

# European Communities

---

EUROPEAN PARLIAMENT

# Working Documents

1973-1974

---

10 December 1973

DOCUMENT 269/73

## Report

drawn up on behalf of the Committee on Budgets

on the aide-mémoire from the Commission of the European Communities on the  
/ fixing of the ECSC levies and operating budget for 1974 (Doc. 244/73)

Rapporteur : Mr F. PISONI



At its meeting of 24 October 1973 the Committee on Budgets appointed Mr Pisoni rapporteur for the ECSC operational budget and levy rate for 1974.

The meeting of the four committees, the Committee on Budgets, the on Economic and Monetary Affairs, the Committee on Social Affairs and Employment, and the Committee on Energy, Research and Technology, was held on 29 November 1973.

Mr Pisoni's motion for a resolution, embodying the main conclusions of the four-committee meeting was approved unanimously, with one abstention, at the meeting of 3 December 1973.

The rapporteur was instructed to add, on his own responsibility, an explanatory statement to the motion for a resolution.

The following were present: Mr Spénale, chairman, Mr Aigner and Mr Rossi, vice-chairmen, Mr Pisoni, rapporteur; Mr Artzinger, Mr Gerlach, Mr Müller, Mr Notenboom, Mr Pêtre, Mr Wohlfart and Mr Wieldraaijer.

CONTENTS

Page

A. MOTION FOR A RESOLUTION .....	5
B. EXPLANATORY STATEMENT .....	7

The Committee on Budgets hereby submits to the European Parliament the following motion for a resolution:

MOTION FOR A RESOLUTION

embodying the opinion of the European Parliament on the aide-mémoire from the Commission of the European Communities on the fixing of the ECSC lines and operating budget for 1974.

The European Parliament,

- having regard to the Commission's memorandum (Doc. 244/73),
  - pursuant to the joint meeting of the Committee on Budgets, the Committee on Social Affairs and Employment, the Committee on Public Health and the Environment and the Committee on Energy, Research and Technology,
  - having regard to the report of the Committee on Budgets (Doc. 269/73).
1. Wishes, as a matter of urgency, to stress the vital need for a common energy policy within which a broader solution to the problems raised by the ECSC operational budget could be found;
  2. Particularly approves the Commission's proposal in the 1974 operational budget for a research programme; feels that such a programme is a major element of the policy proposed in the Paris Treaty and, therefore, that greater attention should be devoted to research in the coal and social sectors;
  3. Takes careful note of :
    - (a) the need to assist the policies of price-restraint now in force in all Member States;
    - (b) the need to avoid sacrificing any of the social and research objectives of the ECSC operational budget for the financial year 1974 proposed by the Commission of the Communities;
    - (c) the importance of the planned programme of credit to assist industries in the coal and steel sector to make the structural transformations which technological progress requires; points out that the Commission's commitments reflect selective criteria which it does not altogether agree with;
  4. Therefore believes that the most balanced solution at present would be to retain the levy rate of 0.29% for 1974;
  5. Since - in present, unlike past experience - the actual yield from the levy no longer tends to be slightly above the estimated yield, invites the Commission, in the exceptional cases where it is necessary, to draw on the reserves for the additional sums needed to carry out the programmes;

6. Requests that, before the end of the first half of next year, the Commission submit to Parliament a progress report on the budget so that it may duly check that the ECSC continues its task of redistribution even though the financial year as a whole is marked by a high degree of uncertainty;
7. Instructs its President to forward this resolution to the Commission of the European Communities and, for information, to the Council.

EXPLANATORY STATEMENT

Preliminary note

1. Since 1970 and as a consequence of the commitment recently given by the Commission, the Parliament as a whole, rather than its Committees on Budgets, Economic Affairs, Social Affairs and Employment and Energy, Research and Technology, is consulted on the annual ECSC levy rate.

I. Features of the 1974 draft operational budget - The Commission's proposals on the levy rate for the coming financial year

2. The four committees have checked the implementation of the 1973 budget and the proposals for revenue and expenditure for 1974 on the basis of a memorandum submitted by the Commission of the Communities.

3. Features of the implementation of the 1973 budget are a yield from the levy exceeding the original estimate by 2.2m. u.a. (66m. u.a. instead of 63.8m. u.a.) and a good return of interest on investments and on loans from own resources (11.8m. u.a. instead of 10m. u.a.). This is due to the favourable state of the economy and to conditions on the financial market.

Expenditure show an increase, partly as a result of indications given by Parliament, in the sums devoted to coal and steel research and to social research.

4. For 1974 expenditure of 41m. u.a. is forecast for aid to resettlement; an increase of 7.5% to meet a greater number of requests (corresponding to 48% of those submitted) brings research expenditure to a total figure of 21.5m. u.a.; other features envisaged for 1974 are a different system of financing interest rebates, a total figure of 50m. u.a. by way of loans to the coal and steel industries on the assumption that the levy rate is increased from 0.29 to 0.30%, a total budget of 93m. u.a., again on this assumption, and a yield from the levy of 71.7m. u.a. at a rate of 0.30%.

II. Positions adopted at the joint meeting of the four committees

5. It was apparent that a majority of those present were in favour of maintaining the levy at the present rate of 0.29%, and this was later confirmed by a vote taken in the Committee on Budgets.

The principal arguments advanced in support of this view were as follows:

- (a) On the basis of the experience of 1973 and of a revenue yield in excess of the cautious estimates made in December 1972, a rate of 0.29% was sufficient to enable commitments to be carried out which it was feared might be put at risk, even if only marginally, by a rate considered lower than was necessary;
- (b) in view of the fact that, as Parliament suggests, the average value of the products, which together with production output serves to fix the levy rate required, has become more sensitive to variations, it is possible to retain the same levy rate and still have a higher revenue yield as a direct consequence of upward trends in these average values;
- (c) the financial aid earmarked for research should be carefully examined to make sure that it is not channelled into research of particular interest and value to one or other Member State, but that it is spent on research which will benefit the Community as a whole;
- (d) the anti-inflationary policy now being pursued by all Member States must also be backed up by a refusal to impose greater fiscal burdens; the levy rate must therefore not be increased, because quite apart from the financial significance of such a step, it would undoubtedly be a great blow psychologically to the coal and steel sectors of the economy, which moreover will, in all probability, have to cope with increased production costs next year;
- (e) it is likely that in the coal sector at least the yield from the levy will be greater than estimated, and in any case the present rate should enable the needs detailed by the Commission in its draft operational budget to be met;
- (f) if this does not cover all the requirements, use of the system of 'mixed fund loans' to cover interest rebates on credit facilities to industries should be continued for another year. This could also be backed up by using part of the Community's own reserves, though this should be done as sparingly as possible;
- (g) finally, the extremely uncertain economic outlook for the coming financial year was advanced as a reason for not making any changes in the present rate.



6. The following were the main arguments advanced in favour of increasing the rate to 0.30%, as requested by the Commission of the Communities (or even to a higher rate):

- (a) the uncertain economic outlook for 1974 should be sufficient reason for making financial resources available for an even more vigorous policy of resettlement and research than is at present envisaged by the Commission of the Communities;
- (b) the ECSC budget, the effectiveness of which depends mainly on its revenue, may not be sufficient to meet the social aims of the redistribution policy referred to in the Treaty of Paris, which conferred fiscal powers on the Coal and Steel Community for this very purpose;
- (c) a special effort must be made to push ahead with research in the coal industry, so that there will be no reduction in the commitments for 1974, for which 5.5m. u.a. have been earmarked as against the 1973 figure of 5.9m. u.a., and also because it would be a mistake not to promote research in a sector so favourably placed to improve on its own performance, because of the needs arising from the enlargement of the Community and finally in view of the role coal can play in a situation of shortage of sources of energy (a figure of 7m. u.a. has been suggested);
- (d) there must be no reduction in the expenditure on social research, which moreover has recently been warmly supported by the Commission in the coal sector;
- (e) in addition to the research financed by the Member States individually, ECSC financial aid to research has always been vital.

7. In the course of the meeting reference was made, on the one hand, to the selective nature of a tax imposed on only two sectors of the economy and, on the other hand, to the benefits derived by the two sectors in question from a parafiscal system which enables the sums thus raised to be used for the social betterment of those employed in the coal and steel industries.

The Commission was therefore asked to study, without prejudice to the aims and objectives of the Treaty, both the feasibility of replacing a specific tax by a generalized tax and also the possibility of improving this parafiscal scheme, for instance, by releasing the ECSC budget from the obligation of contributing to the Community's administrative expenses.

Further points to be stressed were:

- the importance of the ECSC's fiscal powers and of the redistribution made possible by the Treaty which remains unrivalled as a blueprint for a supranational Community;
- the urgent need for a common energy policy which will, amongst other things, lead to a more comprehensive solution to the problems raised by the ECSC operational budget.

8. The Commission of the Communities fears that it will not be able to meet all the commitments proposed by it in the draft operational budget, especially in the matter of loans to industries; it has stated that the reduced revenue consequent on a rate of 0.29 being fixed, or any rate less than 0.30, would cut from 50 to 34m. u.a. the total sum available for loans to industries which have applied for them. The Commission has therefore been asked to draw up a detailed statement of the possible negative consequences of keeping the levy at its present rate and, in any case, to make greater use of its reserves, should there be a slight shortage of funds to meet anticipated requirements.

9. The resolution reflects the majority view.