staff)	13	-	13	)	- 3
GENERAL TOTAL	565	25	590	)	- 185

TABLE VII

SOCIAL FUND

en mua

	1973				1974			
	Initial Credits (1)	Preliminary Draft Budget No. 4	Finalised Budget 1973	Increase agreed (Col.3-1)	Preliminary Draft	Draft	Reduction on Preliminary Draft (Col.5-6)	Increase on 1973 (Col.6-3)
	1	2	3	4	5	6	7	8
Chapter 50 (Art. 4 of the decision of the Council of 1.2.1971)	68,8	68,8	68,8	-	160	98,8	- 61,2	+ 30
Chapter 51 (Art 5 of the decision of the Council of 1.2.1971)	108,4	228,4 (= + 120)	153,4	+ 45	250	168,4	- 81,6	+ 15
	177,2	297,2	222,2	+ 45	410	267,2	- 142,8	+ 45

(1) Including supplementary Budget No. 2 (non-accession of Norway)

expenditure for the years 1972 and 1973).

- 23 -

PE 34.541/Fin

- 25 -

PE 34.541/Fin

- 27 -

PE 34.541/Fin

a.

%	+ 11,32	+ 12,27	- 17,97	2,11
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during the course of the budgetary period, even with the declaration of good intentions that it adds to Item 8501, does not help to clarify the position. (Under 'Remarks' it is said among other things that "should the appropriations be committed in the course of the financial year the Budgetary Authority has undertaken to make the necessary amendments to the expenditure and revenue entries".)

SOCIAL POLICY - EUROPEAN SOCIAL FUND

29. After Parliament's experience with the Supplementary Budget No. 4 for 1973 in which a proposed increase in the funds of 120 m.u.a. in the preliminary draft budget from the Commission and approved by Parliament was reduced to only 45 m.u.a., the Parliament is in one sense at least prepared for the Council's proposal for this policy for 1974.

The Commission's proposals for 1974 aimed at diversifying the Community budget which had until now been devoted almost exclusively to the finance of agricultural markets (and for this reason the proposed appropriations for the Social Fund amounted to 7.87% of the whole) but also to meet to some extent the needs shown and demands made by the Summit Conference of Heads of State and Government in October 1972. One should remember that as a result of this Conference the Commission has an obligation to adopt, before January 1st 1974 a social action programme with positive and detailed measures and corresponding funding. The Heads of State indicated that Community action in the social field was in their view just as important and urgent as the attainment of economic and monetary union.

But of course it has to be said now that the Commission itself has yet to work out the budgetary consequences of its social action programme because of course it has not yet submitted this programme to Council.

Council itself has said that it cannot fully assess the means required for the next year as a result of the decisions on this programme but that it is ready to make certain provisions in the budget. It would seem vital therefore that the two Institutions proceed as rapidly as possible but it seems probable that there will be a requirement for a supplementary budget. Council says it wishes to avoid for 1974 a repetition of the large number of supplementary budgets introduced in

the previous year. Unfortunately in various fields - regional policy, social policy, contracts for industrial development, commitments for development operations in the agricultural priority regions - the delays and the shortcomings of this draft budget give a rather hollow ring to that intention of the Council.

30. The Commission's proposals for expenditure under Article 4 of the Social Fund of 160 m.u.a. have been reduced to 98.8 m.u.a. The expenditure proposed under Article 5 of 250 m.u.a. has likewise been reduced to 168.4 m.u.a.

In making these cuts the Council gives a relatively greater importance to those under the Article requiring decisions by Council (Article 4) as opposed to those where the initiative rests with the Commission (Article 5).

The Council states that the total agreed of 267.2 m.u.a. instead of 410 m.u.a. is a 20% increase as opposed to 1973. This comparison is however misleading. The Council well knows that by cutting the supplementary budget No. 4 for 1973 from 120 m.u.a. to 40 m.u.a. the programme for 1973 has been delayed and that the social expenditure for 1973 has effectively been reduced. It is only when compared with this figure that the 1974 Draft Budget shows an increase of 20%.

The Commission has stated that this draconian reduction will force it either to re-examine the criteria for financing projects in a stricter sense or to refuse some applications.

The Budget Committee has observed that the commitments undertaken for Chapter 51 for the 1973 Budget have been fairly small. The Commission gives as its reason for this the delay in decisions on available financial resources, a delay which affects the determination of appropriate criteria for distributing and dividing up the available funds. The Commission has also said that for the directives approved in agriculture and textiles as well as for those envisaged for the handicapped and the migrant workers, the sum required for 1974 would be 410 m.u.a. Obviously the Budget Committee could not therefore give its assent to the reductions made by the Council if this was the case. The Budget Committee will re-examine this subject in the light of the position adopted by the Social Committee.

Incidentally, item 5201 in the preliminary draft budget dealing with informational meetings and preparatory studies has been deleted by the Council without any explanation whatsoever - indeed, without even mentioning that the item has been deleted!

31. It seems moreover as regards the remarks made in the preliminary draft budget and the Draft Budget of Council, Article 510, that there is a significant difference between the Commission and the Council. The Commission says that the 120 m.u.a. demanded for the Supplementary Budget No. 4 of 1973 were sought on the basis of past experience and the shortcomings of actual provisions. The Council does not make any reference to this figure - although of course it reduced it to 45 m.u.a. but it claims that its decisions were also based on the past experience and the provisions available. These two positions taken seem contradictory and Parliament will require further explanations to see which position is correct.

#### REGIONAL POLICY - THE EUROPEAN REGIONAL DEVELOPMENT FUND

32. The Commission had inserted 500 m.u.a. in the operational chapters of the Budget for the proposed new European Regional Development Fund. It was envisaged by the Commission that this Fund would grow - indeed accelerate over a period of years rising to 1,000 million u.a. in 1976. The decisions about the Fund, both the principles and its working methods, have yet to be decided and Parliament has yet to give its definitive view on this. It is for this reason that the Council has placed a 'pm' under the appropriate chapters in the Budget for it has decided that it cannot allocate funds until it has taken the basic decisions. At least this is the interpretation that one makes of the Council's token entries under these chapters because in this case as in many others, the Council has given no accompanying observations.

33. If the Council does not give a decision within the next few weeks then a supplementary budget will be required for 1974 and it will be a Budget of very considerable proportions - again this element makes proper assessment of the Budget extremely difficult.

If the Budget adopted by the Council at the end of this year does not include considerable funds for a regional policy then it will be the Council who will bear the responsibility for the failure to keep



to the timetable set out at the Summit of the Heads of State and of Government of October 1972, where it was envisaged that the regional policy would be fully operational from January 1st, 1974. Non-adherence to this timetable also means that the progress towards economic and monetary union will be disrupted. The Community was due to pass from the first to the second stage of economic and monetary union on 1st January 1974 and it was intended that regional development plans would coincide with this date given the generally accepted close relationship of the two policies. So by its inactions and delays one can see that the Council is not merely hindering one policy but must take the responsibility for the general slow rate of European integration.

34. As regards the amount proposed in the preliminary draft budget from the European Commission, Parliament may well in its debate on the Delmotte Report consider that the proposed allocations are inadequate. Parliament will certainly want to see the budgetary presentation showing clearly the planned growth of the fund through the means of commitment appropriations for the two following budgetary periods at least. Only then can it estimate whether there is an intention to expand rapidly the scope of the Fund.

The figure proposed by the Commission can be seen as a welcome start to a policy but in the context of the massive regional imbalances in the Community which have to be eliminated in order that progress towards economic and monetary union be not impeded and in the context of the firm commitments from the Treaty of Rome itself and from the Summit of 1972, and in the context of the scale of the problems shown by the Commission in its preliminary report, one can perhaps say that the allocation for regional policy - inasmuch as it represents merely one third of the intervention supports for milk products can be interpreted as being inadequate.

35. The Commission will certainly need, apart from the actual aid from the Fund, adequate facilities - both in terms of staff and expertise - in order to administer the policy and to implement rigorous financial control. It would be little short of disastrous if the regional policy of the Community became, like the agricultural policy, associated in the public's mind with sloppy administrative control and large scale frauds.

36. Because of the commitments of all the Institutions, and of the Summit, to the regional policy, the Budget Committee feels that Parliament may well consider that the amount for the Fund proposed by

the Commission - 500 m.u.a. - or perhaps a larger figure - should be placed in the Chapter 98 (the non-allocated appropriations chapter) but blocked until the basic decisions for the Fund have been taken by the appropriate Institutions. The Budget Committee would prefer that such initiative be taken by Parliament.

#### Research and Investment Expenditure

37. The Draft Budget allocates 84,107,919 u.a. to this policy. The main observation to be made is that the Community will henceforth be attaching a reduced budgetary importance to research - although a pluriannual programme has been instituted. Again, if a comparison may be used the programme for Euratom has less budgetary importance than the intervention supports for pig meat.

38. As regards the figures given by the Council, these correspond to the payment appropriations. One could then ask how it was that these included a reduction of 3 m.u.a. on the obligatory payment credits in the preliminary draft budget of 87,552,626 u.a.?

#### Expenditure on Health Measures

39. Reductions made under this Section (Chapter 35) do not call for any particular remarks.

#### Expenditure concerned with the Plan of Action relating to Scientific and Technological Policy

40. Here is a case where the Budget Committee can congratulate itself that the Council has seen the need to include this in the text proposed by the Commission but the Committee must observe that this is still only a token appropriation with the phrase 'pm' added. This is particularly unsatisfactory in view of the Summit Conference which foresaw not only a Community Scientific and Technological Policy but also that this policy, with a precise action programme and appropriate financial support, should be ready from 1st January 1974.

#### Community Contracts for Industrial Innovation and Development

41. The Commission have inserted an appropriation of 20 m.u.a. which the Council has deleted waiting to adopt a proposed regulation. This deletion is particularly regrettable because it shows a massive delay in policy which Parliament would have wished to see last year. It was for this reason that Parliament introduced the Draft Amendment then which would have enabled the Community to finance three development projects and new industrial projects.

#### Food Aid Expenditure

42. The Council has not altered the Commission's proposal here and has kept to a figure of 130 million in this important Chapter and this can be welcomed by Parliament.

#### Information Policy and Development Aid

43. These two points have been placed together in this report because the budgetary characteristics as regards this presentation seem similar, namely lack of appreciation by the Council and to a certain extent of the Commission of the importance of these policies which take an extremely low priority in terms of budgetary amounts. Under several of these items amounts have been changed by the Council in what seems to be an arbitrary fashion given the lack of explanations.

Inaction in these important areas seems likely to do nothing to improve the Community's image either to European peoples or to the rest of the world.

#### Meetings with Trade Union Organizations (Article 256)

44. This items has been dropped from the Draft Budget of the Council with no reason given. It was a new item - the Commission had asked for 50,000 u.a. following requests for technical and financial help put forward by the European trade unions to organize priority meetings which it has in order to take their positions in official consultations with the Commission services. Whether or not, this demand was justified, one could certainly say that it is extremely unsatisfactory that the Council has not even bothered to say that it has deleted this Article.

Consultations, Studies and Service of a Limited Nature (Article 260)

45. The appropriation of 116,800 in the Draft Budget carries the following remarks : "this appropriation is intended to cover expenditure arising from the consultation of experts and the carrying out of or the purchase of studies and service". It would be hard to imagine a more vague and unsatisfactory explanation of a policy of considerable importance to the Community.

Comprehensive Community Studies and Services (Article 262)

46. The Council has deleted nearly all the explanation of the Commission for the study programme and the breakdown of the expenditure here which seems yet another senseless suppression of the text.

47. Exactly the same remarks can be made concerning Article 264, The Statistical Studies and Service. Again the Council has reduced the Commission text of some 50 lines to nothing.

The Council makes a major reduction on the Commission's proposal without giving any reason. The Commission however keeps the major part of the expenditure for Chapter 98 - the non-allocated appropriations - which Parliament would have to approve during the coming year.

48. Similar remarks can be made for the environment studies (Article 267) - the deletion of any explanation from the Council is even more annoying given the considerable importance that the Parliament has attached to this Community policy in the last few years.

49. The same remarks can be made about the Official Journal (Article 270) where again for no apparent reason the Council has offered no explanation.

Organization of Training Courses for National Social Workers and Civil Servants in the various Sectors of Social Welfare

50. The appropriation by the Council is 150,000 u.a. as compared to 200,000 u.a. from the Commission. In itself the reduction does not call for any particular comment but the remarks do. The breakdown of the programme for 1974 remains but the Council omits completely the

financing of the programme for 1974 - which the Commission had given. One can at least reflect that this is yet again an alternative variation to the Council's policy of arbitrary reductions in its explanations.

51. The preliminary draft budget had an appropriation of 21,500 u.a. for the "other organizational expenses" (Article 319) which was for a seminar organized by the European Centre for Agricultural and Rural Studies. This has turned up amongst the appropriations under Chapter 98 again with no explanation.

52. No explanation has been given either for the deletion of Article 320 and the token entry there for "scholarships for national of associated countries".

53. Article 329 studies in development and cooperation. This was a new Article with 100,000 u.a. in the preliminary draft budget of the Commission and which has completely disappeared along with the remarks giving the nature of the studies.

#### EXPENDITURE RELATING TO PERSONS WORKING WITH THE INSTITUTION

54. This title does not give rise to any major objections. One can simply say that the changes made by the Council arise mostly from reductions to staff requests which are shown on Table VI. 107 employees have been given for 284 demanded for the operation of the Commission - a reduction which the Commission believes excessive - and 288 for the 293 for the language service. The Commission has let us know that it intends to introduce a Rectifying Note to ask Parliament to create 20 new posts in the financial control section.

The other remarks that can be made in this Section are the following:

55. With Item 1102 of the preliminary draft budget there was a breakdown of the appropriations for the ex-patriation allowances. This breakdown has been omitted by the Council which makes the assessment much more difficult.

56. Item 1110 dealing with auxilliary staff covers provisions for payment for 85 employees. This explanation is almost unusual inasmuch as it is given neither for local staff nor for freelance interpreters

or revisers. The reasons for the exclusion there are difficult to understand. Certainly the presentation is far from uniform.

57. Under Item 1112 for local staff the Council has deleted the Commission's text which divided up the appropriations between the different seats of the Commission. Again this deletion appears to be unjustified.

58. Under Item 1123 severance grants the figure in the Draft Budget is the same as the preliminary draft budget - 2,522,000 u.a. The reason this is mentioned here is that this is a result of a provision which can be amended only with difficulty because it results automatically from the regulations in force. That is why the Council has not reduced it and why the Parliament cannot do it either. Yet this is in a section of the Budget which is supposed to be 'non-obligatory' - and is the only section of the Budget over which the Parliament has a supposed power of amendment. This just shows how unsatisfactory Parliamentary powers are at the moment.

59. The deletion of part of the commentary for the sickness insurance and Item 1131 on 'accident insurance and occupational diseases' is unjustified.

60. Article 115 dealing with overtime has again its explanation severely cut which is annoying because the formula used to justify this appropriation for overtime is extremely vague. The Budget Committee asks the Council to use a more rigorous approach when it decides to change or delete the Commission's remarks.

61. Also insufficient are the commentaries for the supplementary services for the freelance interpreters and conference officers (Item 1170) - but the explanations were already insufficient in the preliminary draft budget!

62. Item 1173, dealing with the travel and other expenses of national experts seconded to the services of the Commission can only be accepted with reservation given that the explanatory texts do not present a real justification for this.

63. The same reservations can be made as regards the deletion of the commentary for Article 120 dealing with miscellaneous expenditure on staff recruitment.

64. Article 143 Medical Services : this item is mentioned simply as an example; not because the rapporteur has any reservations on the credits foreseen here but simply to say that the commentaries from the Commission have been deleted in this case, as regards the explanation for the increase in the appropriation for the previous year which is yet another variation of the deletion.

65. Item 2100 deals with rent : this item in 1973 amounted to 8,455,380 u.a. For 1974 it is 11,199,000 u.a. The Council has deleted appropriations for buildings abroad (640,000 u.a.) despite that there is a 30% increase on appropriations from the previous year. Here we see again the problem - independently of the supplementary reasons which may make it necessary for new buildings - and that is the problem of the limits of expenditure for the hiring of buildings.

Your rapporteur considers that this report can only be of a tentative nature at the moment and he looks forward with pleasure to it being considerably improved by the debates in Committee and during the Session, and in any case by the additional chapter giving the opinion of the Committee on Budgets on the amendments and the justification for those amendments given by their proposers and the Committees concerned in their support. It is for your rapporteur a fascinating exercise - inasmuch as it enables him to see the full collaboration between many of the organs of Parliament on a single task of considerable magnitude.

Chapter II: Opinions and decisions of the Committee on Budgets on the proposed modifications to the draft budget

66. Proposals for modifications put forward by members of Parliament, parliamentary committees and its own members were referred to the Committee on Budgets for its opinion. It discussed them at its meetings of 24 October and 8 and 9 November and decided as follows:

67. Article 210 - 187/37

At the Council's request, the Committee on Budgets to put forward a proposal for modification.

68. Article 251 - 187/2

The Committee on Public Health endorsed this proposed modification. The Committee on Budgets asked the Commission of the Communities to determine more clearly in future the criteria for assessing expenditure and to report how the appropriations are used.

Favourable opinion delivered unanimously with 5 abstentions.

69. Article 267 - 187/3

Unfavourable opinion delivered by 6 votes to 5 with 5 abstentions.

70. Article 302 - 187/14  
Unfavourable opinion delivered by 8 votes to 5 with 7 abstentions.
71. Article 303 - 187/15  
Favourable opinion delivered by 11 votes to 6 with 3 abstentions.
72. Article 327 - 187:33  
At the Commission's request, the Committee on Budgets to put forward a proposal for amendment.
73. Article 355 - 187/7  
Favourable opinion delivered by 16 votes with 2 abstentions.
74. Article 394 - 187/17  
Favourable opinion delivered by 13 votes with 4 abstentions.
75. Article 400 - 187/9  
The committee approves the principle underlying this proposed amendment on financing structural measures against drought. Nevertheless it delivered an unfavourable opinion on this.

Taking into account the report by some of its members who recently visited Sahel, it decided to put forward a proposal for amendment setting aside increased appropriations for 35 m.u.a. to be entered in Chapter 37 as appropriations required for financing structural measures against drought in certain countries, particularly the Sahel. It delivered a favourable opinion on this proposal unanimously with one abstention (187/28).

76. Article 411 - 187/16  
The committee has reservations about the formulation of the paragraph 3 of the justification. It delivered a favourable opinion on the proposal by 15 votes to 2 with 2 abstentions.
77. Article 413 - 187/21  
The Commission of the Communities is requested to submit a detailed and sufficiently substantial programme on the scholarships referred to in this proposed amendment.  
  
Favourable opinion delivered by 15 votes to 1 with 1 abstention.  
  
A proposal temporarily to block these appropriations until the Commission of the Communities had submitted a more substantial and detailed programme was rejected by 12 votes to 5 with 1 abstention.
78. Article 415 - 187/4  
Favourable opinion delivered by 9 votes with 4 abstentions.



79. Chapter 43 - 187/19

Favourable opinion delivered by 12 votes to 1 with 2 abstentions.

80. Chapter 43 - 187/8

Proposal withdrawn by its author.

81. Article 500 - 187/11

Favourable opinion delivered.

82. Article 510 - 187/12

Favourable opinion.

83. Article 520 - 187/13

Favourable opinion.

84. Article 601 - 187/24

After hearing the Commission of the Communities, the Committee on Budgets rejected the proposal and submitted its own proposal for amendment which, instead of requesting the deletion of the 32 m u.a. for denaturing wheat, transferred these appropriations to Chapter 98. This solution seemed a valid one both with a view to reducing the risk of requiring a supplementary budget and in the light of uncertainties about short-term economic factors and the state of the world market in this product. A favourable opinion was delivered on this proposal for amendment (187/29) by 10 votes to 5 with 2 abstentions.

85. Article 601 - 187/5

Mr AIGNER, co-signatory of this proposal for amendment, stated that he maintained it and would ask for a vote in committee in case the Committee on Budgets' proposal for amendment on Article 601 (denaturing of wheat) was not adopted. The committee noted this.

86. Article 601 - 187/6

Favourable opinion delivered by 12 votes with 2 abstentions.

87. Article 610 'Refunds on rice' - 187/23

By analogy with its decision on proposal for amendment No. 24, the Committee on Budgets delivered an unfavourable opinion and adopted a proposal for amendment (187/30) which, instead of requesting deletion of 10 m u.a., transferred them to Chapter 98.

88. Article 640 'Refunds on sugar' - 187/22

By analogy with its decision after discussing proposal No. 24, the Committee on Budgets delivered an unfavourable opinion and adopted its own proposal for amendment (187/31) which, instead of requesting deletion of 235 m.u.a., transferred these appropriations to Chapter 98.

89. Article 770 - 187/1

In the light of the explanations by the Commission of the Communities to be given to the signatory, this proposal for amendment was withdrawn.

90. Article 790 - 187/38

At the Council's request, the Committee on Budgets put forward a proposal for amendment (187/38).

91. Article 850 - 187/26

Unfavourable opinion by 7 votes to 5 with 4 abstentions.

92. Article 870 - 187/25

Favourable opinion by 13 votes to 1 with 4 abstentions.

93. Articles 900 and 901 - 187/10

The committee delivered an unfavourable opinion because - following the Commission of the Communities' explanations - it put forward its own proposal for amendment (187/32) for the proposed increase of 5 m u.a. for food aid in proposal for amendment No. 10 to be entered under item 9041. A favourable opinion was delivered on this unanimously by 17 votes.

94. Chapter 98 - PE 34.692 (187/27)

The Committee on Budgets decided, on a proposal from its rapporteur, to table a proposal for amendment for expenditure in respect of Community contracts for industrial innovation and development. It approved the justification drafted by its rapporteur and decided to point out to the Commission that these appropriations must also be used to finance research by consortia of small undertakings. It proposed entering the figure of 20 m u.a. under Chapter 98. A favourable opinion was delivered unanimously on this proposal.

9 NOVEMBER 1973

187/37

DRAFT GENERAL BUDGET of the European Communities for the financial year 1974 (Doc. 187/73)

PROPOSED MODIFICATION No. 37

tabled by the Committee on Budgets at the Council's request

SECTION III : COMMISSION

(A) Expenditure

Title 1 - Chapter 21 - Rental of buildings and incidental expenditure

Article 210 - Rent

Increase the appropriation by 630,390 u.a.

(B) Compensation

Title 9 - Chapter 98 - Article 980 - Non-allocated provisional appropriations

Reduce the appropriation by 630,390 u.a.

JUSTIFICATION

At the meeting of the Committee on Budgets of 8 and 9 November the Council announced the need to make certain amendments to the draft budget. Here, it is proposed to transfer the appropriation of 630,390 u.a. allocated under Article 980 to Article 210 so as to make available the necessary appropriations for the rental of a building for the Publications Office.

18 OCTOBER 1973

187/2

DRAFT GENERAL BUDGET of the European Communities for the financial year 1974 (Doc. 187/73)

PROPOSED MODIFICATION No. 2

tabled by Mr JAHN, Mr ARTZINGER, Mr FRÜH, Mr KLEPSCH, Mr SPRINGORUM and Mrs WALZ

SECTION III - COMMISSION

(A) Expenditure

Title 2 - Buildings, equipment and miscellaneous operating expenditure

Chapter 25 - Expenditure for formal and other meetings

Article 251 - Committees

Increase appropriations by 333,000 u.a.

(B) Revenue

Increase revenue by 333,000 u.a.

JUSTIFICATION

The Commission requests appropriations in the amount of 2,333,000 as opposed to the 2,000,000 u.a. approved by the Council for 1973. According to the information furnished by the Commission, the additional amount of 333,000 u.a. is required because of increased travel costs and setting up of new committees in connection with the development of Community policy in the various areas, including the Consumers' Advisory Committee which was set up following a recent Commission decision.

The Council deleted the requested additional expenditure of 333,000 u.a.

In view of the recent establishment of the Consumers' Advisory Committee and other committees the requested increase of 333,000 u.a. would nevertheless appear to be justified.

Financial implications

Under the provisions currently in force the proposed modification will affect the budget as follows:

SECTION III - COMMISSION

Expenditure

Title 2 - Chapter 25 - Article 251 'Committees'

Increase appropriations by 333,000 u.a.

Title 2 - Chapter 29 - Article 290 'Lump sum repayment of costs  
incurred in collecting own resources'

Increase appropriations by 3,835 u.a.

Revenue

Title 1 'Own resources': Increase by 38,349 u.a.

Title 5 'Contributions'

Article 550: Increase by 293,753 u.a.

Article 560: Increase by 4,733 u.a.

18 OCTOBER 1973

187/3

DRAFT GENERAL BUDGET of the European Communities for the financial year 1974 (Doc. 187/73)

PROPOSED MODIFICATION No. 3

tabled by Mr JAHN, Mr ARTZINGER, Mr FRÜH, Mr KLEPSCH, Mr SPRINGORUM  
and Mrs WALZ

SECTION III - COMMISSION

(A) Expenditure

Title 2 - Buildings, equipment and miscellaneous operating  
expenditure

Chapter 26 - Expenditure on studies, surveys and consultations

Article 267 - Studies of the environment

Increase appropriations by 80,000 u.a.

(B) Revenue

Increase revenue by 80,000 u.a.

JUSTIFICATION

The appropriations in the amount of 880,000 u.a. earmarked for this purpose involve more than a threefold increase in the appropriations approved by the Council for 1973 (250,000 u.a.) This sharp rise is fully justified if one takes into account the fact that in July 1973 the Council adopted the Community environmental action programme. The studies envisaged under this programme for 1974 cover the following subjects:

- Environmental quality objectives: fresh water and sea water	120,000 u.a.
- Pollutants	160,000 u.a.
- Polluting industries	180,000 u.a.
- Marine pollution	40,000 u.a.
- Disposal of waste	80,000 u.a.
- Economic aspects of environmental protection	40,000 u.a.
- Urban development and improvement of amenities	60,000 u.a.

- Use of natural resources	48,000 u.a.
- Information and education in regard to environmental hygiene	60,000 u.a.
- Legal aspects	12,000 u.a.
- Agricultural aspects	80,000 u.a.
	<hr/>
	Total: 880,000 u.a.

This relatively modest figure has been relatively modest figure has been reduced by the Council by 80,000 u.a. so that only 800,000 u.a. are now available.

In view of the fact that the Community environmental action programme adopted in July 1973, must be carried out on schedule and in its entirety, the requested increase in appropriations of 80,000 u.a. to the amount asked for by the Commission is fully justified.

#### Financial implications

Under the provisions currently in force the proposed modification will affect the budget as follows:

#### SECTION III - COMMISSION

##### Expenditure

Title 2 - Chapter 26 - Article 267 'Studies of the environment'

Increase appropriations by 80,000 u.a.

Title 2 - Chapter 29 - Article 290 'Lump sum repayment of costs

incurred in collecting own resources'

Increase appropriations by 921 u.a.

##### Revenue

Title 1 'Own resources': Increase by 9,213 u.a.

Title 5 'Contributions' Article 550: Increase by 70,571 u.a.

Article 560: Increase by 1,137 u.a.

DRAFT GENERAL BUDGET of the European Communities for the financial year 1974 (Doc. 187/73)

PROPOSED MODIFICATION No. 14

tabled by the Committee on Social Affairs and Employment

SECTION III - COMMISSION

(A) Expenditure

Title 3 - Expenditure resulting from the institution carrying out special functions

Chapter 30 - Expenditure in the social field

Article 302 - Tasks entrusted to the institution in the promotion of exchanges of young workers

Increase appropriations by 10,000 u.a.

(B) Revenue

Increase revenue by 10,000 u.a.

JUSTIFICATION

The existing programme for the exchange of young workers benefits only a very limited number of young people, notably in the agricultural sector. The resources available fall far short of those provided under numerous bilateral agreements. Until the programme is reviewed and expanded, it is essential, at the very least, to restore the appropriations requested by the Commission (60,000 u.a.).

Financial implications

Under the current provisions, this proposed modification would have the following effects on the budget:

SECTION III - COMMISSION

Expenditure

Title 3 - Chapter 30 - Article 302 'Tasks entrusted to the institution in the promotion of exchanges of young workers'

Increase appropriations by 10,000 u.a.



Title 2 - Chapter 29 - Article 290 "Lump sum repayment of costs incurred  
in the collection of own resources'  
Increase appropriations by 115 u.a.

Revenue

Title 1 - 'Own resources': Increase by 1,152 u.a.  
Title 5 - 'Contributions'  
Article 550: Increase by 8,821 u.a.  
Article 560: Increase by 142 u.a.

24 OCTOBER 1973

187/15

DRAFT GENERAL BUDGET of the European Communities for the financial year 1974 drawn up by the Council (Doc. 187/73)

PROPOSED MODIFICATION No. 15

tabled by the Committee on Social Affairs and Employment

SECTION III - COMMISSION

(A) Expenditure

- Title 3 - Expenditure resulting from the Institution carrying out special functions
- Chapter 30 - Expenditure in the social field
- Article 303 - Organization of training courses for national social workers and civil servants in the various sectors of social welfare

Increase appropriations by 50,000 u.a.

(B) Revenue

Increase revenue by 50,000 u.a.

JUSTIFICATION

Considering the importance of the 8 training courses envisaged for the various categories of national civil servants and social workers, it is extremely important that the appropriations requested by the Commission should be allocated in full.

The development of close cooperation between the Commission and national departments is in fact essential to proper implementation of regulation 1612/68 on free movement and to more effective intervention by the Community in the social sector.

With the restriction of appropriations effected by the Council, it will not be possible to increase the number of training courses and personnel attending them, and so achieve the set objectives.

Financial implications

Under the current provisions, this proposed modification would have the following effects on the budget:

SECTION III - COMMISSION

Expenditure

Title 3 - Chapter 30 - Article 303 'Organization of training courses for national social workers and civil servants in the various sectors of social welfare'

Increase appropriations by 50,000 u.a.

Title 2 - Chapter 29 - Article 290 'Lump sum repayment of costs incurred in collecting own resources'

Increase appropriations by 576 u.a.

Revenue

Title 1 - 'Own resources' Increase by 5,758 u.a.

Title 5 - 'Contributions'

Article 550: Increase by 44,107 u.a.

Article 560: Increase by 711 u.a.

This makes it all the more difficult to understand why the Council has seen fit to reduce the requested appropriations by one quarter (from 200,000 u.a. to 150,000 u.a.).

The reinclusion of the amount of 200,000 u.a. requested by the Commission is therefore justified.

Financial implications

Under the provisions currently in force the proposed modification will affect the budget as follows:

SECTION III - COMMISSION

Expenditure

Title 4 - Chapter 41 - Article 415 'Consumer projects'

Increase appropriations by 50,000 u.a.

Title 2 - Chapter 29 - Article 290 'Lump sum repayment of costs

incurred in collecting own resources'

Increase appropriations by 576 u.a.

Revenue

Title 1 'Own resources' Increase by 5,758 u.a.

Title 5 'Contributions' Article 550 Increase by 44,107 u.a.

Article 560 Increase by 711 u.a.

30 OCTOBER, 1973

187/19

DRAFT GENERAL BUDGET of the European Communities for the financial year 1974 (Doc. 187/73)

PROPOSED MODIFICATION No. 19

tabled by the Committee on Cultural Affairs and Youth

SECTION III : COMMISSION

(A) Expenditure

Title 4 - Chapter 43 - 'European Schools'

Reduce appropriations by one unit of account

(B) Revenue

Reduce appropriations by one unit of account.

JUSTIFICATION

(a) The Committee on Cultural Affairs and Youth considers that it is the duty of the European Parliament to take a keen interest in the education policy of the European Schools.

(b) The Communities contribute a majority share (about 2/3) to the financing of the European Schools.

The Committee on Cultural Affairs and Youth notes that the European Schools Supervisory Board decides their curricula and that the Institutions can do no more than enter the financial implications of these decisions in the budgets.

It has also noted that the dialogue to be initiated between the Supervisory Board and the parliamentary committee as recommended by the European Parliament in its 1966 report (Doc. 8/66-67) has not taken place.

It considers this situation unsatisfactory.

In the committee's opinion the questions raised in the above report, regarding the admission to the school of children of foreign nationals other than European officials from the Member States, remain to be settled and the authorities concerned should discuss them with the Parliament's committee.

It is in order to draw attention to these points, and at the same

time to express its dissatisfaction with the present situation and stress the need for reconsideration of the full range of problems involved that the Committee and Cultural Affairs on Youth is proposing a reduction of one unit of account in the appropriations earmarked in the draft budget in respect of the Communities' contribution to financing the European Schools.

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24 OCTOBER 1973

187/11

DRAFT GENERAL BUDGET of the European Communities for the financial year 1974 drawn up by the Council (Doc. 187/73)

PROPOSED MODIFICATION No. 11

tabled by the Committee on Social Affairs and Employment

SECTION III - COMMISSION

(A) Expenditure

Title 5 - Funds

Chapter 50 - Expenditure under Article 4 of the Council Decision of 1 February 1971 on the reform of the European Social Fund  
Article 500 - idem

Increase appropriations by 61,200,000 u.a.

(B) Revenue

Increase revenue by 61,200,000 u.a.

JUSTIFICATION

The European Community is characterized, on the one hand, by its pursuit of exclusively economic objectives and, on the other, by the existence of grave social inequalities, despite the fact that the Treaty of Rome assigned the Community the essential aim of improving its people's living conditions.

The European Social Fund has always been the main instrument of social policy, despite its inherent structural and administrative limitations.

The new Social Fund, which began operating on 1 May 1972, is a much more flexible and dynamic instrument allowing effective action in the most sensitive sectors of Community life.

But its role has been considerably increased by the Paris Summit Conference of October 1972. In the final communiqué, the Heads of State or Government stressed that 'they attached the same importance to vigorous action in the social sphere as to the achievement of economic and monetary union'. The main instrument of this new policy is the Social Fund whose resources must be increased in the light of the objectives fixed by the Summit Conference. Its development must be considered a precondition for implementation of the Social Programme advocated by the Conference.

Despite this essential role of the Social Fund, the Council of Ministers is steadily reducing the appropriations proposed by the Commission for reasons

which are exclusively or primarily of a financial and budgetary nature.

The European Parliament and its Committee on Social Affairs feel that the contradiction between solemn declarations and their practical implementation in the budget is intolerable and they call for a change in attitude, without which the Community's Social Policy cannot progress.

The reasons for increasing the appropriations under this Article are as follows :

1. Two sectors (agriculture and the textile industry) have been opened but the Member States have not yet been able to make important applications. It can therefore be anticipated that these applications will be made in 1974.
2. Other fields (notably 'the handicapped' and 'migrant workers') will be opened in 1974, at the recommendation of the Commission.
3. The most important measures under the new Social Programme will be taken pursuant to a Council decision and will thus come under Article 4.
4. The Council has not yet contemplated a supplementary budget for 1974, whereas for the 1973 budget the Council had stated its intention of introducing such a budget, if necessary.
5. Regarding the intended opening of the two new sectors referred to above (migrant workers and the handicapped), the appropriations requested by the Commission would make it possible to finance rehabilitation operations for the benefit of 19,000 migrant workers (estimated cost 3,150 u.a. per person, 50% to be borne by the ESF), out of an estimated 6,200,000 migrant workers in the whole Community. As regards the rehabilitation of handicapped workers, at an average cost of 5,000 u.a. per worker (2,500 to be borne by the ESF), 19,000 could be helped in this way. The Council's cut-back could well reduce to an insignificant figure the number of workers in these two categories whom the ESF could help.
6. It should also be noted that Art. 9 (2) of the Council Decision of 1 February 1972 stipulates that 'in the long term the greater part of the available credits must be reserved for action under Article 4'. Having itself included this provision, the Council should take account of it in its budgetary decisions.



Financial implications

Under the current provisions, this proposed modification would have the following effects on the budget:

SECTION III - COMMISSION

Expenditure

Title 5 - Chapter 50 - Article 500

.....

Increase this appropriation by 61,200,000 u.a.

Title 2 - Chapter 29 - Article 290

'Lump sum repayment of costs incurred  
in collecting own resources'

Increase this appropriation by 704,786 u.a.

Revenue

Title 1 - 'Own resources'

Increase these resources by  
7,047,860 u.a.

Title 5 - 'Contributions'

- Article 550      Increase these contributions by  
53,986,978 u.a.

- Article 560      Increase these contributions by  
869,948 u.a.

DRAFT GENERAL BUDGET of the European Communities for the financial year 1974 (Doc. 187/73)

PROPOSED MODIFICATION No. 12

tabled by the Committee on Social Affairs and Employment

SECTION III - COMMISSION

(A) Expenditure

Title 5 - Funds

Chapter 51 - Expenditure under Article 5 of the Council  
Decision of 1 February 1971 on the reform of  
the European Social Fund

Article 510 - idem

Increase appropriations by 81,600,000 u.a.

(B) Revenue

Increase revenue by 81,600,000 u.a.

JUSTIFICATION

The European Community is characterized, on the one hand, by its pursuit of exclusively economic objectives and, on the other, by the existence of grave social inequalities, despite the fact that the Treaty of Rome assigned the Community the essential aim of improving its people's living conditions.

The European Social Fund has always been the main instrument of social policy, despite its inherent structural and administrative limitations.

The new Social Fund, which began operating on 1 May 1972, is a much more flexible and dynamic instrument allowing effective action in the most sensitive sectors of Community life.

But its role has been considerably increased by the Paris Summit Conference of October 1972. In the final communiqué, the Heads of State or Government stressed that 'they attached the same importance

to vigorous action in the social sphere as to the achievement of economic and monetary union'. The main instrument of this new policy is the Social Fund whose resources must be increased in the light of the objectives fixed by the Summit Conference. Its development must be considered a precondition for implementation of the Social Programme advocated by the Conference.

Despite this essential role of the Social Fund, the Council of Ministers is steadily reducing the appropriations proposed by the Commission for reasons which are exclusively or primarily of a financial and budgetary nature.

The European Parliament and its Committee on Social Affairs feel that the contradiction between solemn declarations and their practical implementation in the budget is intolerable and they call for a change in attitude, without which the Community's Social Policy cannot progress.

1. Applications made by the Member States in 1973 exceed a figure of 233 million u.a. whereas appropriations now available are in the order of 139.5 million u.a. A considerable part of the appropriations for 1974 is thus already committed for applications presented in 1973.
2. The Council granted only 45 million u.a. under supplementary budget No. 4, instead of the 120 million u.a. requested by the Commission, which would have covered most of the 1973 applications.
3. The larger volume of applications made by the Member States is a direct and foreseeable consequence of the social and employment policy pursued by the Member States. 1973 was, in fact, a year of transition (starting up of the Fund - enlargement of the Community) and a substantial increase in applications can therefore be expected, since the Member States, particularly the new ones, have now taken control of the Fund and will be trying to make full use of it.
4. Applications for 1974 are expected to exceed 360 million u.a. so that the appropriations requested (250 million u.a.) would meet only 68.9% of anticipated applications. If the Council persisted in this attitude (restriction of appropriations to 168.4 million u.a.), only 45% of applications would be met.
5. Refusal by the Council to grant the appropriations requested by the Commission might well jeopardize the Community's efforts to develop a regional policy. Taking just one example, the vocational training aid given by the ESF shows how effectively it could solve the problems of the shortage of skilled labour, thus stimulating the establishment of new activities in backward or declining areas.

Financial implications

Under the current provisions, this proposed modification would have the following effects on the budget:

SECTION III - COMMISSION

Expenditure

Title 5 - Chapter 51 - Article 510

.....

Increase this appropriation by 81,600,000 u.a.

Title 2 - Chapter 29 - Article 290 'Lump sum repayment of  
costs incurred in collecting  
own resources'

Increase this appropriation by 939,715 u.a.

Revenue

Title 1 - 'Own resources'

Increase these resources by 9,397,147 u.a.

Title 5 - 'Contributions'

Article 550 : Increase these contributions by 71,982,638 u.a.

Article 560 : Increase these contributions by 1,159,930 u.a.

24 OCTOBER 1973

187/13

DRAFT GENERAL BUDGET of the European Communities for the financial year 1974 drawn up by the Council (Doc. 187/73)

PROPOSED MODIFICATION No. 13

tabled by the Committee on Social Affairs and Employment

SECTION III - COMMISSION

(A) Expenditure

Title 5 - Funds

Chapter 52 : Social Fund - Pilot schemes and preparatory studies

Article 520 : idem

Increase appropriations by 170,000 u.a.

(B) Revenue

Increase revenue by 170,000 u.a.

JUSTIFICATION

The European Community is characterized, on the one hand, by its pursuit of exclusively economic objectives and, on the other, by the existence of grave social inequalities, despite the fact that the Treaty of Rome assigned the Community the essential aim of improving its people's living conditions.

The European Social Fund has always been the main instrument of social policy, despite its inherent structural and administrative limitations.

The new Social Fund, which began operating on 1 May 1972, is a much more flexible and dynamic instrument allowing effective action in the most sensitive sectors of Community life.

But its role has been considerably increased by the Paris Summit Conference of October 1972. In the final communiqué the Heads of State or Government stressed that 'they attached the same importance to vigorous action in the social sphere as to the achievement of economic and monetary union'. The main instrument of this new policy is the Social Fund whose resources must be increased in the light of the objectives fixed by the Summit Conference. Its development must be considered a precondition for implementation of the Social Programme advocated by the Conference.

Despite this essential role of the Social Fund, the Council of Ministers is steadily reducing the appropriations proposed by the Commission for reasons which are exclusively or primarily of a financial and budgetary nature.

The European Parliament and its Committee on Social Affairs feel that the contradiction between solemn declarations and their practical implementation in the budget is intolerable and they call for a change in attitude without which the Community's Social Policy cannot progress.

For the previous financial year (1973), provision had been made for an appropriation of 750,000 u.a., and before the end of the same financial year, the appropriation allocated will have been largely used up. The Commission showed goodwill in maintaining the appropriation allocated for 1974 at the 1973 level, despite the foreseeable increase in expenditure.

The attitude of the Council which has reduced this appropriation to 600,000 u.a., is therefore utterly incoherent and absurd, having regard also to the amount of appropriations allocated to Chapters 50 and 51, which necessitate prior studies and pilot schemes.

As to the new Item 5201 (information meetings), the requested appropriation of 20,000 u.a., which the Council refused to grant, is necessary if the circles concerned are to be given the information they need since the regulations concerned are complex and new. With this appropriation, the best possible use could be made of the machinery of the new Fund.

Financial implications

Under the current provisions, this proposed modification would have the following effects on the budget:

SECTION III - COMMISSION

Expenditure

Title 5 - Chapter 52 - Article 520

Increase this appropriation by 170,000 u.a.

Title 2 - Chapter 29 - Article 290 'Lump sum repayment of costs incurred in collection of own resources'

Increase this appropriation by 1,958 u.a.

Revenue

Title 1 - 'Own resources'

Increase these resources by 19,578 u.a.

Title 5 - 'Contributions'

Article 550:

Increase these contributions by 149,964 u.a.

Article 560:

Increase these contributions by 2,416 u.a.

6 November 1973

187/24

DRAFT GENERAL BUDGET of the European Communities  
for the financial year 1974 (Doc. 187/73)

PROPOSED MODIFICATION No. 24  
tabled by Miss LULLING, on behalf of the  
Committee on Agriculture

SECTION III - COMMISSION

(A) Expenditure

Titles 6 and 7 - Chapter 60 - Article 601 - Intervention in  
respect of cereals

Reduce appropriations under Article 601, Item 6010 by  
32 million u.a.

(B) Revenue

Reduce revenue accordingly.

JUSTIFICATION

By its decision of 19 October 1973 the Commission of the European Communities resolved to reduce the denaturing premiums for soft wheat with effect from 1 November 1973. The earlier premium for the Community of 11.79 u.a. per metric ton is to be reduced to an average of approximately 8 u.a. per ton in the period from November 1973 to July 1974.

It is estimated that this measure will save the EAGGF approximately one third of the expected expenditure of 102 million u.a. during the coming financial year. The proposed adjustment to the draft budget is intended to make the budget more accurate. Moreover, it is intended to highlight the correctness of the Commission's decision, which was based on short-term economic policy considerations.



FINANCIAL IMPLICATIONS

Under the provisions currently in force the proposed modification will affect the budget as follows :

SECTION III - COMMISSION

Expenditure

Titles 6 and 7 - Chapter 60 - Article 601

Reduce appropriations by 32,000,000 u.a.

Title 2 - Chapter 29 - Article 290

Reduce appropriations by 368,515 u.a.

Revenue

Title 1 'Own resources' : reduce by 3,685,155 u.a.

Title 5 'Contributions' Article 550 : reduce by 28,228,485 u.a.

Article 560 : reduce by 454,875 u.a.

18 OCTOBER 1973

187/5

DRAFT GENERAL BUDGET of the European Communities for the financial year 1974 (Doc. 187/73)

PROPOSED MODIFICATION No. 5

tabled by Mr AIGNER, Mr SCHOLTEN, Mr FRUH, Mr ARTZINGER and Mr  
SPRINGORUM

SECTION III - COMMISSION

(A) Expenditure

Title 6 - Chapter 60 'European Agricultural Guidance and  
Guarantee Fund, Guarantee Section - Cereals -'  
Article 601 'Intervention in respect of cereals'

Reduce appropriations by 1,000,000 u.a.

(B) Revenue

Reduce revenue accordingly.

JUSTIFICATION

Intervention in respect of cereals includes denaturing premiums listed under item 6010 (102 million u.a. for 1974).

In the past denaturing premiums were liable to be misused. If these premiums continue to be improperly used this is partly because of the failure of the Commission to give this matter the attention it deserves or to take vigorous steps towards reducing the scale of abuse.

It is hoped that a reduction of 1,000,000 u.a. in the funds appropriated will be sufficient to have the salutary effect of encouraging increased supervision in this area either by the Commission's departments or by the national authorities, at the instigation of the Community and within the context of existing regulations.

The preliminary draft budget provided for 114 million u.a. under Item 6010, the draft budget for only 102 million u.a. The Council gave no reasons for this reduction although Article 13 of the financial regulation of 25 April 1972 requires it to explain why it may have departed from the preliminary draft. Parliament has consequently been left in the dark.

Financial implications

Under the provisions currently in force the proposed modification will affect the budget as follows:

SECTION III - COMMISSION

Expenditure

Title 6 - Chapter 60 - Article 601 'Intervention in respect of cereals'

Reduce appropriations by 1,000,000 u.a.

Title 2 - Chapter 29 - Article 290 'Lump sum repayment of costs  
incurred in collecting own  
resources'

Reduce appropriations by 11,516 u.a.

Revenue

Title 1 'Own resources': Reduce by 115,161 u.a.

Title 5 'Contributions' Article 550: Reduce by 882,140 u.a.

Article 560: Reduce by 14,215 u.a.

18 OCTOBER 1973

187/6

DRAFT GENERAL BUDGET of the European Communities for the financial year 1974 (Doc 187/73)

PROPOSED MODIFICATION No. 6

tabled by Mr AIGNER, Mr SCHOLTEN, Mr FRUH, Mr ARTZINGER and  
Mr SPRINGORUM

SECTION III - COMMISSION

(A) Expenditure

Title 6 - Chapter 60 'European Agricultural Guidance and  
Guarantee Fund, Guarantee Section - Cereals

Article 601 'Intervention in respect of cereals'

Reduce appropriations by 1,000,000 u.a.

(B) Compensation

Title 9 - Chapter 98 'Non-allocated provisional appropriations'

Article 980

Increase appropriations by 1,000,000 u.a.

Under 'Remarks' insert a point (16) worded as follows:

'(16) Pending a decision on the strengthening of supervision in  
regard to the misuse of appropriations in the framework of the EAGGF  
..... 1,000,000 u.a.

JUSTIFICATION

In the past denaturing premiums were liable to be misused.  
The Commission did not take vigorous measures to prevent this.

The reduction of these appropriations by 1,000,000 u.a.  
(backed by a further proposed modification) under Item 6010 should  
be accompanied by the use of these funds for more effective control.  
The Commission is urged to put forward appropriate proposals without  
delay. The amount allocated in Chapter 98 should, however, serve  
to finance supervisory activities within the EAGGF as a whole.

8 NOVEMBER 1973

187/29

DRAFT GENERAL BUDGET of the European Communities for the financial year 1974 (Doc. 187/73)

PROPOSED MODIFICATION No. 29  
tabled by the Committee on Budgets

SECTION III - Commission

(A) Expenditure

Titles 6 and 7 - Chapter 60 - Article 601 - Intervention in respect of cereals

Reduce appropriations under this article, item 6010, by 32 m u.a.

(B) Compensation

Title 9, Chapter 98, article 980 'provisional appropriations not allocated': increase appropriations by 32,000,000 u.a.

JUSTIFICATION

By its decision of 19 October 1973, the Commission of the European Communities resolved to reduce the denaturing premiums for soft wheat with effect from 1 November 1973. The earlier premium for the Community of 11.79 u.a. per metric ton is to be reduced to an average of approximately 8 u.a. per ton from November 1973 to July 1974.

It is estimated that this measure will save the EAGGF approximately one third of the expected expenditure of 102 m u.a. during the coming financial year.

It appears prudent, however, to reserve an appropriation of 32,000,000 u.a. in chapter 98, article 980, in particular to avoid supplementary estimates.

6 NOVEMBER 1973

187/23

DRAFT GENERAL BUDGET of the European Communities for the financial year 1974 (Doc. 187/73)

PROPOSED MODIFICATION No. 23

tabled by Miss LULLING on behalf of the Committee on Agriculture

SECTION III - COMMISSION

(A) Expenditure

Titles 6 and 7 - Chapter 61 - Article 610 - Refunds on rice  
Reduce appropriations under Article 610 by 10 million u.a.

(B) Revenue

Reduce revenue accordingly.

JUSTIFICATION

The world market price level and the persisting firm demand for rice owing to the harvest in the major rice-growing areas of the world point to a 50% reduction in the refunds on rice. This proposed modification is designed to adjust the relevant article in the draft budget accordingly.

FINANCIAL IMPLICATIONS

Under the provisions currently in force the proposed modification will affect the budget as follows :

SECTION III - COMMISSION

Expenditure

Titles 6 and 7 - Chapter 61 - Article 610

Reduce appropriations by 10,000,000 u.a.

Title 2 - Chapter 29 - Article 290

Reduce appropriations by 115,161 u.a.

Revenue

Title 1 'Own resources' : reduce by 1,151,611 u.a.

Title 5 'Contributions' Article 550 : reduce by 8,821,402 u.a.

Article 560 : reduce by 142,148 u.a.

8 NOVEMBER 1973

187/30

DRAFT GENERAL BUDGET of the European Communities for the financial year 1974 (Doc. 187/73)

PROPOSED MODIFICATION NO. 30  
tabled by the Committee on Budgets

SECTION III - COMMISSION

(A) Expenditure

Titles 6 and 7 - Chapter 61 - Article 610 - Refunds on rice

Reduce the appropriations entered under this article by 10,000,000 u.a.

(B) Compensation

Title 9 - Chapter 98 - Article 980 - Provisional appropriations not allocated: increase the appropriations by 10,000,000 u.a.

JUSTIFICATION

The world price level and the continuing high demand as a result of the harvests in the main rice-growing areas suggest that refunds on rice will fall by 50%. This proposal for modification corrects the relevant article in the draft budget accordingly.



6 NOVEMBER 1973

187/22  
rev.

DRAFT GENERAL BUDGET of the European Communities for the financial year 1974 (Doc. 187/73)

PROPOSED MODIFICATION No. 22

tabled by Miss LULLING on behalf of the Committee on Agriculture

SECTION III : COMMISSION

(A) Expenditure

Titles 6 and 7 - Chapter 64 - Article 640 - Refunds on sugar

Reduce appropriations under Article 640 by 23.5 million u.a.

(B) Revenue

Reduce revenue accordingly, particularly as regards sugar production contributions, estimated at 21,700,000 u.a.

JUSTIFICATION

Trends in the world market price of sugar make it likely that expenditure on refunds on sugar will fall by about one third. This proposed modification is designed to adjust the relevant article in the draft budget accordingly.

FINANCIAL IMPLICATIONS

Under the provisions currently in force the proposed modification will affect the budget as follows :

SECTION III - COMMISSION

Expenditure

Title 6 - Chapter 64 - Article 640

Reduce appropriations by 23,500,000 u.a.

Title 2 - Chapter 29 - Article 290

Reduce appropriations by 4,569,239 u.a.

Revenue

Title 1 'Own resources' : reduce by 24,322,385 u.a.

Title 5 'Contributions' Article 550 : reduce by 6,392,397 u.a.

Article 560 : increase by 2,645,543 u.a.

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8 NOVEMBER 1973

187/31

DRAFT GENERAL BUDGET of the European Communities for the financial year  
1974 (Doc. 187/73)

PROPOSED MODIFICATION NO. 31  
tabled by the Committee on Budgets

SECTION III - COMMISSION

(A) Expenditure

Titles 6 and 7 - Chapter 64 - Article 640 - Refunds on sugar  
Reduce the appropriations entered under Article 640 by 23 500,000 u.a.

(B) Compensation

Title 9 - Chapter 98 - Article 980 - Provisional appropriations  
not allocated: increase the appropriations by 23,500,000 u.a.

JUSTIFICATION

Following the movements of world sugar prices, it may be assumed that  
expenditure under refunds on sugar will fall by a third. This proposal  
for modification corrects the relevant article in the draft budget  
accordingly.

9 NOVEMBER 1973

187/38

DRAFT GENERAL BUDGET of the European Communities for the financial year 1974 (Doc. 187/73)

PROPOSED MODIFICATION No. 38

tabled by the Committee on Budgets at the Council's request

SECTION III : COMMISSION

(A) Expenditure

Titles 6 and 7 - Chapter 78 - Article 790 - Community compensatory measures in favour of Member States

Item 7902 (new) - Netherlands

Enter an appropriation of 8,500,000 u.a.

(B) Revenue

Increase the revenue by 8,500,000 u.a.

JUSTIFICATION

The Council, at the meeting of the Committee on Budgets of 8 and 9 November, stated the need to introduce certain amendments in the draft budget. Here, Community compensatory measures in favour of Member States are envisaged, in this case under item 7902 in favour of the Netherlands.

### FINANCIAL IMPLICATIONS

Under the provisions currently in force the proposed modification will affect the budget as follows:

#### SECTION III - COMMISSION

##### Expenditure

Titles 6 and 7 - Chapter 78 - Article 790

Item 7902 (new) - Community compensatory measures in favour of the Netherlands

Enter an appropriation of 8,500,000 u.a.

Title 2 - Chapter 29 - Article 290 - 'Lump sum repayment of costs incurred in collecting own resources'

Increase the appropriation by 97,887 u.a.

##### Revenue

Title 1 'Own resources': increase by 978,869 u.a.

Title 5 'Contributions'

Article 550: increase by 7,498,192 u.a.

Article 560: increase by 120,826 u.a.

6 November 1973

187/26

DRAFT GENERAL BUDGET of the European Communities for the financial year 1974 (Doc. 187/73)

PROPOSED MODIFICATION No. 26

tabled by Miss LULLING on behalf of the Committee on Agriculture

Section III : COMMISSION

A) Expenditure

Title 8 - Chapter 85 - Article 850 Development operations in  
priority agricultural regions

Enter an appropriation of 25 m u.a. in Article 850, item 8501.

Enter an appropriation of 50 m u.a. in Article 850, item 8502.

B) Revenue

Increase revenue by 75 m u.a.

JUSTIFICATION

In its resolution of 21 March 1972, the Council stated that as from 1972 the EAGGF could intervene for the common financing of development operations in priority agricultural regions. It therefore made available for 1972 appropriations of 25 m u.a. and appropriations of 50 m u.a. for the following year from the annual allocation of 285 m u.a. or 325 m u.a. pursuant to Article 6 of Regulation 729/70. These funds could not, however, be used as the Council has not yet reached a decision on the Commission's proposal of 26 May 1971 on the common financing of development operations in priority agricultural regions.

There is no need to stress here the urgent need for Community action on regional policy. The European Parliament is assuming that the Council will now adopt the Commission's proposal in the near future. To ensure that the earmarked appropriations can be used directly for these operations, without having to present a supplementary budget, with the political consequences that would entail, pursuant to Article 114 (3) of the Financial Regulation, the appropriations concerned should be entered under items 8501 and 8502 of the 1974 budget.

The following 'Remarks' should therefore be inserted on items 8501 and 8502 :

On the basis of the Council resolution of 21 March 1972, the amounts of 25 m u.a. or 50 m u.a. provided for financing regional development measures in 1972 and 1973 have been entered in the budget for 1974.

Financial implications

Under the provisions currently in force the proposed modification will affect the budget as follows :

SECTION III - COMMISSION

Expenditure

Title 8 - Chapter 85 - Article 850

Increase appropriations by 75.000.000 u.a.

Title 2 - Chapter 29 - Article 290

Increase appropriations by 863.708 u.a.

Revenue

Title 1 'Own resources' : Increase by 8.637.083 u.a.

Title 5 'Contributions' Article 550 : Increase by 66.160.512 u.a.

Article 560 : Increase by 1.066.113 u.a.

6 NOVEMBER 1973

187/25

DRAFT GENERAL BUDGET of the European Communities for the financial year 1974 (Doc. 187/73)

PROPOSED MODIFICATION No. 25

tabled by Miss LULLING on behalf of the Committee on Agriculture

SECTION III - COMMISSION

(A) Expenditure

Title 8 - Chapter 80 - Article 800 - Plans for improving  
agricultural structures  
Article 13 of Regulation No.  
17/64  
Increase appropriation under Article 800 by 39.6 m.u.a.

(B) Revenue

Title 8 - Chapter 87 - Appropriations to cover expenditure under  
Chapters 81-85 and Chapter 80, Item 8003

Article 870                      Appropriations to cover expenditure for  
joint and special measures

Reduce appropriations by 36.9 m.u.a.

JUSTIFICATION

In accordance with Article 6(4) of Regulation 729/70, projects for the improvement of agricultural structures may, pursuant to Article 13 of Regulation 17/64, be financed from the funds earmarked for joint measures, as long as expenditure on joint measures does not reach the level of the appropriations. Appropriations to the amount of 74.4 m.u.a. have been earmarked for joint measures in 1974. As in previous financial years, there will be a carry-over in 1973 totalling 71 m u.a.

No expenditures were made from the 25 m u.a. earmarked in Chapter 81, Article 810, for joint structural measures following the Council Resolution of 25 May 1971. Only 15 m u.a. are earmarked for this article in 1974, from which it may be concluded that some delay is expected in initiating these measures. On the other hand the number of projects for the improvement of agricultural structures pursuant to Regulation 17/64 is continually increasing and funds are accordingly needed for them. If the appropriations to the amount of 39.6 m u.a. earmarked in Article 870 for joint and special measures are not transferred to Article 800, as herewith proposed, they will, as experience shows, only be added to the total carry-over since 1969, now running



at 509, 384, 300 u.a., whereas they could be used for projects to improve agricultural structures as originally intended.

Therefore the following comment should be added to Article 800:

Expenditure to be made in 1974 under Item 8003 arises from the implementation of Article 6 (4) of Regulation No. 729/70. The use of these funds does not, however, affect the provisions whereby if needed, they are to be used first and foremost to supplement the appropriations in Chapters 81-85, if 1974 expenditure on joint measures exceeds the appropriations entered in the budget items concerned.

Delete the comments on Article 870.

DRAFT GENERAL BUDGET of the Communities for the financial year 1974  
(doc 187/73)

PROPOSED MODIFICATION No. 10

tabled by Mr DEWULF, Mr SPENALE, Sir Douglas DODDS-PARKER, Mr DURIEUX,  
Mr NOLAN and the Committee on Development and Cooperation

SECTION III : COMMISSION

A - Expenditure

Title 9 - Food aid and other expenditure

Chapter 90 'food aid expenditure

Articles 900 and 901

Increase total appropriations for these articles by 5 m u.a.

B - Revenue

Increase revenue by 5 m u.a.

JUSTIFICATION

In the spirit of the discussions in the Joint Committee of the Parliamentary Conference of the EEC/AASM Association at its meeting in Bruges last June, the undersigned consider that the Community must pursue its efforts to provide aid to the six associated Sahel countries whose economies suffered seriously from the drought.

The financial effort made by the Community in the form of emergency aid through the supply of cereals and milk powder (appropriations under title 9 'food aid') has been completed by financing the cost of transport and rapid distribution of these products in the interior of the beneficiary countries, of the supply of cattle-feed and of a campaign to improve health protection for herds by money obtained from the appropriations of the European Development Fund to a substantial amount in the order of 19 m u.a.

EDF appropriations are normally intended to finance infrastructural projects (roads, agro-industrial installations etc.) in the countries concerned and any funds used to finance transport costs in connection with emergency aid correspondingly reduce the appropriations available to finance normal economic development projects.

The Joint Committee therefore asked for an additional appropriation to be entered in the general budget of the Communities to make good the funds lost from the EDF for exceptional aid to the Sahel countries. Under these conditions and in view of the state of EDF commitments, to avoid any interruption of the provision of aid to the Sahel, additional credits must now be provided through the general budget of the Communities for 1974.

Bearing in mind also the cost to the EEC and international community of emergency aid to disaster victims (60 m u.a. for the EEC alone and an identical sum for other countries), it would be more appropriate and less costly in future to arrange for the financing of structural measures in order to make available to the populations concerned various means of countering the effects of new disasters or reducing their extent.

Rather than having to intervene after the event by emergency assistance which is very costly in budgetary terms, the undersigned therefore proposed that additional appropriations should be entered in the 1974 budget to continue the action undertaken by the Community and finance a medium-term plan which would enable drought to be prevented or its effects alleviated.

Two kinds of operations would have to be financed:

- (a) Under Article 400 of the budget (Community aid to disaster victims)<sup>1</sup>, exceptional short-term operations to strengthen the economy of the six countries concerned;
- village water supplies;
  - small rural engineering works;
  - development of certain food crops; stockpiling of food, measures to improve cattle health etc.;
- (b) Under Title 9 of the draft budget (food aid), and extension of appropriations for exceptional transport operations (by military aircraft; cost of crew and fuel) and to cover costs of administering cereal stocks for operations in the most remote Sahel areas : 5 m u.a.

In regard to point (b) above, it is proposed to increase by 5 m u.a. the amount of food aid expenditure under Articles 900 and 901, which at present stands at 25 m u.a. and 88 m u.a. Within Article 901, the amount allocated must be distributed between headings 9011 'plan for implementation 1972/1973' and 9012 'plan for implementation 1973/1974'.

### Financial implications

Under the provisions at present in force, this proposed modification would have the following implications for the budget:

#### SECTION III : COMMISSION

##### Expenditure

Title 9 - Chapter 90 - Article 900 : Implementation of the 1967 Food Aid Convention, and

Article 901 : Implementation of the 1971 Food Aid Convention

Increase this appropriation by 5 m u.a.

Title 2 - Chapter 29 - Article 290 : Lump sum repayment of costs incurred in collection of own resources

Increase this appropriation by 57,581 u.a.

##### Revenue

Title 1 - 'Own resources'

Increase these resources by 575,806 u.a.

Title 5 - 'Contributions'

Article 550:

Increase these contributions by 4,410,700 u.a.

Article 560:

Increase these contributions by 71,075 u.a.

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<sup>1</sup>The financing of these operations under Article 400 of the budget is the subject of proposed modification No. 9 which provides for and additional appropriation of 20 m u.a.

8 November 1973

187/32

DRAFT GENERAL BUDGET of the Communities for the financial year 1974  
(Doc.187/73)

PROPOSED MODIFICATION No. 32

tabled by Mr DEWULF, Mr SPENALE, Sir Douglas DODDS-PARKER, Mr DURIEUX,  
Mr NOLAN and the Committee on Development and Cooperation and the Committee  
on Budgets

SECTION III : COMMISSION

A - Expenditure

Title 9 - Food aid and other expenditure

Chapter 90 'food aid expenditure'

Article 904 - other food expenditure

Increase total appropriations for this article, item 9041, by 5 m u.a.

B - Revenue

Increase revenue by 5 m u.a.

JUSTIFICATION

In the spirit of the discussions in the Joint Committee of the Parliamentary Conference of the EEC/AASM Association at its meeting in Bruges last June, the undersigned consider that the Community must pursue its efforts to provide aid to the six associated Sahel countries whose economies suffered seriously from the drought.

The financial effort made by the Community in the form of emergency aid through the supply of cereals and milk powder (appropriations under title 9 'food aid') has been completed by financing the cost of transport and rapid distribution of these products in the interior of the beneficiary countries, of the supply of cattle-feed and of a campaign to improve health protection for herds by money obtained from the appropriations of the European Development Fund to a substantial amount in the order of 19 m u.a.

EDF appropriations are normally intended to finance infrastructural projects (roads, agro-industrial installations etc.) in the countries concerned and any funds used to finance transport costs in connection with emergency aid correspondingly reduce the appropriations available to finance normal economic development projects.

The Joint Committee therefore asked for an additional appropriation to be entered in the general budget of the Communities to make good the funds lost

from the EDF for exceptional aid to the Sahel countries. Under these conditions and in view of the state of EDF commitments, to avoid any interruption of the provision of aid to the Sahel, additional credits must now be provided through the general budget of the Communities for 1974.

Bearing in mind also the cost to the EEC and international community of emergency aid to disaster victims (60 m u.a. for the EEC alone and an identical sum for other countries), it would be more appropriate and less costly in future to arrange for the financing of structural measures in order to make available to the populations concerned various means of countering the effects of new disasters or reducing their extent.

Rather than having to intervene after the event by emergency assistance which is very costly in budgetary terms, the undersigned therefore proposed that additional appropriations should be entered in the 1974 budget to continue the action undertaken by the Community and finance a medium-term plan which would enable drought to be prevented or its effects alleviated.

Two kinds of operations would have to be financed:

- (a) Under Article 400 of the budget (Community aid to disaster victims), exceptional short-term operations to strengthen the economy of the six countries concerned;
- village water supplies;
  - small rural engineering works;
  - development of certain food crops; stockpiling of food, measures to improve cattle health etc.;
- (b) Under Title 9 of the draft budget (food aid), and extension of appropriations for exceptional transport operations (by military aircraft; cost of crew and fuel) and to cover costs of administering cereal stocks for operations in the most remote Sahel areas : 5 m u.a.

### Financial implications

Under the provisions at present in force, this proposed modification would have the following implications for the budget:

SECTION III : COMMISSION

### Expenditure

Title 9 - Chapter 90 - Article 904 : Other food expenditure

Increase this appropriation by 5 m u.a.

Title 2 - Chapter 29 - Article 290 : Lump sum repayment of costs incurred in  
collection of own resources

Increase this appropriation by 57,581 u.a.

Revenue

Title 1 - 'Own resources'

Increase these resources by 575,806 u.a.

Title 5 - 'Contributions'

Article 550:

Increase these contributions by 4,410,700 u.a.

Article 560:

Increase these contributions by 71,075 u.a.

DRAFT GENERAL BUDGET of the European Communities for the financial year 1974 (Doc. 187/73)

PROPOSED MODIFICATION No. 27

tabled by Mr POUNDER, Rapporteur, on behalf of the Committee on Budgets

SECTION III : COMMISSION

(A) Expenditure

Title 9 - Chapter 98 - Non-allocated provisional appropriations

Article 980 - Non-allocated provisional appropriations

Increase the appropriations by 20,000,000 u.a.

(B) Revenue

Increase the revenue by 20,000,000 u.a.

JUSTIFICATION

In the preliminary draft budget for 1973 the Commission of the European Communities submitted a proposal for an appropriation of 20,000,000 u.a. under Article 391. The Council did not grant it. Parliament reintroduced it without success.

The basic regulation received Parliament's approval on 6 April 1973 and the Committee on Economic and Social Affairs gave a favourable opinion.

The Commission states in the explanatory statement to the preliminary draft budget that it wished to promote technological development in most of the industrial sectors. For this purpose it should have at its disposal two means of action:

- the first being that offered by Community contracts for industrial development (Article 391): the aim of this is to finance industrial progress up to industrial-scale development of new processes and products.

The Commission added that the sum asked for had been calculated in the light of the fact that the average cost of a project for which a contract might be awarded would range between 1 m. u.a. and 1.5 m. u.a.

and that the Community contribution should amount to 50%. The financing of some 30 projects might be a useful start to this venture.

The Committee on Budgets had already stated that 'the allocation of 20,000,000 u.a. should be used for measures in favour of enterprises which do not normally have a budget sufficient to cover research (and are thus even further handicapped vis-à-vis large concentrations). The Committee felt that these appropriations should also be available to consortia set up to undertake research which they would not otherwise be able to afford.

It points out that this year the Council has provided for this item without entering any credits against it, though marking it as a token entry.

The Council thus confirms the urgent need for this modification. It therefore seems to the Committee on Budgets that this act of the Commission should come into effect in 1974 and that the appropriations should be provisionally entered under Article 980 'Non-allocated provisional appropriations'.



Financial Implications

Under the provisions currently in force the proposed modification will affect the budget as follows:

SECTION III - COMMISSION

Expenditure

Title 9 - Chapter 98 - Article 980  
Increase appropriations by 20,000,000 u.a.

Title 2 - Chapter 29 - Article 290  
Increase appropriations by 230,322 u.a.

Revenue

Title 1 'Own resources': Increase by 2,303,222 u.a.

Title 5 'Contributions'

Article 550 : increase by 17,642,803 u.a.

Article 560 : increase by 284,297 u.a.

I Opinion of the Committee on Agriculture

Draftsman of the opinion: Miss A. LULLING

At its meeting of 26/27 September 1973 the Committee on Agriculture appointed Miss Lulling draftsman of the opinion.

The opinion was discussed by the committee at its meeting of 25/26 October and 5 November 1973 by 11 votes in favour with 5 abstentions.

The following were present: Mr Héger, Acting Chairman; Mr Vetrone, Vice-chairman; Miss Lulling, draftsman of the opinion; Mr Brugger, Mr Cipolla, Mr Frehsee, Mr Gibbons, Mr John Hill, Mr Kavanagh, Mr de Koning, Mr Ligios, Mr Liogier, Mr Martens, Lord St. Oswald, Mr Scott-Hopkins and Mr Vernaschi (deputizing for Mr Früh).

## I. Introduction

1. Analysis of that part of the draft budget for 1974 which concerns the common agricultural policy leads the Committee on Agriculture once again to point out the difficulties involved in the inclusion of EAGGF expenditure in a rigid budgetary framework. The extent of that expenditure is determined not only by the common agricultural policy but also by climatic conditions, trends in world prices and the international monetary situation.

Moreover, the absence of the decisions fixing common agricultural prices for the financial year covered by the budget, as well as the political decisions taken after adoption of the budget which are reflected in budgetary expenditure, make it difficult for the Committee on Agriculture to assess the accuracy of expenditure under the various headings, especially in the field covered by the EAGGF guarantee.

For example, the Commission decided on 22 October 1973 to make a sharp reduction in the denaturing premium for non-durum wheat. According to the Commission this should result in a shortfall of 4 to 5 million tons, i.e. around 50%, in the amount of denatured wheat predicted for 1973-4. Obviously this decision will affect the amount of 102 million u.a. provided for in Article 601, Heading 6010. It is, however, impossible for the Committee on Agriculture to determine the extent of the reduction required, because the necessary information from the Commission is not available. Nor is it easy to establish the level of expenditure on exports of non-durum wheat unloaded on the world market as a result of these measures, since it is impossible to tell in advance whether world grain prices for the whole of the financial year will be higher than the Community prices and therefore make export refunds unnecessary.

Uncertainties do not, however, arise only in connection with the estimation of the financial effects of Council decisions taken after establishment of the budget. It is equally difficult to make an accurate estimate of the various items of expenditure connected with the common organization of markets, since they are determined - for example in the case of refunds, market interventions and storage costs - by crop size, climatic conditions, as yet unfixed common prices and the situation on the world market. At the moment this applies particularly to rice and sugar.

2. From what has been said it is clearly imperative that the Commission should include a certain safety margin in calculating expenditure under the common agricultural policy, especially as it is dealing in terms of a cash budget. The Committee on Agriculture would like to stress once again, as in its opinion on Supplementary Budget No. 4 for 1973, that the Commission and Council must take decisions affecting expenditure under the common agricultural policy in such good time as to allow for the most accurate estimate possible of their financial effects on the budget.

In this connection it is therefore to be welcomed that the Commission has decided, in conformity with the views of the European Parliament, to include in the preliminary draft budget items which, because the Council has not taken the relevant decisions, do not seem assured, and thus to counteract the practice of resorting to over-extensive supplementary budgets. However, as the example in the next paragraph shows, this attempt is partly frustrated by the fact that the Council uses a much more restrictive procedure in establishing the draft budget.

Moreover, the Commission, as a result in particular of changes in the world market situation, has already corrected the present draft budget in an amending letter forwarded to the Council by reducing the appropriation for the common agricultural policy by 295 million u.a.

3. In its preliminary draft budget, the Commission set aside some 970 m u.a. for the common social and regional policy. However, the Council reduced this appropriation to 327.8 m u.a. in its draft for the Social Fund and deleted all funds for regional policy, making only a token entry<sup>1</sup>. It had generally been hoped that the intensification of these policies would incidentally lead to a somewhat more even distribution of the individual areas of expenditure and thus make the agricultural budget look more favourable in relation to the general budget. This is not the case since agricultural expenditure for this year still accounts for about 77% of the general budget, not counting the expenditure on food aid.

The funds set aside for the common agricultural policy for the financial year 1974 total 3,839,600,000 u.a. as against 4,156,546,000 u.a. allocated for 1973.

4. Finally, the general introduction to the budget raises the question of multi-year budget programmes which should facilitate 'long-term estimates and .... continuous assessment of the costs and the advantages of those Community policies which have financial implications'<sup>2</sup>.

This projection of the common policies by means of a long-term commitment of funds is interesting from the point of view of agricultural policy. In addition to its connotations in budgetary law this procedure also raises questions of policy. Before these can be discussed, however, the Commission must give more details of its views, which have so far only been outlined briefly.

The Committee on Agriculture is, therefore, not prepared at this stage to enter into detailed discussions on this move with its far-reaching implications. However, it would like to stress that the procedure could play an important role, for example in respect of agricultural structure policy. It should be discussed in detail when the appropriate explanations have been given.

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<sup>1</sup> The Council makes the following statement on this subject in its explanatory memorandum to the draft budget: 'Decisions on regional policy, to be adopted on proposals from the Commission, are at present being examined in the Council. The Council has agreed, in accordance with the commitments undertaken by the Summit Conference in Paris on 19/21 October 1972, that when decisions on regional policy are taken, the Council will immediately work out the budgetary implications, on the basis of proposals by the Commission, by means of an Amending Letter or a Draft Supplementary Budget as appropriate. At the same time, the Council, recognizing the existence of effective means to this end, will make budgetary provisions, on the basis of Commission proposals, for the swift and effective implementation of the decisions it has taken. To this end, the Council has made token entries against chapters 55 and 56 of the Draft Budget.'

<sup>2</sup> Preliminary draft budget, Volume 7, page 3.

## II. Budgetary fund developments in the agricultural sector

5. Analysis of the individual budgetary items should clarify the orientation of the common agricultural policy. It is therefore expedient to classify the individual items as follows :

- (a) Community provisions giving rise to continuous expenditure; a distinction should once again be made here between expenditure in the guarantee and guidance sectors;
- (b) Community provisions which have already been adopted but do not yet give rise to expenditure;
- (c) provisions not yet adopted by the Council but in respect of which the Council has already taken a general decision;
- (d) provisions before the Council on which no decision has yet been taken.

## III. Expenditure on guarantees

6. The costs in respect of the common organizations of the market are estimated at 3,504,600,000 u.a. for 1974. This includes 200 m u.a. for compensatory amounts in respect of accession, which are granted on intra-Community goods traffic, and 163 m u.a. for financial compensation. Compensation in respect of accession raises no fundamental problems since, under the Act of Accession<sup>1</sup>, it will be abolished within a period of five years. The Committee on Agriculture would also point out that this expenditure on financial compensation for the common agricultural policy in connection with accession constitutes a fairly considerable economic advantage for consumers in the new Member States.

As far as financial compensation is concerned, it should be pointed out that the budget shows only the difference between the financial compensatory amounts granted and levied in respect of intra-Community goods traffic. As a result of this the true extent of these measures at the internal frontiers of the Community cannot be assessed. Secondly, this budgetary item shows a tendency to rise, since the estimated appropriation for 1974 is 163 m u.a. as against 130 m u.a. for 1973.

This provides evidence of a development which has occurred as a result of changes in monetary policy in the Community and which is making the fundamental factor of the common agricultural market, i.e. the common price, more and more unrealistic. The European Parliament has repeatedly drawn attention to the grave consequences of this state of affairs, stressing that only energetic progress towards Economic and Monetary Union could prevent the national agricultural markets from drifting apart in this way. The same demand must again be made with all clarity in connection with the present budget.

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<sup>1</sup> Act concerning the Conditions of Accession and the Adjustments to the Treaties, Article 59. OJ Special Edition No. L 73, 27 March 1972.

7. A concise analysis of the most important agricultural products gives certain indications of the effectiveness of the common agricultural policy and its relationship to the world market.

The following table gives a survey of trends in respect of cereals, milk products, fats and sugar:

Description	Appropriations 1974	Appropriations 1973	Expenditure 1972
Cereals	615,000,000	874,150,000	956,959,527.64
Milk Products	1,577,700,000	1,440,396,000	460,966,040.43
Fats	308,900,000	275,160,000	292,429,213.26
Sugar	166,200,000	133,810,000	161,123,225.47

Whereas intervention expenses in respect of cereals show a marked increase, expenditure on denaturing premiums for this year has fallen more than allowed for in the draft budget as a result of the sharp reduction of these premiums. Export refunds should fall by more than 50%. The fall in refunds is due to the fact that the price of cereals on the world market has risen so sharply that these and a number of related products no longer necessitate such refunds. The marked relief that this has brought in respect of the Community budget is an indirect result of the Common Agricultural Policy with its fixed prices. Moreover, the agricultural system of the Community has protected the producer and consumer from the hectic and unpredictable price fluctuations that have characterized the world market in the past few months.

Another rise in expenditure is anticipated in the field of milk products, higher costs resulting mainly from the increase in aid for skimmed milk. The price of milk itself has only been increased slightly, while the butter price has been reduced somewhat. In this way it is hoped to keep milk production, and hence butter and skimmed milk production, fairly constant. The somewhat lower price of butter in conjunction with aid for butter consumption<sup>1</sup> are intended to increase butter sales. The high level of aid to skimmed milk intended for animal feeding and for processing into casein and the increase in the quantity of skimmed milk powder taken from public stocks for food aid should help to avoid skimmed milk surpluses.

This policy will be supplemented by measures for converting milk production to beef production.

<sup>1</sup> See Reg. 1191/73

Although the Committee on Agriculture fundamentally agrees with this approach, it remains to be seen whether the appropriate council decisions will provide sufficient incentive to equalize production and consumption in this field. It is also difficult to understand why butter and skimmed milk powder are initially separated only to be disposed of with the aid of costly subsidies, when some of the whole milk could be fed direct to the calf. The Commission should undertake a comparative study to ascertain the relationship between the cost of the procedure followed so far and the expenditure which would be required for the promotion of direct feeding of whole milk to calves. This investigation could usefully be carried out within the framework of the harmonization of the common agricultural policy.

8. However, the Committee on Agriculture does not intend at this point to embark on a detailed discussion on the existing Common Agricultural Policy and ways to improve it. Nevertheless, the Committee on Agriculture believes that there should be no further delay in adapting this policy to the changed circumstances, taking into account the objectives set by Article 39 of the EEC treaty. It awaits with interest the report on this subject requested by the Council from the Commission and scheduled for October 1973. The Committee on Agriculture requests the Commission to submit, together with its proposals, an estimate of the financial consequences for the budgets for 1974 and the following years.

Any review of the costs of the common agricultural policy, however, should be more than an introverted and short-sighted analysis. The attempt to develop a more balanced market situation for the individual products should not be one-sided; it should not rest on stoppages of production which, when the need arises, can be mobilized again only at great expense. Community policy should be long-term and should, above all, take account of the world food situation. It should also take account of Mr Lardinois' suggestion that programmed foodstuff supplies should be included among the instruments of agricultural and development policy in a worldwide organization of agriculture.

The events of the last few months on the world market for cereals, rice and sugar have shown the hectic nature of fluctuations in demand. These do not even reflect true food requirements since the presumptive buyers often do not yet have the necessary funds.

#### IV. Guidance Expenditure

9. It should be first noted that the appropriations for individual projects are 170 m ua. as in the financial year 1973. This expenditure is set aside for implementation of measures already adopted and for new individual projects<sup>1</sup> to be financed with funds not required for joint measures. The report<sup>2</sup> drawn up by Mr Scott-Hopkins on behalf of the Committee on Agriculture discusses in detail the reasons for the delays that have occurred in respect of these individual projects.

<sup>1</sup> cf. Regulation 729/70, Article 6 (4), OJ No. L 94, 28 April 1970, p.13

<sup>2</sup> Report on a draft regulation extending for the years 1972, 1973 and 1974 certain time limits for granting aid from the Guidance Section of the European Agricultural Guidance and Guarantee Fund. (Doc.COM (73)1532 fin.)



With regard to joint measures, 9 m u.a. were set aside for readaptation support for cod-fishing and subsidies to increase beef production.

A total of 41 m u.a. was entered for current special measures<sup>1</sup>. These funds can be supplemented by the allocation of 39.6 m u.a. entered in Article 870. This appropriation is also intended to finance, where necessary, joint projects<sup>2</sup>.

10. For joint structural measures<sup>3</sup> for 1974 a total of 15 m u.a. was set aside as against 25 m u.a. for 1973, of which nothing has yet been spent. The Council adopted the three directives on reform on 17 April 1972. The Member States were to submit the appropriate structural reform programmes to the Commission within one year so that a decision could be taken on the Community's financial contributions. The Member States found themselves unable to lay down the necessary legal provisions or to submit their proposals on time<sup>4</sup>. Clearly it was because the prospects for entry into force of these directives in the Member States and for financial participation by the Community were considered so slender that only this modest sum was set aside.

The Committee on Agriculture wishes to point out that the breakthrough to a common structural policy in May 1971 raised hopes that supplementing the market and price policy by a structural policy based on Community criteria would lead to a gradual improvement of agricultural structures and to a more balanced market as a result of some reorganization of production. The Member States must therefore be urged rapidly to complete and implement their national production programmes on the basis of the reform guidelines.

11. Since 1969 a Council decision has put in reserve 509,384,300 u.a. for the Community financing of joint projects within the meaning of Regulation 729/70. Over the past years Parliament has repeatedly asked for these allocations to be made available in toto for the reform of agricultural structures. Parliament finds that the Council's statement in the observations on Article 880 of the Draft General Budget complies with this request.

<sup>1</sup> cf. Chapter 89, Articles 890 to 894 of the draft budget

<sup>2</sup> The Committee on Agriculture considers that the tentative implementation of common measures and the growing number of projects for improving agricultural structures in accordance with Reg. No 17/64 warrant the inclusion of these funds in Article 800. This would mean that they were available for individual projects insofar as they were not required for common or special measures. The committee is accordingly tabling a proposal for a corresponding modification.

<sup>3</sup> Concerns the three directives on reform adopted on the basis of the Council resolution of 25.5.1971.

<sup>4</sup> cf. Commission report on the implementation of these directives (SEC(73) 2888 fin. of 25.7.1973)

Closer scrutiny of the individual items in the Guidance section already shows that the available funds of 325 m u.a. cannot all be spent in the financial year 1974 either. The Committee on Agriculture strongly regrets that delays in national production programmes prevent the rapid and complete implementation of this important part of the common agricultural policy and that the Community allocations for structural measures and regional policy have been lying unused for years, while no funds have been set aside, for instance, for the various projects of the Social Fund. It must be pointed out in this context that not even half of the appropriation of 76.3 m u.a. set aside in the 1973 budget, pursuant to Article 4 of the reorganized Social Fund and Regulation 428/72 EEC, for workers leaving agriculture and for measures in the textile industry could be spent since not enough projects were submitted.

12. The common structural policy initiated by the Community is to be coherently supplemented and promoted by a variety of measures.

On 28 March 1972 the Council decided in principle that from 1972 the EAGGF could be used for regional development measures. To date, however, the Council has still not adopted the proposal on joint financing of development measures in poorer agricultural regions forwarded to it on 26 May 1971, so that the 75 m u.a. set aside for this purpose in the last two financial years could not be spent. 50 m u.a. are again to be allocated for such measures in 1974, out of the annual allocation of 325 m u.a. The Council has as yet not created the proposed instruments of a common regional policy nor has it created the preconditions for active measures of support in the poorer regions of the Community; the Council is therefore expected to take at least this first, hesitant step towards a common regional policy and to allocate the funds set aside for this purpose in the EAGGF.

13. The summary below lists the regulations on common structural measures which the Council has committed itself to adopt in various decisions of principle. When necessary these projects, for which only token entries have been made, can be financed by a transfer of appropriations from Article 800.

Description	Submission to the Council	Council decision of principle
Producers associations	June 1971	24.3.1972
Agriculture in hill regions and other poorer agricultural areas <sup>1</sup>	27.2.1973	15.5.1972
Forestry measures to improve the structure of agriculture	-	25.5.1971 and 24.3.1973

Description	Submission to the Council	Council decision of principle
Contractual relations in the area of marketing and processing agricultural products	-	25.5.1971 and 24.3.1973
Development and improvement of marketing and processing of agricultural products	-	25.5.1971 and 24.3.1973
Improving the transparency of agricultural markets		25.5.1971 and 24.3.1973

This list of projects in itself shows the importance these flanking measures may assume, taken together with an active common social and regional policy in the less privileged regions of the Community. It is quite understandable that the views of Member States often differ as to methods and as to the allocation of the funds they have jointly contributed. Yet the fact that the Council steadily avoids making practical decisions in this sector, even when it has expressed its support for a particular political attitude in resolutions of principle suggests that the governments lack the political resolve to advance consistently along the chosen path.

Parliament must constantly urge active pursuit of the common agricultural structural policy with a view to the gradual improvement of production and market structures in European agriculture.

<sup>1</sup> In its press release after the meeting of 24-25 September 1973, the Council referred to the 'urgent need for a decision in this sector pursuant to its resolution of 15 May 1973. It requested the special Committee on Agriculture to conclude its preparatory work as soon as possible so that the directive could be approved at the Council meeting in October'.

## V. Conclusions

14. In the introduction to the Preliminary Draft General Budget<sup>1</sup> the Commission states that 'certain chapters contain estimates presented in global terms .... decisions of principle will follow when the Council of Ministers has concluded its deliberations'. The Commission has departed from its previous practice of submitting a detailed supplementary budget where necessary and decided, 'on the urgent recommendation of Parliament', to adopt the present procedure, which is more convincing in both budgetary and political terms.

The Council, acting against the Commission's proposal, did not set aside appropriations for the European Regional Fund although it has had the relevant Commission proposals before it since 31 July 1973. Presumably, however, since it has not deleted the budgetary chapters on this subject, it does intend to take the requisite political decisions. This suggests that the Council does not want to follow the Commission's procedure and must therefore be held responsible for the budgetary consequences of its action.

15. Analysis of the agricultural budget calls for the following observations:

- (a) As a basic principle, everything must be done to establish the agricultural budget in as binding a manner as possible in all its individual articles.
- (b) Although, because of the changed world market situation, the total amount of the agricultural budget is no higher than in 1973, there is no evidence of any major corrections to the policy pursued in the past in order to check the almost automatic growth of expenditure in this sector. That is one reason why the Committee on Agriculture is most interested in the coming discussion on attempts to adapt the common agricultural policy to current conditions. Great attention should be given, in the adaption of the instruments of agricultural policy, to the achievement of a balanced market, reducing costs and rationalizing market organizations. Naturally there must be full guarantees that the principles of this common policy will be adhered to and that the solutions will be based on balanced, long-term criteria.
- (c) It would help in the assessment of the budget if the latest developments in the agricultural situation were described. The Committee on Agriculture, therefore, once again urges immediate submission of the annual report on the situation in agriculture and the EAGGF financial report.

<sup>1</sup> COM (73) 1200, p.1

Finally, your committee takes this opportunity to repeat that if agricultural prices are fixed promptly, this helps to determine agricultural expenditure in the budget more precisely.

- (d) The main emphasis of the common agricultural policy has so far been on market and price policy. The Council resolution of 25 May 1971 reflected an awareness that this policy must be supplemented by common structural measures. Article 810 of the Draft General Budget lists the many Community provisions that must be laid down; among these measures, 'reform directives' were adopted on 17 April 1972. Unfortunately, the delays in the submission of national programmes make it likely that the joint projects will again be tackled very slowly in the financial year 1974. The European Parliament therefore repeats the request it made, in the debate on the Fourth Supplementary Budget for 1973, namely that these directives should be implemented as soon as possible in all Member States, so that structural reforms will lead to better production arrangements and more competitive prices while ensuring satisfactory incomes for farmers.
- (e) The precarious state of monetary policy is becoming an increasing danger to the principles of the common agricultural policy, in which a common price is a vital element of the common policy. Only a common monetary policy of the same kind can bring about a return to this common price. The only way to protect the most highly developed Community policy is, therefore, to promote and achieve Economic and Monetary Union without further delay. In the debate referred to above the European Parliament once again called for real progress towards Economic and Monetary Union, to overcome the financial damage to the Community and the adverse effects of the current monetary situation on the common agricultural policy.
- (f) The credibility of the common agricultural policy with the public depends partly on the effective control of irregularities and constant and reliable supervision of the financial resources earmarked for this policy. The European Parliament should therefore repeat its call to Member States for extensive and unreserved cooperation as required by the regulation on irregularities<sup>1</sup> and urge that the EAGGF should be provided with sufficient staff so that the supervisory duties with which the Fund is entrusted can be carried out without difficulty.

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<sup>1</sup> Regulation concerning irregularities and the recovery of sums paid in error in the financing of the common agricultural policy, and the introduction of an appropriate information system.  
(OJ No. L36, 10 February 1972, p 1).

II. Opinion of the Committee on Public Health and the Environment

Draftsman of the opinion: Mr L. DELLA BRIOTTA

At its meeting of 29 October 1973 the Committee on Public Health and the Environment approved a proposal by its Chairman, Mr Della Briotta, that it should deliver an opinion on those parts of the draft general budget of the European Communities for the financial year 1974 falling within its terms of reference.

The draft opinion drawn up by Mr Della Briotta was discussed at the meeting and adopted unanimously that day.

The following were present: Mr Della Briotta, Chairman and draftsman of the opinion; Mr Scott-Hopkins, Vice-chairman; Mr Creed, Mr d'Angelosante, Mr Duval, Mr Eisma, Mr Gibbons, Mr Kavanagh (deputizing for Mr Christensen), Mr Lagorce, Mr Martens, Mr Müller, Mr Noë, Mr Petersen, Mr Premoli, Mr Vernaschi and Mr Walkoff.

1. After examining those parts of the draft general budget of the European Communities for the financial year 1974 falling within its terms of reference, the Committee on Public Health and the Environment supports the amendments proposed by Mr JAHN, Mr ARTZINGER, Mr FRÜH, Mr KLEPSCH, Mr SPRINGORUM and Mrs WALZ on 18 October 1973 and requests the Committee on Budgets as the committee responsible to take them into account in its resolution. The proposed amendments are as follows:

- (a) No. 187/2  
committees, in particular the Consumer Advisory Committee  
(Chapter 25 - Article 251)
- (b) No. 187/3  
studies on environmental protection  
(Article 267)
- (c) No. 187/4  
financing consumer projects  
(Chapter 41 - Article 415)
- (d) No. 187/7  
measures to prevent pollution of air and water  
(Article 355 - Item 3550)

2. These proposals are based on the following considerations:

- (a) The Commission requests an appropriation of 2,333,000 u.a. as against 2,000,000 u.a. which the Council approved for 1973. The Commission believe this increase of 333,000 u.a. is justified to cover the rise in transport costs and the formation of new committees necessitated by the development of Community policies in the individual sectors. These include the Consumer Advisory Committee which is being set up in pursuance of a recent Commission decision.

The Council has deleted the requested supplementary expenditure of 333,000 u.a.

In view of the formation of the new Consumer Advisory Committee and other committees, however, we consider the requested increase of 333,000 u.a. justified.

- (b) The appropriation set aside for this purpose (880,000 u.a.) is more than three times higher than that approved by the Council for 1973 (250,000 u.a.). The reason is that in July 1973 the Council adopted the European Communities' environmental action programme. The studies proposed for 1974 will cover the following topics:

- objectives in terms of quality of the environment:	
fresh water and sea water	120,000 u.a.
- certain noxious products	160,000 u.a.
- pollution caused by certain industries	180,000 u.a.
- marine pollution	40,000 u.a.
- waste disposal	80,000 u.a.
- economic aspects of environmental protection	40,000 u.a.
- urban and regional planning	60,000 u.a.
- utilization of natural resources	48,000 u.a.
- informing and educating the general public on the subject of environmental hygiene	60,000 u.a.
- legislative aspects	12,000 u.a.
- agricultural aspects	80,000 u.a.
	<hr/>
total:	880,000 u.a.

The Council cut this rather modest allocation by 80,000 u.a., leaving only 800,000 u.a.

Since the environmental action programme adopted by the Council in July 1973 must be implemented promptly and completely, the proposed increase of 80,000 u.a. to reach the amount proposed by the Commission is justified.

- (c) This appropriation of 200,000 u.a. (as against 140,000 for 1973) is intended to help European consumer organizations adapt themselves more effectively to European requirements and to finance activities undertaken by them. Community intervention is intended to enable these organizations to carry out consumer research, which would serve as a basis for studies and surveys of complex problems and so enable them to express reasoned opinions and take part in the drawing-up of directives.

The European Parliament has requested financial support for these consumer organizations on various occasions.

The Paris Summit Conference of October 1972 also called upon the Commission to propose measures to strengthen and coordinate consumer protection by the end of 1973.

It is therefore extremely difficult to understand why the Council has reduced the requested appropriation by one quarter (from 200,000 u.a. to 150,000 u.a.).

It would, therefore, be justified to restore the appropriation to the 200,000 u.a. requested by the Commission.



(d) An appropriation of 400,000 u.a. was set aside for this item. The Council had approved 250,000 u.a. for this purpose in 1973.

The research, studies and consultations undertaken in 1972 and 1973 are to be supplemented in 1974 by a series of projects to protect the general public against pollution and nuisances. The increase in the appropriation is mainly due to the transition from the exploratory studies proposed in 1973 to the first stage of implementation of the projects provided for in the environmental action programme.

By cutting the appropriation by 50,000 u.a. to 350,000 u.a. the Council is endangering the smooth implementation of the July 1973 environmental programme which it adopted itself.

It is therefore justified to restore the sum of 400,000 u.a. requested by the Commission.

3. The following remarks relate to other budgetary items:

Title 1

Section III - COMMISSION - Expenditure relating to persons employed by  
the Institution

The planned approximation of legislation on environmental protection calls for an examination of the laws, regulations and administrative provisions on surface water, underground water, the atmosphere, noise and waste disposal, and for implementation of the agreement concluded between the Member States on the prior notification of the Commission of any planned environmental measures with a view to their harmonization.

In view of this it will be necessary to make appropriate increases in the expenditure on staff (recruitment of qualified officials) so that the departments responsible can continue their work.

4. Item 2721: Participation of the Communities in international exhibitions

This is a new item in the budget and is intended to finance Community participation in the international exhibition on 'Man and his Environment' to be held from May to October 1974 in Spokane (USA).

500,000 u.a. are set aside for this purpose.

As stated in the General Introduction to Section III - Commission (Volume 7, p.164), the Commission is at present involved in negotiations with the Council on the participation of the Communities in this exhibition.

The Council does not seem inclined to finance such participation. In its draft budget it simply marks this item as a 'token entry'.

5. Chapter 33: Expenditure on research and investment

This chapter covers 'direct' and 'indirect' research measures in the field of environmental protection. The primary aim of these measures is to provide the scientific and technical data necessary for the implementation of the general programme for the reduction of pollution and nuisances.

The planned activities should, through effective coordination of the national research institutes in investigations of international importance, close the gaps in scientific and technical knowledge in the field of environmental protection.

The Joint Research Centre (JRC) will make a scientific contribution to most of these projects, where the subjects fall within its responsibilities.

According to the Commission<sup>1</sup>, the programme entitled 'Environment - Indirect Action' which, in pursuance of the Treaties, will be carried out in the national institutes and partially financed by the Community, together with the 'Environment - Direct Action' programme, will form a balanced Community research programme in the following areas:

- an objective assessment of the risks arising from the various forms of pollution and nuisance, this is necessary for the establishment of environmental protection standards;
- improved detection and control of the various forms of pollution and nuisance;
- the development of pollution-control technology.

Of the 87,552,626 u.a. requested by the Commission, the Council has approved only 84,107,919 u.a. The committee asks the Commission whether and, if so, how much this reduction of almost 3.5m u.a. will affect the direct and indirect research measures in the area of environmental protection.

The committee responsible is asked to propose an increase in the appropriations.

6. Item 3551: Health and safety at the place of work

An allocation of 120,000 u.a. is proposed for this item, while in 1973 the Council approved a sum of 70,000 u.a.

This appropriation is to cover the implementation of the 'environment' programme where protection of the working environment is concerned, through closer cooperation between national authorities and in accordance with priorities agreed by both sides of industry.

The increase of 50,000 u.a. over the figure for 1973 is due to the enlargement of the Community from six to nine Member States.

Unfortunately, the Council has also made a reduction in the appropriation for this item (from 120,000 to 100,000 u.a.). This is incomprehensible since the Council itself approved the environmental programme.

The responsible Committee on Budgets is therefore requested to propose an amendment to increase the appropriations by 20,000 u.a. to 120,000 u.a.

7. In conclusion the Committee on Public Health and the Environment requests the Committee on Budgets to support the proposals in this opinion and to take them into account in its motion for a resolution and in the accompanying explanatory statement.

<sup>1</sup> See Section III - Commission, General Introduction, Vol.7, pp 93 and 94

III. Opinion of the Committee on Energy, Research and  
Technology

Letter from the Chairman of the committee to the  
Chairman of the Committee on Budgets

Luxembourg, 24 October 1973

Dear Colleague,

On 23 October last the Committee on Energy, Research and Technology considered those parts of the draft general budget of the European Communities for 1974 (Doc. 187/73) falling within its terms of reference.

It intends to formulate a proposal for a modification to the amount of the appropriations which will be sent to you under separate cover.

Meanwhile, however, I have been instructed by the committee to draw your attention and that of the other members of the Committee on Budgets to the appropriation of 3 million u.a. in Title 9, Chapter 9.30 for personal credits, for the adjustment of certain expenditure of the Joint Research Centre (cf. Vol. 5, pp. 172 and 173 of the draft budget).

This amount constitutes a reserve fund to meet adjustments arising from increases, in 1974, in certain expenditure of the JRC, in particular remuneration of officials and other servants, and for expenditure relating to contracts for the provision of services and other operational expenditure.

According to the notes, this amount will be transferred to the relevant appropriation accounts and chapters from the reserve fund constituted for this purpose in amendatory budget No. 3 for 1973.

As you know, this amendatory budget deals with budgetary aspects of the four-year research programme approved by the European Parliament.

Consequently, the Committee on Energy, Research and Technology welcomes any budgetary measure designed to foster community research. However, the first annual adjustment of the four-year research programme will take place in the first half of 1974. Budgetary measures should therefore be taken at the proper time.

The Committee on Energy, Research and Technology therefore requests the Committee on Budgets to underline this requirement in its report on the budget.

Yours sincerely,

(sgd.) Gerd SPRINGORUM