

EUROPEAN PARLIAMENT

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Report

drawn up on behalf of the Committee on Budgets

on the proposals from the Commission of the European Communities to the
Council for

- I. a regulation amending Council Regulations (EEC) Nos 2052/69, 1703/72 and 2681/74 on the Community financing of expenditure resulting from the supply of agricultural products as food aid (Doc. 237/77)
- II. a decision amending the decision of 3 August 1972 (72/335/EEC) on the Community financing of certain expenditure arising from the implementation of the Food Aid Convention of 1971 (Doc. 288/77)

Rapporteur: Mr H. AIGNER



By letters of 8 August and 23 September 1977 the President of the Council of the European Communities requested the European Parliament to deliver an opinion on the proposals from the Commission of the European Communities to the Council for

- (a) a regulation amending Regulations (EEC) Nos. 2052/69, 1703/72 and 2681/74 on the Community financing of expenditure resulting from the supply of agricultural products as food aid
- (b) a decision amending the decision of 3 August 1972 (72/335/EEC) on the Community financing of certain expenditure arising from the implementation of the Food Aid Convention of 1971.

On 19 August and 7 October respectively the President of the European Parliament referred these proposals to the Committee on Budgets as the committee responsible and to the Committee on Development and Cooperation for its opinion.

On 21 September the Committee on Budgets appointed Mr Aigner rapporteur.

At its meeting of 2 November 1977 it decided to draw up a joint report on the two proposals in question.

At the same meeting it unanimously adopted the motion for a resolution.

Present: Mr Aigner, acting chairman and rapporteur; Mr Alber, Lord Bessborough, Mrs Dahlerup, Mr Dankert, Mr Schreiber, Mr Shaw, Mr Terrenoire and Mr Würtz.

The opinions of the Committee on Development and Cooperation are attached.

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A

The Committee on Budgets hereby submits to the European Parliament the following motion for a resolution, together with explanatory statement:

MOTION FOR A RESOLUTION

embodying the opinion of the European Parliament on the proposals from the Commission of the European Communities to the Council for

- I. a regulation amending Regulations (EEC) Nos. 2052/69, 1703/72 and 2681/74 on the Community financing of expenditure resulting from the supply of agricultural products as food aid
- II. a decision amending the decision of 3 August 1972 (72/335/EEC) on the Community financing of certain expenditure arising from the implementation of the Food Aid Convention of 1971

The European Parliament,

- having regard to the proposals from the Commission of the European Communities to the Council¹,
 - having been consulted by the Council (Docs. 237/77 and 288/77),
 - having regard to the report of the Committee on Budgets and the opinions of the Committee on Development and Cooperation (Doc. 382/77),
1. Reaffirms its firm commitment to a Community food aid policy that is coherent and independent of the policy for supporting the agricultural markets;
 2. Feels that such a policy is not possible unless the Community has an adequate budgetary structure and instruments;
 3. Approves the Commission's initiative to propose in the preliminary draft budget for 1978 a grouping of the appropriations for food aid under Title 9 of the budget;
 4. Feels, nonetheless, that, for reasons of budgetary transparency, the appropriations for refunds must be itemized in the columns reserved for appropriations.

¹OJ No. C 228, 24.9.1977, pp. 3 and 5

EXPLANATORY STATEMENT

1. Parliament has repeatedly expressed the wish that a coherent and independent Community policy might be adopted for the food aid sector. Only recently it declared that it would be appalling if Community food aid were suspected of serving to dispose of common agricultural policy surpluses and that the lack of an overall policy in this area helped to give that impression¹.
2. Through its budgetary control activities it has been able to observe that such a policy is difficult to carry out as long as budgetary ties persist between the guarantee section of the EAGGF and the part of the budget concerned with food aid.
3. Reacting to Parliament's concern about the question, the Commission proposed to the Council the adoption of a series of measures designed to group food-aid expenditure under Title IX of the budget, to enter expenditure for food-aid refunds under separate items of the 'guarantee' section of the EAGGF² and to facilitate transfers of appropriations between items concerning food aid under Title 6 and Title 9³. The Council adopted the proposal. It was Parliament's wish that this problem might be solved within the general framework of the review of the Financial Regulation, and it proposed such a solution in its resolution of 14 December 1976⁴.
4. The Commission has proposed that a further step be taken in this direction by providing in the preliminary draft budget for 1978 the grouping of all food-aid appropriations under Title 9, including, therefore, refunds. These were itemized, but appeared only in the commentaries. The Committee on Budgets feels that, for reasons of budgetary transparency, these sums must be itemized in the columns for appropriations.

¹ Contribution by Mr Bangemann to the Aigner report on the discharge for 1975 - Doc. 165/77, p.101.

² Regulations (EEC) 2681/74 of 21 October 1974 - OJ L/288, 25 October 1974, p.1.

³ See report by Lord Bruce of Donington on behalf of the Committee on Budgets - Doc. 445/75.

⁴ Shaw report on the modification of the Financial Regulation - Doc. 469/76.

5. The purpose of the text proposed by the Commission is to bring various regulations into line with this new budgetary layout. In particular, Regulation (EEC) No. 2681/74, which provided for the double entry of food-aid expenditure, must be amended.
6. However, during the adoption of the 1978 draft budget, the Council was unable to reach agreement on this new layout and decided to defer the matter in the hope that the regulation proposed by the Commission might be adopted before the appropriation was entered.
7. Apart from the fact that this attitude is contrary to normal budgetary practice according to which amendments to nomenclature are effected under the budgetary procedure, the position taken by the Council runs counter to common sense. The Council intends to decide on this proposal at the end of November; however, a budgetary decision on how these appropriations are to be presented must, without fail, have been taken before this date, since the Council has to decide on Parliament's proposed modifications and draft amendments by 21 November.
8. The position of the Committee on Budgets is basically in line with that of the majority of Council delegations. It should, therefore, be easy for the Council and Parliament to reach agreement on this new budgetary layout. It would be deplorable if purely formal considerations were to prevent progress on basic issues.

OPINION OF THE COMMITTEE ON DEVELOPMENT AND COOPERATION

Letter from the acting chairman to Mr LANGE, chairman of
the Committee on Budgets

Luxembourg, 27 October 1977

Dear Mr Lange,

At its meeting of 28 September 1977 the Committee on Development and Cooperation considered the proposal from the Commission of the European Communities to the Council for a regulation amending Regulations (EEC) Nos. 2052/69, 1703/72 and 2681/74 on the Community financing of expenditure resulting from the supply of agricultural products as food aid (Doc. 237/77).

The committee felt that, from the point of view of budgetary transparency and as a means of rationalizing the present system, the changes proposed have much to recommend them. On the other hand, the different method of presentation has certain drawbacks, since the amount entered in the budget for development aid will be artificially inflated and give an entirely misleading picture of the real value of the aid. This could easily prompt certain bodies to give too favourable an impression of the Community's aid programme. The public is entitled to receive accurate information and to be provided with figures that are not distorted for technical budgetary reasons.

We would be grateful if you would bear these considerations in mind when the proposal in question comes before your committee for adoption.

Yours sincerely,

(sgd.) Giovanni BERSANI

Present: Mr Bersani, acting chairman; Mr Broeks, Lord Castle,
Mr Dewulf, Mr Dondelinger, Mr Glinne, Mr Hunault,
Mr Jakobsen, Mr Lagorce, Mr Lezzi, Mr Martinelli, Mr Nolan
Mr Price and Mr Sandri

OPINION OF THE COMMITTEE ON DEVELOPMENT AND COOPERATION

Letter from the chairman to Mr LANGE, chairman of the Committee
on Budgets

Luxembourg, 24 October 1977

Dear Mr Lange,

At its meeting of 19 October 1977 the Committee on Development and Cooperation considered the proposal from the Commission of the European Communities to the Council for a decision amending the decision of 3 August 1972 (72/335/EEC) on the Community financing of certain expenditure arising from the implementation of the Food Aid Convention of 1971 (Doc. 288/77).

The committee noted that from the point of view of budgetary transparency and also to ease certain difficulties inherent in the present system it might well be desirable to introduce the proposed changes. However, it was pointed out that there were a number of drawbacks to a change in presentation since the amount entered in the budget under development aid would be artificially inflated and give a totally false impression of its true value. As a result some authorities might be tempted to give an excessively favourable impression of the Community effort. The public is entitled to accurate information and to figures in the budget which are not 'distorted' for technical reasons. The members stressed that if this Commission proposal is adopted now, it is vital to make a clear distinction in the Community budget between real expenditure on food aid and the part relating to 'EAGGF Refunds'.

We should appreciate it if you would take these points into account when the proposal is adopted by your committee.

Yours sincerely,

(sgd) Colette FLESCH
Chairman

Present : Miss Flesch, chairman; Mr Lagorce and Mr Sandri, vice-chairmen; Mr Berkhofer (deputizing for Mr Jung), Lord Castle, Mr Deschamps, Mr Dewulf, Mr Lemp (deputizing for Mr Flémig), Mr Martinelli, Mr Pucci (deputizing for Mr Vernaschi) and Mr Scott-Hopkins (deputizing for Lord Reay).

