

Rhys Williams, Lord St. Oswald, Scott-Hopkins, Shaw, Spicer, Suck, Tomney, Sir Derek Walker-Smith and Lord Walston.

The following voted against:

Bouquerel, Bourdellès, Brégègère, Cassanmagnago Cerretti, Cointat, De Keersmaeker, Durieux, Giraud, Guerlin, van der Gun, Jozeau-Marigné, Kaspereit, Kofoed, Lemoine, Lenihan, Ligios, Liogier, McDonald, Martens, Mascagni, Meintz, Memmel, Ney, Noè, Nolan, Nyborg, Pisoni, Pucci, Spénale, Squarcialupi, Vernaschi, Veronesi, Vitale and the President.

The following abstained:

de Koning, van der Mei.

MINUTES OF PROCEEDINGS OF THE SITTING OF TUESDAY, 14 DECEMBER 1976

IN THE CHAIR: Mr SPÉNALE
President

the various opinions delivered by Parliament at its recent sittings.

The sitting was opened at 9.05 a.m.

Decision on the urgency of a motion for a resolution

Approval of minutes

The minutes of proceedings of the previous day's sitting were approved.

Parliament decided to adopt urgent procedure in respect of the motion for a resolution by Mr Springorum on the meeting of the Council of Research Ministers (Doc. 456/76). The motion for a resolution would be placed on the agenda for Friday, 17 December 1976 for consideration without debate.

Mr Shaw spoke on a question of procedure.

Amendment of Parliament's Rules of Procedure

Motion of censure

Mr Hamilton, *Chairman of the Committee on the Rules of Procedure and Petitions*, informed Parliament of the results of his committee's deliberations on the application of Rule 21 (3) of the Rules of Procedure in respect of the vote on the motion of censure tabled by Mr Aigner on behalf of the Christian-Democratic Group (Doc. 480/76).

The next item on the agenda was the joint debate on three reports on the amendment of Parliament's Rules of Procedure.

Mr Berkhouwer introduced his report, drawn up on behalf of the Committee on the Rules of Procedure and Petitions, on the addition to the Rules of Procedure of a new Rule 22A on the conciliation procedure embodied in the joint declaration of the European Parliament, the Council and the Commission of 4 March 1975 (Doc. 210/76).

On a proposal from the President, Parliament decided to hold the vote at the beginning of the sitting on Friday, 17 December.

Mr Hamilton introduced his third report, drawn up on behalf of the Committee on the Rules of Procedure and Petitions, on the amendment of Chapter XI of the Rules of Procedure of the European Parliament (Doc. 408/76).

Mr Prescott spoke.

Action taken by the Commission on the opinions of Parliament

Mr Memmel introduced his report, drawn up on behalf of the Committee on the Rules of Procedure and Petitions, on the amendment of Rule 48 of the Rules of Procedure (Petitions) — (Doc. 409/76).

Mr Thomson, *Member of the Commission*, informed Parliament of the action taken by his institution on

The following spoke. Mr Yeats on behalf of the Group of European Progressive Democrats, Sir Derek Walker-Smith on behalf of the European Conservative Group, and Mr Hamilton, *Chairman of the Committee on the Rules of Procedure and Petitions*.

IN THE CHAIR: Mr MARTENS

Vice-President

The following spoke in the continuing debate. Mr Lagorce and Mr Memmel, *Rapporteur*, on behalf of the Christian-Democratic Group.

The President declared the joint debate closed.

He pointed out that the vote on the motions for resolutions contained in the three reports would be held on Thursday, 16 December.

Financial Regulation

Mr Shaw introduced his report, drawn up on behalf of the Committee on Budgets, on the proposals from the Commission of the European Communities to the Council concerning:

- a Regulation amending the Financial Regulation of 25 April 1973 applicable to the general budget of the European Communities (Doc. 166/76)
- the application of the unit of account to the European Communities' budget (draft resolution of the Council and proposal for a Council Regulation (ECSC, EEC, Euratom) amending the Financial Regulation of 25 April 1973 applicable to the general budget of the European Communities) (Doc. 360/76)

(Doc. 469/76).

The following spoke: Mr Lautenschlager on behalf of the Socialist Group, Mr Cheysson, *Member of the Commission*, and Mr Shaw, *Rapporteur*.

Parliament adopted the following resolution:

RESOLUTION

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

- a Regulation amending the Financial Regulation of 25 April 1973 applicable to the general budget of the European Communities
- the application of the unit of account to the European Communities Budget (draft resolution of the Council and proposal for a Council Regulation (ECSC, EEC, Euratom) amending the Financial Regulation of 25 April 1973 applicable to the general budget of the European Communities)

The European Parliament,

- having regard to the proposals from the Commission of the European Communities to the Council (COM(76) 210 fin. and 515 fin.),
 - having been consulted by the Council (Doc. 166/76 and Doc. 360/76),
 - having regard to the interim reports of the Committee on Budgets (Doc. 305/75 and Doc. 296/76),
 - having regard to the report of the Committee on Budgets on the inter-institutional dialogue on certain budgetary questions (Doc. 97/76),
 - having regard to the report of the Committee on Budgets (Doc. 469/76),
- (a) aware of the special significance which attaches to the Financial Regulation in so far as it sets out the procedure for establishing and implementing the budget and for presenting and auditing accounts;
 - (b) recalling that, over the past three years, certain shortcomings in the Financial Regulation came to notice which require to be corrected;

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- (c) considering that the present revision enables proposals to be put forward for setting right certain anomalies in the Financial Regulation;
- (d) having regard to the experience of the Control Sub-Committee;
- (e) believing that urgency attaches to the adoption of the package of amendments now proposed so that the preliminary draft budget 1978 may be prepared in accordance with the revised text;
1. Notes that the Commission's draft takes account of many of the proposals for amendments put forward by Parliament over the past two years;
 2. Expresses satisfaction with the proposals for the setting out in the budget of particulars of borrowing and lending operations and attaches special importance to the text of the final subparagraph of Article 1 (1) and of Article 16 (3) of the draft amended Financial Regulation;
 3. Considers it highly desirable that, as proposed in the draft amendment to Article 15 (3), the budgetary nomenclature shall be decided during the budgetary procedure;
 4. Believes that the situation in regard to draft supplementary or amending budgets and to amending letters needs to be clarified and strengthened so as to safeguard the position of Parliament and to remove the possibility of problems arising in the future in regard to these aspects of the budgetary process;
 5. Considers that its proposals in regard to the commitment authorizations aspect of the budget will add to budgetary transparency and will provide much needed flexibility and coherence in regard to the coverage of multi-annual projects;
 6. Stresses that safeguarding annuality is essential to the effective execution by Parliament of its role in regard to the general budget and considers that the Financial Regulation, as amended by the following proposals, conforms with the criteria of annuality and transparency;
 7. Attaches special importance to the future role of the proposed Court of Auditors, in so far as effective control of Community income and expenditure is concerned;
 8. Reiterates, in the present context, its earlier calls for the swift ratification of the Treaty of 22 July 1975 and for the rapid establishment of the Court of Auditors;
 9. Expects that, after the members of the Court of Auditors have been appointed, Parliament and Council, acting by common accord on the basis of a proposal from the Commission of the European Communities and from the Court of Auditors, will amend the Financial Regulation further in so far as provisions relating to the competence, powers and methods of operating the Court's powers are concerned;
 10. Notes with satisfaction that some of its earlier demands for the simplification of the presentation of the research part of the budget have been incorporated in the present review;
 11. Calls on the Commission to present, in one year's time, proposals for a fresh revision of the research part of the budget so as to improve its transparency further in the light of experience;
 12. Regards the provisions in relation to the European unit of account as a step towards the unification of the system of units of account in use in the Communities;
 13. Adheres to its belief that the provision in the Treaty in regard to the artificial division of expenditure into compulsory and non-compulsory categories is obsolete;
 14. Allows, nevertheless, references in the amended Financial Regulation to this distinction to stand, for pragmatic reasons, without in any way endorsing the categorization;

15. Notes with approval that the system of non-automatic carry forwards of appropriations, which considerably distorted the annual budgetary pattern in recent years, will disappear under the amended Financial Regulation;
16. Considers that the Financial Regulation should be re-examined once every three years to ensure that it is kept up to date, on the basis of a proposal from the Commission, recourse being had to the concertation procedure, if called for;
17. Calls for the earliest possible setting up of the common basis of assessment of VAT so that it may enter into operation on 1 January 1978, and that the financial autonomy of the Communities, envisaged in the Decision of 21 April 1970, may be fully realized;
18. Believes that it is essential that the text of the Financial Regulation should be consolidated and, therefore, calls on the Commission to produce a unified text as soon as may be after the amendments to the Financial Regulation are adopted;
19. Stresses the need for a harmonized translation of the revised text into all the official languages of the Communities so as to avoid possible misunderstandings arising;
20. Requests the Commission to adopt the following amendments, pursuant to the second paragraph of Article 149 of the EEC Treaty;
21. Insists that the amendments to the Financial Regulation constitute a subject to which the provisions of the joint declaration ⁽¹⁾ of the European Parliament, the Council and the Commission of 4 March 1975 regarding the conciliation procedure should apply;
22. Calls as a consequence for recourse to the conciliation procedure should the Council intend to depart from the text as amended by the European Parliament.

⁽¹⁾ OJ No C 89, 22. 4. 1975, p. 1.

TEXT PROPOSED BY THE COMMISSION
OF THE EUROPEAN COMMUNITIES ⁽¹⁾

TEXT AMENDED BY THE EUROPEAN PARLIAMENT

Proposal for a Council Regulation (ECSC, EEC, Euratom) amending the Financial Regulation of 25 April 1973 applicable to the general budget of the European Communities

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Coal and Steel Community, and in particular Article 78f thereof,	u n c h a n g e d
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Having regard to the Treaty establishing the European Economic Community, and in particular Article 209 thereof,	u n c h a n g e d
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Having regard to the Treaty establishing the European Atomic Energy Community, and in particular Article 183 thereof,	u n c h a n g e d
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⁽¹⁾ OJ No C 171, 26. 7. 1976, p. 20.

TEXT PROPOSED BY THE COMMISSION
OF THE EUROPEAN COMMUNITIES

TEXT AMENDED BY THE EUROPEAN PARLIAMENT

Having regard to the proposal from the Commission,

u n c h a n g e d

Having regard to the opinion of the European Parliament,

u n c h a n g e d

Whereas the Treaty of 22 July 1975 amended certain budgetary provisions of the Treaties establishing the European Communities and of the Treaty establishing a single Council and a single Commission for the European Communities; whereas, in the light of these amendments, changes need to be made to the provisions of the Financial Regulation relating to the adoption of the budget and the measures to be taken if, at the beginning of a budget year, the budget has not yet been adopted;

u n c h a n g e d

Whereas account should also be taken of the changed distribution of the powers of the two institutions which hold the budgetary authority by amending the provisions concerning transfers to reflect the fact that *the European Parliament makes the final decision on transfers relating to expenditure which does not necessarily result from the Treaties or from Acts adopted in accordance therewith;*

Whereas account should also be taken of the changed distribution of the powers of the two institutions which hold the budgetary authority by amending the provisions concerning transfers to reflect the fact that **both these institutions, i.e., the Council and the European Parliament, are involved and that the Council takes the final decision on transfers relating to expenditure resulting necessarily from the Treaty and Acts adopted in accordance therewith and the European Parliament the final decision on transfers of all other expenditure;**

Whereas the Treaty of 22 July 1975 established a Court of Auditors which replaces the Audit Board and the Auditor of the European Coal and Steel Community; whereas the Court of Auditors should have the same status as an institution in matters concerning the establishment and implementation of the budget; *whereas the provisions covering the jurisdiction and powers of the Court of Auditors should be reviewed once the Court has been constituted;*

Whereas the Treaty of 22 July 1975 established a Court of Auditors which replaces the Audit Board of the European Coal and Steel Community; whereas, **moreover**, the Court of Auditors should have the same status as an institution in matters concerning the establishment and implementation of its budget; **whereas, however, the Financial Regulation should define more clearly the jurisdiction and powers of the Court and the manner in which it should exercise those powers once it becomes operational; whereas it is therefore appropriate to stress the need to review that part of the Financial Regulation which relates to the Court of Auditors;**

Whereas there should be conferred upon all the institutions the right to apply the practices current in some of the institutions in respect of the implementation of their budgets; whereas in particular all the institutions should be empowered to effect themselves any necessary transfers within their own budget section; whereas in respect of the Guarantee Section of the European Agricultural Guidance and Guarantee Fund the Commission should, because of the requirement that the accounts be closed on 31 March, be empowered to carry out between 1 January and 31 March of the subsequent financial year any transfers between chapters that may be required; whereas, pursuant to the provisions of Regulation (EEC) No 2681/74, it is essential that the

u n c h a n g e d

 TEXT PROPOSED BY THE COMMISSION
OF THE EUROPEAN COMMUNITIES

 TEXT AMENDED BY THE EUROPEAN PARLIAMENT

Commission should be empowered to make transfers as necessary between chapters of the Guarantee Section of the European Agricultural Guidance and Guarantee Fund and the food aid chapter;

Whereas the definition of the unit of account and the methods applicable to making conversions between the unit of account and the currencies of the Member States, embodied in the text of Article 10 of the Financial Regulation of 25 April 1973 ⁽¹⁾ are no longer appropriate to the current international monetary situation; whereas in its report of 4 March 1975 the Monetary Committee took the view that a unit of account based on a basket of Community currencies would be best suited to the requirements of the Community in general;

Whereas the Council has already adopted such a unit of account to express the amounts of aid mentioned in Article 42 of the ACP-EEC Convention of Lomé in Decision 75/250/EEC ⁽²⁾; whereas the Commission of the European Communities has adopted the same unit of account for the implementation of the ECSC Treaty in Decision 3289/75/ECSC; whereas the same definition should be adopted for the purposes of implementing the EEC and ECSC Treaties;

Whereas it is necessary to harmonize the various budgetary procedures currently used for the Social Fund, the Regional Fund and the European Agricultural Guidance and Guarantee Fund Guidance Section; whereas it is essential that these procedures be brought in line with the general system; whereas, notwithstanding this, transitional provisions must be introduced to enable the arrangements used for these Funds to be gradually adapted to the general system;

Whereas a distinction should be made between *appropriations for commitment* and appropriations for payment in the case of projects lasting several years and the projects to which such a distinction applies should be determined under budgetary procedure;

Whereas, in the light of the experience acquired in the preparation and management of the function-orientated budget applicable to research and investment appropriations, the system used needs to be rationalized and simplified;

u n c h a n g e d

u n c h a n g e d

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Whereas a distinction should be made between **commitment authorizations** and appropriations for payment in the case of projects lasting several years; whereas the projects to which such a distinction applies should be determined under the budgetary procedure;

Whereas, in the case of research and investment **appropriations**, account should be taken of the need for **budgetary clarity which is essential if the budgetary authority is to be able to discharge its functions**; whereas an initial breakdown of research appropriations by article and item should be given in a special chapter of the section of the budget relating to the Commission; whereas, moreover, in the light of the experience acquired in the preparation and management of the function-orientated budget applicable to these research and investment appropriations, the system used for their functional presentation needs to be rationalized and simplified;

⁽¹⁾ OJ No L 116, 1. 5. 1973, p. 1.

⁽²⁾ OJ No L 104, 24. 4. 1975, p. 35.

 TEXT PROPOSED BY THE COMMISSION
 OF THE EUROPEAN COMMUNITIES

 TEXT AMENDED BY THE EUROPEAN PARLIAMENT

Whereas the Office for Official Publications carries out work for all the institutions, thus constituting a joint service, and it is consequently necessary to improve the presentation and implementation of the budget for this office; whereas the appropriations for the Office for Official Publications should consequently be entered in an Annex to the 'Commission' section in which all these appropriations will be entered under a specific budget heading and, in order to avoid unnecessary inflation of the budget, the institutions should no longer be required to make payments to the office;

u n c h a n g e d

Whereas the budgetary nomenclature *needs to be decided* each year under the budgetary procedure to take account of *the trends* in the activities of the Communities;

Whereas, to take account of **developments**, in Community activities, the budgetary nomenclature **may be changed** each year under the budgetary procedure;

Whereas the definitive application of the own resources system from 1 January 1978 necessitates the modification of certain financial provisions and the introduction of new provisions in order to ensure the Communities' financial autonomy by the assignment of the total sum of own resources;

u n c h a n g e d

Whereas once this financial autonomy is achieved, the effecting of expenditure will no longer require the carrying-over of appropriations which had not been committed by the end of the financial year; whereas the provision for such carry-overs should therefore be abolished;

u n c h a n g e d

Whereas the Community must nevertheless be able to meet the commitments into which it has entered; whereas it is consequently necessary for the appropriations corresponding to these commitments and not spent during the financial year to be maintained in full to cover these obligations;

u n c h a n g e d

Whereas borrowing has been recognized as a means of financing Community activities and the provisions of the Financial Regulation call for modification to take account of this possibility;

u n c h a n g e d

Whereas account must be taken of the trends in prices since the Financial Regulation of 25 April 1973 was drawn up and to modify the amounts referred to in Articles 62, 64, 65 and 103 accordingly,

u n c h a n g e d

HAS ADOPTED THIS REGULATION:

Article 1⁽¹⁾

The Financial Regulation of 25 April 1973 applicable to the general budget of the European Communities (73/91/ECSC, EEC, Euratom) shall be amended as follows:

⁽¹⁾ (Of the draft Regulation shown in Doc. 166/76 amending the Financial Regulation of 25 April 1973).

 TEXT PROPOSED BY THE COMMISSION
 OF THE EUROPEAN COMMUNITIES

 TEXT AMENDED BY THE EUROPEAN PARLIAMENT

Article 1 ⁽¹⁾

1. The budget of the European Communities (hereinafter referred to as 'the budget') is the instrument which sets out forecasts of, and authorizes in advance, the expected revenue and expenditure of the Communities for each budget year. For the purposes of this Financial Regulation, the revenue and expenditure of the Communities shall comprise:

- the administrative expenditure of the European Coal and Steel Community and the corresponding revenue,
- the revenue and expenditure of the European Economic Community,
- the revenue and expenditure of the European Atomic Energy Community.

The abovementioned expenditure shall comprise that arising from the activities of the institutions.

The budget also sets out forecasts of, and authorizes, borrowing and lending operations.

2. *The appropriations entered annually in the budget shall be used to finance the commitments entered into during the financial year and the relevant payments without prejudice to the provisions of paragraph 3 relating to multi-annual projects.*

No expenditure may be incurred or authorized in excess of the authorized appropriations.

3. *The appropriations intended to finance multi-annual projects shall include appropriations for commitment and appropriations for payment.*

The appropriations for commitment authorize the signature of the legal obligations which have to be contracted to cover the total cost of projects which are to be implemented over several financial years. They represent the upper limit of that expenditure the commitment of which has been authorized in order to enable the projects in question to be implemented.

The appropriations for payment enable expenditure which has been committed during the current or preceding financial years to be paid. They represent the upper limit of expenditure involved in the payment of the commitments in question.

Article 1

1. unchanged

2. The appropriations shown in the budget shall be authorized for one financial year.

unchanged

3. Appropriations intended to finance multi-annual activities may give rise to appropriations for payment and commitment authorizations.

Appropriations for payment shall cover, up to the limit of the amount entered in the budget, expenditure arising from commitments entered into in the current financial year and/or preceding financial years.

Commitment authorizations shall cover, for the current financial year, the total of the legal obligations to be entered into for activities which are to be implemented over more than one financial year.

⁽¹⁾ (Of the Financial Regulation of 25 April 1973), as amended.

TEXT PROPOSED BY THE COMMISSION
OF THE EUROPEAN COMMUNITIES

TEXT AMENDED BY THE EUROPEAN PARLIAMENT

The entries intended for multiannual activities and consisting of appropriations for payment and commitment authorizations shall be shown in the budget as follows:

- (a) As regards payments to be made in the current financial year by entry of the amount under the appropriate item in the budget.
- (b) As regards commitment authorizations, by entry in the remarks column:
 - of the total amount authorized for the current financial year.
 - of the annual amounts needed on the basis of an estimated implementing schedule.

The amounts entered as commitment authorizations in the remarks column for the budget of the current year shall be binding for that year.

Save as otherwise provided in the provisions, relating to research and investment appropriations, the projects in respect of which a distinction is made between appropriations for commitment and appropriations for payment shall be decided during the budgetary procedure.

Multi-annual projects in respect of which a distinction is to be made between appropriations for payment and commitment authorizations shall be decided during the budgetary procedure. This principle shall not apply to research and investment appropriations covered by special provisions.

4. Without prejudice to the provisions of the preceding paragraph, expenditure may be authorized for a period going beyond the financial year only in accordance with the detailed rules provided for in the budget.

4. unchanged

Operating expenditure arising from contracts which have been concluded in accordance with local usage for periods going beyond the financial year is not subject to the provisions of the preceding subparagraph. Such expenditure shall be charged to the budget for the financial year in which it is incurred.

Article 2 unchanged

Article 3

All revenue and all expenditure shall be entered in full in the budget and in the accounts *without any adjustment against each other.*

Article 3

1. All estimated revenue and all estimated expenditure shall be entered in full in the budget.

2. All revenue and all expenditure shall be entered in full in the accounts.

 TEXT PROPOSED BY THE COMMISSION
 OF THE EUROPEAN COMMUNITIES

Article 4

1. The total revenue shall be used to finance the total expenditure.

In the case of budget headings under which *appropriations for commitment* and appropriations for payment have been entered, it is the amount entered as appropriations for payment which is to be used for the purposes of the preceding paragraph.

2. *The financing of the expenditure relating to the supplementary research programmes is governed by the provisions of Article 4 (6) of the Decision of 21 April 1970.*

3. Notwithstanding the provisions of *paragraph 1*, the revenue earmarked for a specific purpose, such as income from foundations, subsidies, gifts and bequests, shall not be used for any other purpose.

The Commission may accept any donation made to the Communities, and in particular foundations, subsidies, gifts and bequests.

The Commission may accept donations which may involve some financial charge only subject to prior authorization from the European Parliament and the Council, which shall act on the matter within two months from the date of receipt of the request from the Commission. If no objection has been made within this period, the Commission shall take a final decision of acceptance.

Article 5

No revenue shall be collected and no expenditure effected unless credited to or charged against an article in the budget.

Article 6

1. The financial year shall *correspond to the calendar year.*

2. The revenue of a financial year shall be entered in the accounts for that financial year on the basis of *the amounts collected during the financial year.*

 TEXT AMENDED BY THE EUROPEAN PARLIAMENT

Article 4

The total revenue shall be used to finance the total expenditure, **subject to the provisions of the second paragraph of Article 93.**

In the case of budget headings under which appropriations for payment **and commitment authorizations** have been entered, it is the amount entered as appropriations for payment which is to be used for the purposes of the preceding paragraph.

2. **deleted** and transferred to Article 93 (2)

Article 5 (new)

Notwithstanding the provisions of **Article 4**, the revenue earmarked for a specific purpose, such as income from foundations, subsidies, gifts and bequests, shall not be used for any other purpose.

The Commission may accept any donation made to the Communities, and in particular foundations, subsidies, gifts and bequests.

The Commission may accept donations which may involve some financial charge only subject to prior authorization from the European Parliament and the Council, which shall act on the matter within two months from the date of receipt of the request from the Commission. If no objection has been made within this period, the Commission shall take a final decision of acceptance.

deleted and transferred to Article 17

Article 6

1. The financial year shall **run from 1 January to 31 December.**

2. The revenue of a financial year shall be entered in the accounts for that financial year on the basis of **entitlements recorded up to and including 31 December.**

TEXT PROPOSED BY THE COMMISSION
OF THE EUROPEAN COMMUNITIES

3. The following rules shall govern the utilization of appropriations:

(a) *Under the budget headings where there is a distinction between appropriations for commitment and appropriations for payment:*

- *the commitments shall be entered in the accounts on the basis of the commitments contracted up to the end of the financial year. The portion of the appropriations for commitment which is not utilized by the end of the financial year shall lapse, unless the Budgetary Authority decides otherwise during the budgetary procedure,*
- *the payments for a financial year shall be entered in the accounts for that year on the basis of the expenditure in respect of which the authorization reached the Financial Controller not later than 31 December, and for which payment was effected by the accounting officer not later than the following 15 January. The portion of the appropriations for payment which has not been utilized by the end of the financial year, but which corresponds to commitments incurred shall not lapse but shall be used in the subsequent financial year(s) towards the total amount of the commitments contracted but not paid in the preceding financial year(s),*
- *the portion of the appropriations for payment which, at the end of the financial year, exceeds the total amount of commitments entered into in the preceding financial year(s) shall lapse.*

(b) *Under the budget headings where there is no distinction between appropriations for commitment and appropriations for payment (non-differentiated appropriations):*

- *the commitments shall be entered in the accounts on the basis of the commitments contracted up to the end of the financial year. The portion of the appropriations which has not been committed by the end of the financial year shall lapse.*
- *the payments for a financial year shall be entered in the accounts for that year on the basis of the expenditure in respect of which the authorization reached the Financial Controller not later than 31 December, and for which payment was effected by the accounting officer not later than the following 15 January. The portion of the*

TEXT AMENDED BY THE EUROPEAN PARLIAMENT

3. The following rules shall govern the utilization of appropriations:

(a) Subject to the exceptions provided for at (b) and (c) below, in the case of appropriations entered under items, articles, chapters and titles of the budget:

- the commitments entered in the accounts shall be those contracted up to the end of the financial year. The portion of the appropriations not committed by the end of the financial year shall lapse.
- the payments entered in the accounts for the financial year shall be those which correspond to authorized expenditure communicated to the Financial Controller by 31 December at the latest and paid by the accounting officer by the following 15 January at the latest. The portion of the appropriation for each item committed but not paid by the end of the financial year shall not lapse but shall be used in the subsequent financial year(s) towards the corresponding commitments contracted but not paid.

(b) In the case of appropriations for commitment as defined at Article 176 of the Euratom Treaty and at Article 95 below and appropriations for payment.

(c) In the case of appropriations intended for the implementation of multi-annual projects and giving rise to appropriations for payment and commitment authorizations:

- the commitments entered in the accounts shall be those contracted up to the end of the financial year. The portion of the commitments authorized but not used by the end of the financial year shall lapse unless the budgetary authority decides otherwise during the budgetary procedure,
- the payments entered in the accounts for the financial year shall be those which correspond to authorized expenditure communicated to the Financial Controller by 31 December at the latest and paid by the accounting officer by the following 15 January at the latest. The portion of the appropriation for each item committed but not paid by the end of the financial year shall not lapse but shall be used in the subsequent financial year(s) towards the corresponding commitments contracted but not paid,

TEXT PROPOSED BY THE COMMISSION
OF THE EUROPEAN COMMUNITIES

appropriations which was committed but not paid by the end of the financial year shall not lapse but shall be used in the subsequent financial year(s) towards the total amount of the commitments contracted but not paid in the preceding financial year(s)

4. However, the appropriations for the Guidance Section of the European Agricultural Guidance and Guarantee Fund may be used by way of exception to finance projects for which they were not initially committed in accordance with Council Regulation (EEC) No 3171/75 of 3 December 1975 ⁽¹⁾.

Article 7

Once the budget for the following financial year has been finally adopted, the appropriations entered therein may be committed with effect from 1 January.

However, irrespective of the adoption of this budget, current administrative expenditure which is chargeable to the next financial year and which, by its nature, arises at the beginning of that financial year may, as from 15 November of each financial year, be charged as an expected commitment against the appropriations provided for in respect of the next financial year up to a maximum of one quarter of the total corresponding appropriations for the current year. However, such commitments shall not apply to new expenditure of a kind not yet approved in principle in the budget of the current financial year. Similarly the advances within the meaning of Articles 107 and 114, intended to finance the expenditure of the Guarantee Section of the European Agricultural Guidance and Guarantee Fund and expenditure on food aid, may be paid from 10 December onwards.

TEXT AMENDED BY THE EUROPEAN PARLIAMENT

— the portion of the appropriations for payment which, at the end of the financial year, exceeds the total amount of the commitments entered into in the current and or preceding financial year(s) shall lapse.

4. unchanged

5. The budgetary authority is to be informed, in the context of the quarterly report provided for at Article 31 of this Financial Regulation, of the utilization of the appropriations referred to at paragraphs 3 and 4 above.

Article 7

The appropriations entered in the budget may be committed with effect from 1 January, once the budget has been finally adopted.

This provision shall not apply to current administrative expenditure which, as from 15 November of each financial year, may be charged as an expected commitment against the appropriations provided for in respect of the next financial year. Such commitments shall not, however, exceed one quarter of the total corresponding appropriations for the current financial year. However, such commitments shall not apply to new expenditure of a kind not yet approved in principle in the budget of the current financial year.

The advances intended within the meaning of Articles 107 and 114 to finance the expenditure of the Guarantee Section of the European Agricultural Guidance and Guarantee Fund and expenditure on food aid may be paid from 10 December onwards.

⁽¹⁾ OJ No L 315, 5. 12. 1975, p. 1.

 TEXT PROPOSED BY THE COMMISSION
 OF THE EUROPEAN COMMUNITIES

 TEXT AMENDED BY THE EUROPEAN PARLIAMENT

Article 8

Article 8

If the budget is not finally adopted at the beginning of the financial year, Article 78b of the Treaty establishing the European Coal and Steel Community, Article 204 of the Treaty establishing the European Economic Community and Article 178 of the Treaty establishing the European Atomic Energy Community shall apply to commitments and payments of expenditure of a kind already approved in principle in the last budget duly adopted.

unchanged

Payments may be made monthly in respect of any chapter up to one-twelfth of the appropriations in respect of the relevant chapter for the preceding financial year; this may not, however, have the effect of placing at the disposal of the Commission monthly appropriations in excess of one-twelfth of the sum provided for in the draft budget or, in the absence thereof, in the preliminary draft budget. Commitments may be entered into up to one quarter of the total appropriations in respect of the relevant chapter for the preceding financial year increased by one-twelfth for each completed month; these commitments may not, however, exceed the limit of the appropriations provided for in the draft budget or, in the absence thereof, in the preliminary draft budget.

unchanged

At the request of the Commission, and without prejudice to the provisions of the second paragraph, the Council may, acting by a qualified majority, and as dictated by administrative requirements, authorize the simultaneous expenditure of two or more provisional twelfths.

At the request of the Commission, and without prejudice to the provisions of the second paragraph, the Council may, acting by a qualified majority, and as dictated by administrative requirements, **and after consulting the European Parliament**, authorize the simultaneous expenditure of two or more provisional twelfths.

If this decision concerns expenditure other than compulsory expenditure arising from the Treaty or acts adopted thereunder, the Council shall forward such decision forthwith to the European Parliament within 30 days; the European Parliament may, acting by a majority of its members and three-fifths of the votes cast, take a differing decision on this expenditure in respect of the portion exceeding the one-twelfth referred to in paragraph 2. This part of the Council Decision shall be suspended until the European Parliament has taken its decision. If the European Parliament has not taken a decision differing from that of the Council within the period laid down, the Decision of the Council shall be deemed to be finally adopted.

Decisions concerning several provisional twelfths and relating to expenditure other than that necessarily resulting from the Treaty or from acts adopted in accordance therewith shall be taken pursuant to the procedure laid down in the third subparagraph of Article 204 of the Treaty establishing the European Economic Community as amended, by Article 13 of the Treaty of 22 July 1975.

The decisions referred to in the previous paragraphs shall include the requisite measures in respect of resources for the purposes of this Article.

unchanged

TEXT PROPOSED BY THE COMMISSION
OF THE EUROPEAN COMMUNITIES

TEXT AMENDED BY THE EUROPEAN PARLIAMENT

As regards research and investment appropriations, the provisions of Article 101 shall apply.

unchanged

Articles 9 to 11 unchanged

Article 12

Article 12

1. The Commission shall prepare a general statement of revenue of the European Communities and shall consolidate the estimates referred to in Article 11 in the preliminary draft budget and shall place it before the Council each year not later than 1 September. It shall, at the same time, forward the preliminary draft budget to the European Parliament.

1. unchanged

2. The Commission shall prepare a general introduction to the preliminary draft budget, containing in particular:

2. The Commission shall prepare a general introduction to the preliminary draft budget containing in particular:

(a) financial tables covering the entire budget;

(a) financial tables covering the entire budget;

(b) as regards the Commission section:

(b) as regards the Commission section:

— a definition of the policies justifying the requests for appropriations,

— a definition of the policies justifying the requests for appropriations,

— an explanation of the changes in appropriations from one financial year to the next,

— an explanation of the changes in appropriations from one financial year to the next,

— a *general* statement on the borrowings and loans policy.

— a **detailed** statement on the borrowings and loans policy.

3. Every other section of the preliminary draft budget shall be preceded by an introduction prepared by the institution concerned.

3. unchanged

4. The preliminary draft budget shall be accompanied by working documents containing the following information:

4. unchanged

(a) in respect of staff:

(a) unchanged

— for each category of staff, a detailed list of budgetary posts and numbers of persons in post on the date of the submission of the preliminary draft budget, indicating their distribution by grade and administrative unit (or principal operational unit for the establishments of the Joint Research Centre),

— where a change in the number of persons in post is proposed, a statement justifying such changes;

TEXT PROPOSED BY THE COMMISSION
OF THE EUROPEAN COMMUNITIES

TEXT AMENDED BY THE EUROPEAN PARLIAMENT

(b) in respect of expenditure including appropriations for commitment and appropriations for payment:

- a table showing all the appropriations for commitment and the corresponding appropriations for payment for the financial year in question;

(c) in respect of subsidies to the Supply Agency, to the bodies set up pursuant to the Treaties and to the European schools;

- a forecast of revenue and expenditure.

5. Furthermore, the Commission shall attach to the preliminary draft budget:

- a balance sheet of assets and liabilities for the preceding financial year, as envisaged in Article 83, and
- an opinion on the estimates in respect of the other institutions; that opinion may contain different estimates, *duly supported*.

6. The Commission may, on its own initiative and, if appropriate, at the request of the European Parliament, the Council, the Court of Justice and the Court of Auditors, present — by means of a letter of amendment — proposals for changes to the preliminary draft budget necessitated by the receipt of new information which was not available at the time the budget was drawn up.

7. The Commission may, *if necessary*, submit supplementary or amending preliminary draft budgets. Requests for supplementary or amending budgets from the European Parliament, the Council, the Court of Justice or the Court of Auditors shall be forwarded by the Commission to the Budgetary Authority. The Commission may attach a different opinion. These budgets shall be submitted, examined, prepared and finally adopted in the same form and according to the same procedure as for the budget whose estimates they are amending. They must be substantiated by reference to the latter. The

(b) unchanged

(c) in respect of subsidies to the bodies set up pursuant to the Treaties or acts adopted in accordance therewith, to the Supply Agency and to the European schools:

- a forecast of revenue and expenditure prefaced by an explanatory statement drawn up by the bodies concerned.

5. Furthermore, the Commission shall attach to the preliminary draft budget:

- an analysis of the financial management for the preceding financial year, as envisaged in Article 83, and a balance sheet of assets and liabilities of the Communities as at 31 December of the preceding financial year as envisaged at Article 84, and
- an opinion on the estimates in respect of the other institutions; that opinion may contain different estimates.

6. The Commission may, on its own initiative and, if appropriate, at the request of the European Parliament, the Council, the Court of Justice and the Court of Auditors, present — by means of a letter of amendment — proposals for changes to the preliminary draft budget necessitated by the receipt of new information which was not available at the time the budget was drawn up.

However, such a letter of amendment must be put before Parliament by the Council at least 15 days before the first reading of the draft budget, save in very exceptional circumstances.

7. In the event of unavoidable, exceptional and unforeseen circumstances arising, the Commission may submit preliminary draft supplementary budgets. Also, particularly to enable policies to be adapted, the Commission may submit preliminary draft amending budgets which would not alter the total amount of the annual budget and to which would be attached the necessary draft corresponding regulations. Requests for supplementary or amending budgets from the European Parliament, the Council, the Court of Justice or the Court of Auditors shall be forwarded by the Commission to the Budgetary

 TEXT PROPOSED BY THE COMMISSION
OF THE EUROPEAN COMMUNITIES

competent authorities shall discuss them in the light of their urgency. All supplementary budgets must be forwarded to the Council by the date laid down for the submission of the preliminary draft budget for the following financial year.

Article 13

The Council shall establish the draft budget in accordance with the procedure laid down in Article 78 of the Treaty establishing the European Coal and Steel Community, Article 203 of the Treaty establishing the European Economic Community and Article 177 of the Treaty establishing the European Atomic Energy Community.

The draft budget shall be forwarded to the European Parliament and placed before it not later than 5 October. The Council shall attach to that draft budget an explanatory memorandum defining in particular:

- 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 from the preliminary draft budget, if it has done so.

Article 16

The budget shall show:

1. In the general statement of revenue:
 - forecasts of revenue in respect of the European Communities for the financial year in question divided into titles, chapters, articles and items;

 TEXT AMENDED BY THE EUROPEAN PARLIAMENT

Authority. The Commission may attach a different opinion. These budgets shall be submitted, examined, prepared and finally adopted in the same form and according to the same procedure as for the budget whose estimates they are amending. They must be substantiated by reference to the latter. The competent authorities shall discuss them in the light of their urgency. All supplementary budgets must, as a **general rule**, be forwarded to the Council by the date laid down for the submission of the preliminary draft budget for the following financial year.

Article 13

1. **unchanged**

The draft budget shall be forwarded to the European Parliament and placed before it not later than 5 October.

The Council shall attach to that draft budget an explanatory memorandum defining in particular:

- the relationship between the principal objectives of the Communities and the requests for appropriations,
- the changes in appropriations compared with the preceding year,
- the Council's **detailed** reasons for departing from the preliminary draft budget, if it has done so.

2. **The provisions of paragraph 1 are applicable 'mutatis mutandis' to draft supplementary and/or amending budgets.**

Articles 14 and 15 unchanged

Article 16

1. **unchanged**

 TEXT PROPOSED BY THE COMMISSION
 OF THE EUROPEAN COMMUNITIES

 TEXT AMENDED BY THE EUROPEAN PARLIAMENT

- revenue for the preceding financial year divided into titles, chapters, articles and items;
- appropriate comments on each subdivision.

2. In the section referring to each institution:

(a) as regards the statement of revenue:

- the forecast of revenue for each institution for the financial year in question, divided into titles, chapters, articles and items, following a decimal classification system,
- the revenue entered in the budget for the preceding financial year and the revenue established for the last financial year for which accounts have been closed, using the same decimal classification,
- appropriate comments for each revenue heading;

(b) as regards the statement of expenditure:

- *concerning the budget headings which do not include appropriations for commitment and appropriations for expenditure:*
 - *the budget appropriations made available for the financial year in question divided into titles, chapters, articles and items, following a decimal classification system,*
 - *the budget appropriations made available for the preceding financial year and the actual expenditure for the last financial year for which accounts have been closed, using the same decimal classification,*
- *as for the budget headings which include appropriations for commitment and appropriations for expenditure:*
 - *the appropriations for payment made available for the financial year in question and the preceding financial year and the actual expenditure for the last financial year for which the accounts have been closed, using the same decimal classification system,*
 - *in the remarks column the appropriations for commitment entered for the financial year in question and*

2. (a) unchanged

(b) as regards the statement of expenditure:

- for the various items, articles, chapters and titles:
 - the budget appropriations made available for the financial year in question, these appropriations being the appropriations for payment for the items for which the distinction between appropriations for payment and commitment authorizations has been agreed,
 - the budget appropriations made available for the preceding financial year,
 - the actual expenditure for the last financial year for which the accounts have been closed,
- for the appropriations intended for the implementation of multiannual projects and consisting of appropriations for payment and commitment authorizations:
 - in the remarks column, an indicative implementing schedule concerning the preceding financial year, the financial year in question and future financial years corresponding to the duration of the multi-annual projects,

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TEXT AMENDED BY THE EUROPEAN PARLIAMENT

for the previous financial year, and the commitments incurred during the last financial year for which the accounts have been cleared,

- appropriate comments on each subdivision; such comments may be binding, in which case this fact shall be specifically mentioned;

(c) as regards the staff in post:

- in an annex to the budget, a list of posts fixing the number of posts for each grade in each category and in each service,
- annexed to the Commission section, a list of posts in respect of officials, establishment staff of the Joint Research Centre and temporary staff occupying permanent posts, classified by categories and grades, whose appointment is authorized within the limits of the budget appropriations.

However, as regards scientific and technical staff, the classification may be based on different groups of grades, in accordance with the conditions laid down in each budget. The list of posts must mention the number of highly-qualified technical or scientific personnel who are accorded special advantages under the Staff Regulations applicable to these officials.

The list of posts shall constitute an absolute limit for each institution; no appointment may be made in excess of the limit set.

3. As regards borrowing and lending operations:

(a) in the Commission section:

- the budgetary headings corresponding to the categories of operation which are generally accorded a token entry,
- remarks which show in particular the legal basis, as the case may be, the annual volume of operations envisaged and the financial guarantee given by the Commission in respect of these operations;

(b) annexed to the Commission section:

- the current capital operations and management of the debt,

- appropriate comments on each subdivision; such comments may be binding, in which case this fact shall be specifically mentioned;

(c) u n c h a n g e d

3. u n c h a n g e d

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TEXT AMENDED BY THE EUROPEAN PARLIAMENT

- for information, the capital operations and management of the debt for the financial year in question.

*Article 17**Article 17*

The budget shall be implemented in accordance with the principle that the authorizing officers and accounting officers are different individuals.

u n c h a n g e d

The appropriations shall be administered by the authorizing officer who alone is empowered to enter into commitments regarding expenditure, establish sums due to be collected and issue receivable orders and payment orders. The operations of collection or payment shall be carried out by the accounting officer. No financial controller or accounting officer can exercise the functions of an authorizing officer.

u n c h a n g e d

No revenue shall be collected and no expenditure effected unless credited to or charged against an article in the budget.

Articles 18 to 20 unchanged

*Article 21**Article 21*

1. The appropriations shall be classified by chapter and article.

1. u n c h a n g e d

2. *Each institution may transfer appropriations for payment between chapters in its section of the budget to meet its requirements. It shall inform the Commission and the Budgetary Authority accordingly.*

2. d e l e t e d

3. (a) The European Parliament, the Council, the Court of Justice and the Court of Auditors may make transfers between chapters *of a title* in their sections of the budget and within each chapter.

2. (a) The European Parliament, the Council, the Court of Justice and the Court of Auditors may make transfers between chapters of **titles relating to staff and operating expenditure** in their sections of the budget and **in any title** within each chapter.

Transfers by the Economic and Social Committee shall be decided by the Council. The Commission and the Budgetary Authority shall be informed of these transfers.

u n c h a n g e d

(b) The Commission may make transfers between chapters of titles relating to staff and operating expenditure, and, in any title, within each chapter.

(b) u n c h a n g e d

TEXT PROPOSED BY THE COMMISSION
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4. *Other transfers shall be subject to the following procedure.*

Requests for transfers shall be sent to the Commission and forwarded by the latter to the European Parliament and the Council.

Transfers relating to expenditure necessarily resulting from the Treaty or from acts adopted in accordance therewith shall be deemed to be approved if the Council, acting by qualified majority and after consulting the European Parliament, has not taken a decision to the contrary within six weeks from the date on which the Council received the request.

Transfers relating to expenditure not necessarily resulting from the Treaty or from acts adopted in accordance therewith shall be deemed to be approved if the European Parliament, after consulting the Council, has not taken a decision to the contrary within six weeks from the date on which the European Parliament received the request.

Transfers relating to expenditure necessarily resulting from the Treaty or from acts adopted in accordance therewith and other expenditure shall be deemed to be approved if neither the Council nor the European Parliament have taken a decision to the contrary within six weeks from the date on which the two institutions received the request.

If, in the case provided for in the preceding subparagraph, the European Parliament and the Council reduce the transfer by different amounts the lower amount accepted by one of the two institutions shall be deemed to be approved.

5. Every proposal for an amendment to the appropriations for payment or for a transfer within a chapter or between chapters shall be subject to the approval of the Financial Controller, who shall attest that the appropriations are available.

6. Unless otherwise decided in due and proper form under the budgetary procedure, appropriations can be transferred only to articles in the budget for which the budget has authorized appropriations or carries a 'token entry'.

TEXT AMENDED BY THE EUROPEAN PARLIAMENT

3. As regards all other transfers of appropriations for payment within the section relating to the Commission:

(a) the Council, after consulting the European Parliament, shall act within six weeks on requests for transfers submitted by the Commission and relating to expenditure necessarily resulting from the Treaty or acts adopted in accordance therewith.

If no decision has been taken by the Council within this time limit, these requests for transfers shall be deemed to be approved;

(b) the European Parliament, after consulting the Council, shall act within six weeks on requests for transfers from the Commission relating to expenditure other than that resulting necessarily from the Treaty or acts adopted in accordance therewith.

If no decision has been taken within this time limit, these requests for transfers shall be deemed to be approved.

Transfers relating to expenditure necessarily resulting from the Treaty or from acts adopted in accordance therewith and other expenditure shall be deemed to be approved if neither the Council nor the European Parliament have taken a decision to the contrary within six weeks from the date on which the two institutions received the request.

If, in the case provided for in the preceding subparagraph, the European Parliament and the Council reduce the transfer by different amounts the lower amount accepted by one of the two institutions shall be deemed to be approved.

4. unchanged

5. unchanged

TEXT PROPOSED BY THE COMMISSION
OF THE EUROPEAN COMMUNITIES

TEXT AMENDED BY THE EUROPEAN PARLIAMENT

7. This Article shall apply to the appropriations for revenue allotted to a purpose under *Article 4 (3)* only as long as the allotment of such revenue to that specific purpose is maintained.

6. This Article shall apply to the appropriations for revenue allotted to a purpose under **Article 5** only as long as the allotment of such revenue to that specific purpose is maintained.

Article 22 unchanged

Article 23

Article 23

1. Every measure such as to give rise to or to modify a debt due to the Communities must be preceded by a proposal from the competent authorizing officer. Such proposals shall be forwarded to the Financial Controller of the institution for his approval. They shall mention, in particular, the type, the estimated amount and the budget item to which the revenue is booked and also the name and description of the debtor. The purpose of the approval of the Financial Controller shall be to establish that:

unchanged

- (a) the revenue is booked to the correct budget item;
- (b) the proposal is in order and conforms to the relevant provisions, in particular, of the budget and of the regulations and also of all acts made in implementation of the Treaties and of the Regulations, and to the principles of sound financial management.

Estimates of certain items of current revenue may be proposed in accordance with the measures of implementation envisaged in Article 118.

unchanged

The Financial Controller may withhold his approval. The superior authority of the institution may, by a decision stating the full reasons therefor, and on its sole responsibility, disregard this. This decision shall be final and binding; it shall be communicated for information to the Financial Controller. The superior authority of each institution shall *periodically* inform the Court of Auditors of all such decisions.

The Financial Controller may withhold his approval. The superior authority of the institution may, by a decision stating the full reasons therefor, and on its sole responsibility, disregard this. This decision shall be final and binding; it shall be communicated for information to the Financial Controller. The superior authority of each institution shall **quarterly** inform the Court of Auditors of all such decisions.

2. The competent authorizing officer shall draw up, in respect of every debt established, a receivable order which shall be sent with supporting documents to the Financial Controller for his prior approval. Such receivable orders shall, after they have received the approval of the Financial Controller, be recorded by the accounting officer in accordance with the measures of implementation envisaged in Article 118.

2. unchanged

The purpose of the approval shall be to establish that:

- (a) the revenue is booked to the correct budget item;

 TEXT PROPOSED BY THE COMMISSION
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 TEXT AMENDED BY THE EUROPEAN PARLIAMENT

- (b) the order is in order and conforms to the relevant provisions;
- (c) the supporting documents are in order;
- (d) the debtor is correctly described;
- (e) the due date is indicated;
- (f) the order conforms to sound financial management;
- (g) the amount and currency of the sum to be recovered are correct.

If approval is withheld, the second subparagraph of paragraph 1 of this Article shall apply.

Article 24

1. The accounting officer shall assume responsibility for the receivable orders duly drawn up.

He shall exercise all due diligence to ensure that the resources due to the Communities are recovered at the due dates indicated in the receivable orders, and he shall see to it that the rights of the Communities are safeguarded.

The accounting officer shall inform the authorizing officer and the Financial Controller of any revenue not recovered within the time limits laid down.

2. If the authorizing officer waives the right to recover an established debt, he shall send beforehand a proposal for cancellation to the Financial Controller for his approval and to the accounting officer for information.

The purpose of the approval of the financial controller shall be to establish that the waiver is in order and conforms with the principles of sound financial management. The proposal concerned shall be recorded by the accounting officer.

If approval is withheld, the superior authority of the institution may, by a decision stating the full reasons therefor, and on its sole responsibility, disregard this. This decision shall be final and binding; it shall be communicated for information to the Financial Controller. The superior authority of each institution shall periodically inform the Court of Auditors of all such decisions.

3. When the Financial Controller finds that a document establishing a debt has not been drawn up,

Article 24

1. unchanged

unchanged

2. unchanged

unchanged

If approval is withheld, the superior authority of the institution may, by a decision stating the full reasons therefor, and on its sole responsibility, disregard this. This decision shall be final and binding; it shall be communicated for information to the Financial Controller. The superior authority of each institution shall **quarterly** inform the Court of Auditors of all such decisions.

3. unchanged

TEXT PROPOSED BY THE COMMISSION
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TEXT AMENDED BY THE EUROPEAN PARLIAMENT

or that a sum due has not been recovered, he shall inform the institution thereof.

4. The measures of implementation in respect of this Article shall be laid down in accordance with the provisions of Article 118.

4. unchanged.

Articles 25 and 26 unchanged

*Article 27**Article 27*

The own resources paid by the Member States pursuant to Title II of Council Regulation (EEC, Euratom, ECSC) No 2/71 of 2 January 1971 shall be credited to the current financial year regardless of the date of establishment defined in Article 2 of this Regulation.

deleted

Articles 28 to 30 unchanged

*Article 31**Article 31*

The Commission shall, four times a year, present the European Parliament and the Council with a report on the Communities' financial situation.

The Commission shall, four times a year, present the European Parliament and the Council with a report on the Communities' financial situation, **including both receipts and expenditure.**

There shall be attached to these reports a comprehensive statement on the sums maintained from previous years, as well as on any changes brought about by supplementary or amending budgets.

Articles 32 to 41 unchanged

*Article 42**Article 42*

The purpose of the approval of proposals for commitments of expenditure given by the Financial Controller shall be to establish that:

unchanged

- (a) the expenditure has been charged to the correct item in the budget;
- (b) the appropriations are available;
- (c) the expenditure is in order and conforms to the relevant provisions, in particular of the budget and the Regulations, and of all acts made in implementation of the Treaties and of the Regulations;
- (d) the principles of sound financial management have been applied.

TEXT PROPOSED BY THE COMMISSION
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TEXT AMENDED BY THE EUROPEAN PARLIAMENT

The Financial Controller shall take into account the comments in the decision giving discharge.

deleted and transferred to Article 92

The measures of implementation of these provisions shall be determined in accordance with Article 118.

unchanged

Articles 43 to 72 unchanged

Article 73

Article 73

Except for the advances referred to in Articles 107 and 114, any advance, other than regular advances which are periodically re-examined, shall be entered in a suspense account and settled at the latest during the financial year which follows the payment of this advance.

unchanged

However, the advances referred to in the third subparagraph of Article 50 shall be settled within *the two months* following completion of the project for which they were granted.

However, the advances referred to in the third subparagraph of Article 50 shall be settled within **six weeks as a general rule** following completion of the project for which they were granted.

Article 74 unchanged

Article 75

Article 75

The accounts shall be closed at the end of the financial year to enable a balance sheet of the Communities and the revenue and expenditure account referred to in Title VI to be drawn up. The revenue and expenditure account shall be submitted to the Financial Controller.

unchanged

The adjustment operations and those in respect of additional periods shall be appended to the sheets for 31 December of the year in question.

deleted

Articles 76 to 80 unchanged

Article 81

Article 81

The Commission shall draw up, not later than 1 June, a revenue and expenditure account for the Communities, which shall include the following tables broken down in accordance with the budget nomenclature:

The Commission shall draw up, not later than 1 June **of the following year**, a revenue and expenditure account for the Communities, which shall include the following tables broken down in accordance with the budget nomenclature:

1. A table of revenue including:

— estimated revenue for the financial year,

1. A table of revenue including:

— estimated revenue for the financial year,

TEXT PROPOSED BY THE COMMISSION
OF THE EUROPEAN COMMUNITIES

TEXT AMENDED BY THE EUROPEAN PARLIAMENT

- | | |
|---|--|
| <ul style="list-style-type: none"> — amendments to the revenue estimates as a result of supplementary or amending budgets, — revenue collected during the financial year. <p>2. Tables showing the <i>trend in appropriations in respect of the financial year, distinguishing between appropriations for commitment, appropriations for payment and appropriations where no such distinction is made</i>, and indicating:</p> <ul style="list-style-type: none"> — the initial <i>appropriations</i>, — any amendments introduced by means of supplementary or amending budgets, — any amendments to appropriations introduced by means of transfers, — the final appropriations for the financial year. <p>3. Tables of <i>expenditure</i> showing the utilization of the <i>appropriations for the financial year, indicating</i>:</p> <ul style="list-style-type: none"> — the <i>final appropriations, distinguishing between appropriations for commitment, appropriations for payment and appropriations where no such distinction is made</i>, — the <i>commitments entered into and chargeable to the financial year, distinguishing between appropriations for commitment and appropriations where no such distinction is made</i>, — the <i>payments made and chargeable to the financial year distinguishing between appropriations for payment and appropriations where no such distinction is made</i>, — the <i>settlement of the commitments in respect of the financial year and the calculation of the amounts still to be paid at the close of the financial year</i>, — the <i>appropriations for commitment carried forward in accordance with Article 95 and with the decision taken by the Budgetary Authority pursuant to Article 6 (3) (a), first indent</i>, | <ul style="list-style-type: none"> — amendments to the revenue estimates as a result of supplementary or amending budgets, — revenue collected during the financial year, — entitlements still to be collected from the preceding financial year, — entitlements established in the course of the financial year, — amounts still to be collected at the end of the financial year. <p>2. Tables showing the budgetary pattern for the financial year distinguishing between appropriations entered under items, articles, chapters and titles of the budget, commitment authorizations, appropriations for commitment and indicating:</p> <ul style="list-style-type: none"> — the initial entries, — any amendments introduced by means of supplementary or amending budgets, — any amendments to appropriations introduced by means of transfer, — the appropriations maintained under Article 6 (3) — the final figures for appropriations for the financial year. <p>3. Tables showing the utilization of the figures entered as at paragraph 2 above: appropriations maintained and cancellations shall also be indicated.</p> |
|---|--|

 TEXT PROPOSED BY THE COMMISSION
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- *the appropriations for payment carried over pursuant to Article 6 (3) (a), first indent,*
- *the appropriations where no such distinction is made, carried over pursuant to Article 6 (3) (b),*
- *the appropriations cancelled, distinguishing between appropriations for commitment, appropriations for payment and non-differentiated appropriations.*

A statement shall be annexed to these tables, where appropriate, showing the revenue, expenditure and balances for the re-use referred to in Article 22 (2).

4. Tables showing the use of the appropriations carried forward from preceding financial years, indicating:
- *the amount of appropriations carried forward, distinguishing between appropriations for commitment and other appropriations,*
 - *the commitments entered into and chargeable to the appropriations for commitment carried forward,*
 - *the payments made against the appropriations for payment and against the non-differentiated appropriations carried forward,*
 - *the validation of the amounts still to be paid at the close of the preceding financial year and the amounts still to be paid at the close of the current financial year,*
 - *the unused appropriations to be carried forward to the next financial year,*
 - *the appropriations cancelled, distinguishing between appropriations for commitment and other appropriations.*
5. Annexed to the revenue and expenditure account shall be a document showing capital transactions and the management of the debt, indicating:
- A
 - (a) the total amount of loans approved;
 - (b) the total amount of the repayments made on borrowings contracted and of the charges on such borrowings;
 - B
 - (a) the amount of borrowings contracted;
 - (b) the total amount of repayments of capital and payments of interest made on loans granted.

 TEXT AMENDED BY THE EUROPEAN PARLIAMENT

u n c h a n g e d

4. Tables showing the use of the **authorizations and appropriations maintained** from preceding financial years, indicating a **detailed breakdown of the figures into commitments, payments made, unused appropriations being maintained and cancellations.**

5. u n c h a n g e d

TEXT PROPOSED BY THE COMMISSION
OF THE EUROPEAN COMMUNITIES

TEXT AMENDED BY THE EUROPEAN PARLIAMENT

Articles 82 to 84 unchanged

Article 85

The revenue and expenditure account, the financial analysis and the balance sheet *shall be forwarded* to the Council and the European Parliament by 1 June at the latest.

The Court of Auditors shall be informed that these documents have been sent.

Article 85

The Commission shall forward the revenue and expenditure account, the financial analysis and the balance sheet to the European Parliament, the Council and the Court of Auditors by 1 June at the latest.

Article 85a

The members of the Court of Auditors shall act and be responsible collectively for performing its duties.

The Court may instruct one or more of its members to carry out certain tasks or certain audits. Any member or members so instructed may on their initiative seek assistance from officers of the Court.

Tasks delegated to officials pursuant to the foregoing provisions must be specified and limited to the time necessary for their completion. The Court itself or one of its members shall notify these tasks to the authorities with which the person delegated is to do his work.

Articles 86 to 89 unchanged

Article 90

Any comments which are, in the opinion of the Court of Auditors, of a nature such that they should appear in the report provided for in Article 78d of the Treaty establishing the European Coal and Steel Community, Article 206 of the Treaty establishing the European Economic Community, and Article 180 of the Treaty establishing the European Atomic Energy Community *shall be communicated* to the Commission and the institutions concerned.

Each institution shall address its reply to the Court of Auditors. The replies of the institutions other than the Commission shall be forwarded simultaneously to the Commission.

The Court of Auditors shall attach to the annual report an assessment of the soundness of the financial management.

Article 90

The Court of Auditors shall transmit to the Commission and the institutions concerned, by 15 July at the latest, any comments which are, in its opinion, of a nature such that they should appear in the report provided for in Article 78d of the Treaty establishing the European Coal and Steel Community, Article 206 of the Treaty establishing the European Economic Community, and Article 180 of the Treaty establishing the European Atomic Energy Community.

Each institution shall address its reply to the Court of Auditors by 31 October at the latest. The replies of the institutions other than the Commission shall be forwarded simultaneously to the Commission.

u n c h a n g e d

 TEXT PROPOSED BY THE COMMISSION
OF THE EUROPEAN COMMUNITIES

Article 91

The Court of Auditors shall transmit its report to the institutions 45 days after receiving the revenue and expenditure account.

The replies from the institutions shall be forwarded to the Court of Auditors three months after they have received the report and the comments referred to above.

Article 92

The European Parliament, upon a recommendation from the Council which shall act by a qualified majority, shall, before 30 April of the next year, give a discharge to the Commission in respect of the implementation of the budget. If that date cannot be met, the European Parliament or the Council shall inform the Commission of the reasons for the postponement.

The institutions shall take all appropriate steps to take action on the comments appearing in the decisions giving discharge. At the request of the European Parliament or the Council, the institutions shall report on the measures taken in the light of these comments and, in particular, on the instructions given to their departments which are responsible for the implementation of the budget. Such reports shall also be forwarded to the Court of Auditors.

Subject to the provisions of the second sentence of the second subparagraph, the institutions must give an account, in the Annex to the revenue and expenditure account for the next financial year, of the measures taken in the light of the comments appearing in the decision giving discharge.

 TEXT AMENDED BY THE EUROPEAN PARLIAMENT

Article 91

Before or after the accounts for a financial year have been closed, any institution may request the Court of Auditors to forward, in addition to the annual report, reports or analyses in respect of specific problems relating to the general budget of the European Communities.

The Court of Auditors may, on its own initiative, place similar reports or analyses before any institution.

The Court of Auditors shall transmit to the authorities responsible for giving discharge and to the other institutions, by 30 November at the latest, its annual report accompanied by the replies, and it shall ensure publication thereof in the Official Journal.

Article 92

unchanged

The Financial Controller and all the institutions are to conform with the comments given by the European Parliament in the decisions giving discharge. The institutions shall report to the European Parliament on the measures taken in the light of these comments and, in particular, on the instructions given to their departments which are responsible for the implementation of the budget. Such reports shall also be forwarded to the Court of Auditors, and to the Commission of the European Communities.

deleted

Article 92a

All institutions and all agents of the European Communities shall provide to the European Parliament any information and any documents which it calls for in the context of its exercise of control of the general budget of the European Communities.

TEXT PROPOSED BY THE COMMISSION
OF THE EUROPEAN COMMUNITIES

TEXT AMENDED BY THE EUROPEAN PARLIAMENT

Article 93

This Financial Regulation shall apply to the research and investment appropriations set out in the Annex provided for in Article 94, hereinafter referred to as the 'Annex', and the financial scheme referred to in Article 98, save as otherwise provided in this title or where they are incompatible with the special provisions of this title.

Article 94

The total amount of research and investment appropriations in terms of appropriations for commitment and appropriations for payment to be financed in accordance with the Decision of 21 April 1970 shall be entered in a special chapter in the section of the budget relating to the Commission; these research and investment appropriations shall be set out in detail in an Annex to that section.

That Annex, which forms an integral part of the budget, shall contain:

- appropriations intended to finance all the research and investment objectives,
- appropriations for other activities.

Articles 95 to 97 unchanged

Article 98

1. In addition to the documents referred to in Article 12, a financial scheme shall be drawn up to support the preliminary draft in the Annex. This shall contain, in the form of appropriation accounts, the appropriations made available in the chapters and articles of the abovementioned Annex corresponding to the instruments of implementation.

For example, such instruments are:

- the scientific divisions,
- the general services,
- the scientific and technical services.

In addition, the financial scheme shall contain an account for staff expenditure.

Article 93

1. unchanged

2. The financing of the expenditure relating to the supplementary research programmes is governed by the provisions of Article 4 (6) of the Decision of 21 April 1970.

Article 94

Research and investment appropriations shall be entered in a special chapter in the section of the budget relating to the Commission.

A detailed functional breakdown of these appropriations shall be given in an Annex to this section.

This Annex, which is to form an integral part of the budget, shall contain:

- appropriations intended to finance all the research and investment objectives,
- appropriations for other activities.

Article 98

1. unchanged

TEXT PROPOSED BY THE COMMISSION
OF THE EUROPEAN COMMUNITIES

2. The financial scheme, amended if necessary *after the adoption of the budget*, shall serve as the basis for management.

Expenditure of the instruments of implementation and the account for staff expenditure shall be entered provisionally in this scheme.

3. An appropriation account shall be provided for each instrument of implementation. The appropriations entered therein in the different chapters of the Annex for these instruments shall be classified according to their nature pursuant to the second subparagraph of Article 97.

This same classification shall also be used for expenditure in the staff expenditure account.

4. The expenditure entered provisionally in the staff expenditure account shall not exceed the amounts made available in the appropriation accounts.

The expenditure entered provisionally in each appropriation account shall not exceed the appropriations authorized in respect of the chapters and articles in the Annex for the instrument in question, save where, as a result either of transfers within chapters and articles of this Annex or of additional amounts made available for outside bodies or individuals, surplus resources make it possible to increase expenditure accordingly. These additional amounts shall be shown as:

- commitments, up to the amount of the repayment provided for in the contracts concluded with requesting third parties,
- payments, up to the amount of the entitlements for repayment.

5. The provisional entries in the staff expenditure account shall be distributed over the appropriation accounts each month *after deduction of the Community tax*.

The provisional entries in the appropriation accounts shall be distributed — by means of final entries — over the research objectives and other activities each month proportionately according to the work done by the instruments.

6. A document shall be appended to the revenue and expenditure account showing the results of the operations provisionally charged to each

TEXT AMENDED BY THE EUROPEAN PARLIAMENT

2. The financial scheme, amended if necessary **in accordance with the budget as adopted**, shall serve as the basis for management.

u n c h a n g e d

3. u n c h a n g e d

4. u n c h a n g e d

5. The provisional entries in the staff expenditure account shall be distributed over the appropriation accounts each month.

u n c h a n g e d

6. u n c h a n g e d

TEXT PROPOSED BY THE COMMISSION
OF THE EUROPEAN COMMUNITIES

TEXT AMENDED BY THE EUROPEAN PARLIAMENT

appropriation account and operations charged to the staff expenditure account.

Articles 99 to 106 unchanged

Article 107

Provisional global commitments shall be entered into, corresponding to the advances to be made to the Member States, in respect of the appropriations for the Guarantee Section of the European Agricultural Guidance and Guarantee Fund.

unchanged

The Commission decisions fixing the amounts of these advances, in accordance with point (a) of Article 5 (2) of Regulation (EEC) No 729/70 constitute provisional global commitments. The approval of the Financial Controller shall have the sole purpose of establishing that the commitments correspond to the amount of the advances made by the Commission, after consultation with the Fund Committee, and that they are within the limits of the total amount of appropriations in the Guarantee Section of the European Agricultural Guidance and Guarantee Fund.

unchanged

However, when the Commission considers that a measure may be of a nature that would result in the appropriations under a particular chapter being exceeded substantially, the proposal in question should be transmitted to the European Parliament for its opinion. In such cases, Parliament should give its reaction within one month.

Articles 108 to 112 unchanged

Article 113

1. Transfers from one article to another within each chapter shall be made by decision of the Commission taken not later than 31 March of the subsequent financial year, in accordance with the procedure provided for in Article 13 of Regulation (EEC) No 729/70.

1. unchanged

2. *Notwithstanding Article 21, for payments chargeable to the financial year concerned, transfers within the Guarantee Section of the European Agricultural Guidance and Guarantee Fund may be effected between 1 January and 31 March of the*

deleted

Article 113

TEXT PROPOSED BY THE COMMISSION
OF THE EUROPEAN COMMUNITIES

TEXT AMENDED BY THE EUROPEAN PARLIAMENT

subsequent financial year by decision of the Commission acting in accordance with the procedure provided for in Article 13 of Regulation (EEC) No 729/70.

3. *However, for payments chargeable to the financial year concerned, and up to the limits required for implementing Regulation (EEC) No 2681/74 of 21 October 1974, the Commission may make transfers between the 'Food Aid' Chapter and the 'Guarantee Section' chapters of the European Agricultural Guidance and Guarantee Fund up to 31 March at the latest.*

4. *The Budgetary Authority shall be informed immediately of any decisions to make transfers under paragraphs 2 and 3 of this Article.*

deleted

deleted

2. Transfers between chapters, whether within or between the titles created in the budget for the Guarantee Section of the European Agricultural Guidance and Guarantee Fund, shall be made by the Commission, as necessary, up to 31 March of the following year.

3. The Commission may make transfers between the 'food aid' chapter and the chapters of the Guarantee Section of the European Agricultural Guidance and Guarantee Fund up to 31 March of the following financial year in accordance with the limits set by the application of Regulation (EEC) No 2681/74 of 21 October 1974 for payments imputed to the financial year concerned.

4. It shall take decisions to transfer not earlier than one month after it has informed the budgetary authority of its proposals in regard to such transfers.

Articles 114 to 118 unchanged

Article 119

1. (a) The provisions amending Articles 26, 28 and 29 shall not apply until 1 January 1978.
- (b) The provisions of Articles 26 to 31, 33, 34 (1), the first subparagraph of Article 34 (2), and Articles 37 (1) and 38 of Financial Regulation No 73/91/ECSC, EEC, Euratom of 25 April

Article 119

1. unchanged

 TEXT PROPOSED BY THE COMMISSION
OF THE EUROPEAN COMMUNITIES

 TEXT AMENDED BY THE EUROPEAN PARLIAMENT

1973 shall remain in force until 31 December 1977.

When the accounts for the 1976 and 1977 financial years are closed, the Commission shall draw up a statement of sums paid, comparing the sums actually paid by the Member States with those due to have been paid under the statements of revenue and expenditure for the financial year in question. This shall be followed by a clearance of the difference shown in the statement.

- (c) The provisions of Article 38 shall remain in force until the final date set for implementing the finance mechanism established by Council Regulation (EEC) No

2. The provisions of the fourth paragraph of Article 8, and Article 9 and the first paragraph of Article 92 (in so far as they amend the current rules) and the provisions concerning the Court of Auditors shall not come into force until the date of the ratification of the Treaty of 22 July 1975 amending certain financial provisions of the Treaties establishing the European Communities and the Treaty establishing a single Council and a single Commission of the European Communities.

3. The provisions of Articles 86 to 92 shall be reviewed, in accordance with the procedure laid down for this purpose in the Treaties, after the Court of Auditors has issued its opinion on these provisions.

Pursuant to the provisions of Article 28 of the Treaty of 22 July 1975, the terms of office of the members of the Audit Board and that of the auditor shall expire on the day they submit their report on the financial year preceding that in which the members of the Court of Auditors are appointed; their powers of audit shall be confined to operations relating to that financial year. These powers shall be exercised in accordance with the provisions of Article 85 to 92 of Financial Regulation No 73/91/ECSC, EEC, Euratom of 25 April 1973.

4. Appropriations committed but not paid at the end of the financial year . . . (date of entry into force of the amendments) shall be regarded as appropriations carried over under Article 6 (3) (b).

5. Commitment authorizations for the Social Fund issued on . . . (date of the entry into force of the

2. unchanged

3. unchanged

unchanged

After the members of the Court of Auditors have been appointed, the three authorities responsible for external control shall confer and take the appropriate measures to assure continuity of control.

4. unchanged

5. unchanged

TEXT PROPOSED BY THE COMMISSION
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TEXT AMENDED BY THE EUROPEAN PARLIAMENT

amendments) on the basis of Article 104 of Financial Regulation No 73/91/ECSC, EEC, Euratom of 25 April 1973 shall remain in force during the financial year for which they were issued and the sums committed under these authorizations shall be added to the appropriations for commitment for the financial year for which they were opened.

6. Exceptionally:

- payments made up to 31 January 1973 for the Guarantee Section of the European Agricultural Guidance and Guarantee Fund by the bodies and departments referred to in Article 4 of Regulation (EEC) No 729/70 shall be included in the account for 1972,
- in the case of the Guidance Section of the European Agricultural Guidance and Guarantee Fund a special entry shall be made in the remarks column of the budget regarding the appropriations reserved for improving agricultural structures which have been carried over from previous financial years but commitment of which is not planned during the financial year concerned. In that year they will not require to be covered by revenue. However, in so far as they were the subject of commitment decisions pursuant to the provisions established under the common agricultural policy, they constitute commitment authorizations. Where this is the case, the appropriate amendments on the revenue side shall be effected through budgetary procedure.

6. unchanged

7. The appropriations for commitment entered in the budgets for 1975, 1976 and 1977 for the European Regional Development Fund and not committed by the end of the financial year for which they were entered in the budget shall remain available for the two subsequent financial years.

7. unchanged

8. (a) The provisions amending Articles 10 and 71 shall not enter into force until 1 January 1978.

8. unchanged

From that date the term 'unit of account' used in this Financial Regulation shall be taken to mean the European unit of account (EUA) as defined in Article 10.

Until 31 December 1977 the provisions of Articles 10, 27 and 71 of Financial Regulation

TEXT PROPOSED BY THE COMMISSION
OF THE EUROPEAN COMMUNITIES

TEXT AMENDED BY THE EUROPEAN PARLIAMENT

No 73/91/ECSC, EEC, Euratom of 25 April 1973 shall remain in force.

- (b) The conditions in which the unit of account (EUA) is to be applied to revenue and expenditure shall be decided in accordance with the implementing measures envisaged in Article 118 of this Financial Regulation.

Article 2 ⁽¹⁾ unchanged

Article 3 (new)

At three yearly intervals the European Parliament and the Council of the European Communities shall examine the Financial Regulation in the light of a proposal from the Commission of the European Communities to take account of developments. Any amending regulations shall be adopted by the Council after recourse to the concertation procedure if Parliament so requests.

Article 3 ⁽¹⁾ renumbered Article 4, is unchanged

⁽¹⁾ (Of the Commission's proposal Doc. 166/76).

ECSC levies and operational budget for 1977

Mr Cointat, deputizing for the rapporteur, introduced the report drawn up by Mr Terrenoire on behalf of the Committee on Budgets on the *aide-memoire* of the Commission of the European Communities on the fixing of the ECSC levies and on the drawing up of the operational budget for 1977 (Doc. 475/76) — (Doc. 476/76).

Mr Cheysson, *Member of the Commission*, spoke.

Parliament adopted the following resolution:

RESOLUTION

on the fixing of the ECSC levies and on the drawing up of the operational budget for 1977

The European Parliament,

- having regard to the *aide-memoire* from the Commission on the fixing of the ECSC levies and on the drawing up of the operational budget for 1977 (Doc. 475/76),
 - following the joint meeting of the Committee on Budgets, the Committee on Economic and Monetary Affairs, the Committee on Social Affairs, Employment and Education and the Committee on Energy and Research,
 - having regard to the report of the Committee on Budgets and the opinion of the Committee on Economic and Monetary Affairs (doc. 476/76),
1. Notes the considerable improvement this year in both the form and content of the Commission's *aide-memoire*;
 2. Expresses concern at a degree of stagnation and inflexibility in the operational budget in an economic and financial context which is particularly changeable;
 3. Therefore requests the Commission to undertake a thoroughgoing review of the role of this budget in relation to the ECSC investment budget and the general budget of the European Communities;
 4. Considers that, in the present economic conditions, a modification of the levies would not be advisable;
 5. Consequently approves the draft ECSC budget for the financial year 1977 presented by the Commission and requests it to maintain the levies at 0.29 %;
 6. Requests the Commission to forward to it next autumn an interim report on the implementation of this budget.
 7. Instructs its President to forward this resolution to the Council and Commission.

Discharge for the financial years 1972, 1973 and 1974

The next item on the agenda was the report by Mr Bangemann drawn up on behalf of the Committee on Budgets on:

- I. the accounts of the European Parliament and the discharge to be given in respect of the financial years 1972, 1973 and 1974
- II. the giving of a discharge to the Commission in respect of the implementation of the budget of the European Communities for the financial years 1972, 1973 and 1974 and on the reports of the Audit Board for those financial years (Doc. 74/74, Doc. 120/75 and Doc. 383/75)
- III. the giving of a discharge to the Commission in respect of the activities of the European Development Funds in 1972, 1973 and 1974
- IV. the comments accompanying the Decisions giving a discharge in respect of the implementation of the budgets of the European Communities for the financial

years 1972, 1973 and 1974 (Article 92 of the Financial Regulation of 25 April 1973)
(Doc. 169/76)

(Doc. 460/76).

The following spoke: Mr Notenboom on behalf of the Christian-Democratic Group and Mr Cheysson, *Member of the Commission*.

Parliament adopted consecutively the following Decisions and resolutions:

DECISION

on the accounts of the European Parliament as at 31 December 1972

The European Parliament,

- having regard to the interim report of the Committee on Budgets (Doc. 132/73);
- having regard to its resolution of 3 July 1973 ⁽¹⁾,
- having regard to the revenue and expenditure accounts and the statement of assets and liabilities of the Communities for the accountancy procedures in respect of the 1972 budget, and to the report of the Audit Board on the accounts for the financial year 1972 (Doc. 74/74),
- having regard to the report of the Committee on Budgets (Doc. 460/76),

1. Fixes the budget of the European Parliament as at 31 December 1972 at a final figure of 15 017 533·18 units of account (u.a.) in expenditure commitments entered into during this financial year, of 13 042 358·09 u.a. actually spent by 31 December 1972 and of payments amounting to 614 366·97 u.a. made under the special Council Decision authorizing the closure of operations for the financial year 1972 and of 1 360 808·12 u.a. still to be paid out at the end of this financial year;

2. Asks the Control Sub-Committee of the Committee on Budgets to continue to keep the expenditure of Parliament under constant supervision;

3. Gives a discharge to its President and its Secretary-General pursuant to Rule 50(A) 3 of its Rules of Procedure.

⁽¹⁾ OJ No C 62, 31. 7. 1973.

DECISION

on the accounts of the European Parliament as at 31 December 1973

The European Parliament,

- having regard to the interim report of the Committee on Budgets (Doc. 66/74),
- having regard to its resolution of 25 April 1974 ⁽¹⁾,

⁽¹⁾ OJ No C 55, 13. 5. 1974.

-
- having regard to the revenue and expenditure accounts and the statement of assets and liabilities of the Communities for the accountancy procedures in respect of the 1973 budget, and to the report of the Audit Board on the accounts for the financial year 1973 (Doc. 120/75),
 - having regard to the report of the Committee on Budgets (Doc. 460/76),
1. Fixes the budget of the European Parliament as at 31 December 1973 at a final figure of 23 044 199·11 units of account (u.a.) in expenditure commitments incurred during this financial year, of 21 433 333·99 u.a. actually spent and 1 610 865·12 u.a. still to be paid out at the end of this financial year;
 2. Asks the Control Sub-Committee of the Committee on Budgets to continue to keep the expenditure of Parliament under constant supervision;
 3. Gives a discharge to its President and its Secretary-General pursuant to Rule 50(A) 3 of its Rules of Procedure.

DECISION

on the accounts of the European Parliament as at 31 December 1974

The European Parliament,

- having regard to the interim report of the Committee on Budgets (Doc. 58/75),
 - having regard to its resolution of 28 April 1975 ⁽¹⁾,
 - having regard to the revenue and expenditure accounts and the statement of assets and liabilities of the Communities for the accountancy procedures in respect of the 1974 budget, and to the report of the Audit Board on the accounts for the financial year 1974 (Doc. 383/75),
 - having regard to the report of the Committee on Budgets (Doc. 460/76),
1. Fixes the budget of the European Parliament as at 31 December 1974 at a final figure of 32 210 293·40 units of account (u.a.) in expenditure commitments incurred during this financial year, of 29 315 181·38 u.a. actually spent and 2 895 112·02 u.a. still to be paid out at the end of this financial year;
 2. Asks the Control Sub-Committee of the Committee on Budgets to continue to keep the expenditure of Parliament under constant supervision;
 3. Gives a discharge to its President and its Secretary-General pursuant to Rule 50(A) 3 of its Rules of Procedure.

⁽¹⁾ OJ No C 111, 20. 5. 1975.

DECISION

on the giving of a discharge to the Commission in respect of the implementation of the European Communities' budget for the financial year 1972 and on the report of the Audit Board

The European Parliament,

- having regard to the revenue and expenditure accounts and statements of the assets and liabilities of the Communities for the accountancy procedures in respect of the 1972 budget and the accounts of the Euratom Supply Agency (Doc. 74/74),
- having regard to the report of the Audit Board on the accounts for the financial year 1972 and the answers of the institutions to the report (Doc. 74/74),
- having regard to the Council Decision of 1 June 1976 on the giving of a discharge to the Commission (Doc. 169/76),
- having regard to the report of the Committee on Budgets (Doc. 460/76),

1. Notes with the Council that the expenditure of the Communities in the financial year 1972 was 3 074 372 686·98 units of account (u.a.);

2. Notes that the receipts were broken down as follows:

(a) own resources: 1 756 824 460·60 u.a.

(b) financial contributions: 1 236 613 157·39 u.a.

(c) miscellaneous revenue: 80 935 068·99 u.a.

Total: 3 074 372 686·98 u.a.

1972 discharge

3. Decides to give the Commission of the European Communities a final discharge in respect of the implementation of the 1972 budget ⁽¹⁾, supplementary and amending budget No 1 for 1972 ⁽²⁾ and supplementary budget No 2 for 1972 ⁽³⁾;

4. Refers to the resolution on the comments accompanying the Decisions giving discharge and asks the Commission to report on the measures taken following these comments in accordance with Article 92 of the Financial Regulation.

⁽¹⁾ OJ No L 202, 4. 9. 1972.

⁽²⁾ OJ No L 240, 23. 10. 1972.

⁽³⁾ OJ No L 287, 26. 12. 1972, p. 32.

DECISION

on the giving of a discharge to the Commission in respect of the implementation of the European Communities' budget for the financial year 1973 and on the report of the Audit Board

The European Parliament,

- having regard to the revenue and expenditure accounts and statements of the assets and liabilities of the Communities for the accountancy procedures in respect of the 1973 budget and the accounts of the Euratom Supply Agency (Doc. 120/75),

- having regard to the report of the Audit Board on the accounts for the financial year 1973 and the answers of the institutions to the report (Doc. 120/75),
- having regard to the Council Decision of 1 June 1976 on the giving of a discharge to the Commission (Doc. 169/76),
- having regard to the report of the Committee on Budgets (Doc. 460/76),

1. Notes with the Council that the expenditure of the Communities in the financial year 1973 was 4 641 014 061·60 units of account (u.a.);

2. Notes that the receipts were broken down as follows:

(a) own resources:	2 496 557 331·49 u.a.
(b) financial contributions:	2 087 329 476·14 u.a.
(c) miscellaneous revenue:	57 127 253·97 u.a.
Total:	4 641 014 061·60 u.a.

1973 discharge

3. Notes that, as far as the export of 200 000 metric tons of butter to the Soviet Union is concerned, the Commission should have consulted the budgetary authority before entering into such a large and costly transaction for which, moreover, no provision was made at the beginning of the financial year;

4. Rejects the Commission's argument that, as only a small proportion of the EAGGF Guarantee Section appropriations had been used by April 1973, adequate funds were available to cover this transaction; considers this argument to be inconsistent with the principle of the budget as a forecasting instrument;

5. Decides, however, to give a discharge to the Commission in respect of the implementation of the 1973 budgets, given that the Commission has undertaken to consult the budgetary authority in future before taking any decision which is of special political importance or which, owing to its volume, exceeds the scope of normal administrative procedures and has budgetary consequences for which no provision has been made at the beginning of the financial year;

6. Refers to the resolution on the comments accompanying the Decisions giving discharge and asks the Commission to report on the measures taken following these comments in accordance with Article 92 of the Financial Regulation.

DECISION

on the giving of a discharge to the Commission in respect of the implementation of the European Communities' budget for the financial year 1974 and on the report of the Audit Board

The European Parliament,

- having regard to the revenue and expenditure accounts and statements of the assets and liabilities of the Communities for the accountancy procedures in respect of the 1974 budget and the accounts of the Euratom Supply Agency (Doc. 383/75),
- having regard to the report of the Audit Board on the accounts for the financial year 1974 and the answers of the institutions to the report (Doc. 383/75),
- having regard to the Council Decision of 1 June 1976 on the giving of a discharge to the Commission (Doc. 169/76),

— having regard to the report of the Committee on Budgets (Doc. 460/76),

1. Notes with the Council that the expenditure of the Communities in the financial year 1974 was 5 036 734 394.30 units of account (u.a.);

2. Notes that the receipts were broken down as follows:

(a) own resources: 3 067 700 396.25 u.a.

(b) financial contributions: 1 903 778 070.04 u.a.

(c) miscellaneous revenue: 65 255 928.01 u.a.

Total: 5 036 734 394.30 u.a.

1974 discharge

3. Decides to give the Commission of the European Communities a final discharge in respect of the implementation of the 1974 budget ⁽¹⁾ and supplementary budget No 1 for 1974 ⁽²⁾;

4. Refers to the resolution on the comments accompanying the Decisions giving discharge and asks the Commission to report on the measures taken following these comments in accordance with Article 92 of the Financial Regulation.

⁽¹⁾ OJ No L 115, 29. 4. 1974.

⁽²⁾ OJ No L 347, 27. 12. 1974.

RESOLUTION

embodying the opinion of the European Parliament on the giving of discharge to the Commission of the European Communities in respect of the activities of the European Development Fund in 1972, 1973 and 1974

The European Parliament,

— having regard to the reports of the Audit Board on the accounts for the financial years 1972, 1973 and 1974 and to the answers of the institutions to those reports (Doc. 74/74, Doc. 120/75 and Doc. 383/75),

— having regard to the report of the Committee on Budgets and the opinion of the Committee on Development and Cooperation (Doc. 460/76),

1. Requests the Council to give a discharge to the Commission in respect of the financial management of the European Development Fund in the financial years 1972, 1973 and 1974;

2. Regrets that the Council has not given a positive response to Parliament's wish that the European Development Fund be budgetized without delay but has, instead, indicated that it will await the expiry of the present Lomé Convention;

3. Notes that the unused residues of the first European Development Fund have been transferred to the second European Development Fund;

4. Considers that, because external control is entrusted to the Audit Board, all relevant documents — including minutes of the EDF Committee and the reports of the resident supervisors — should be made available to the Audit Board;

5. Asks the Control Sub-Committee of the Committee on Budgets to keep activities in relation to the European Development Fund under continuing supervision.

RESOLUTION

on the comments accompanying the Decisions giving a discharge in respect of the implementation of the budgets of the European Communities for the financial years 1972, 1973 and 1974 ⁽¹⁾

The European Parliament,

1. Urges all the institutions and the Member States to take the necessary steps to ensure that the external audit of the Communities shall be fully effective;

As regards the Audit Board and the future Court of Auditors

2. Insists that the transition from the Audit Board to the Court of Auditors should be effected without any discontinuity in external auditing;
3. Proposes to renew contact with the external audit organs of the Communities and of the Member States with a view to examining the possibilities for cooperation that would ensure integrated Community control;
4. Calls on the Audit Board to exercise fully its rights, in particular those set out at Article 89 of the Financial Regulation;
5. Emphasizes that the Court of Auditors should have adequate and sufficiently highly qualified personnel so as to ensure that the Court of Auditors would be in a position to collaborate effectively with the national audit organs;
6. Urges Member States to accelerate the procedure for ratifying the Treaty of 22 July 1975;

Relations between the external and internal audits

7. Asks all the institutions to ensure that, when complying with Article 89 of the Financial Regulation, information is supplied in a spirit of the fullest cooperation by their financial controllers so that duplication of audit work is avoided;
8. Calls on all the institutions to reinforce the independence of the financial controller and asks the Commission of the European Communities to put forward suitable proposals in this regard;
9. Stresses, however, that notwithstanding the internal control systems of the institutions the Commission in particular remains answerable to the budgetary authority as provided in Article 205 of the EEC Treaty in regard to the implementation of the budget. In this connection consideration must be given to means by which an efficient system of passing information from the internal to the external control body may be organized;
10. Asks the Commission to report as to whether the personnel available for carrying out verifications in Member States is sufficient to perform their tasks adequately;
11. Asks the Commission to examine the suggestion that assistant financial controllers be appointed for the auditing of Community transactions taking place in the Member States and that a corps of inspectors be charged with the carrying out of verifications in Member States;

As regards Parliamentary control

12. Recalls its increased responsibilities, in the view of the taxpayers, for the effective utilization of Community funds and also that it has set up a Control Sub-Committee to look after its interests in this domain;

⁽¹⁾ See the second paragraph of Article 92 of the Financial Regulation of 25 April 1973: 'The institutions shall take all appropriate steps to take action on the comments appearing in the Decisions giving discharge'.

13. Instructs all the institutions to adhere to the deadlines for the discharge set out in the Financial Regulation so that the problems arising may be dealt with in a prompt and up-to-date manner;
14. Stresses that Parliamentary control is not limited to reactions to the report of the Audit Board but includes consideration of topical issues at any time during the financial year in progress;
15. Notes that the experience of the early months of the Control Sub-Committee's activity has revealed that it can carry out a volume of control work which is of major significance for Parliament and recognizes that an adequate secretariat for the Control Sub-Committee is essential;
16. Stresses the need for preserving the unicity of the Secretariat of the Committee on Budgets and of the Control Sub-Committee so as to ensure that the complementary nature of authorization and auditing of the budget is not disturbed and, with this end in view, proposes that the joint secretariat be raised to the level of a directorate and that it be appropriately reinforced;

As regards the implementation of the budget

Own resources

17. Demands that there be placed at the disposal of the Audit Board all the documents required by it in connection with the auditing of Community own resources — and especially the minutes of the meetings of the Consultative Committee on own resources;

Expenditure

General observations

18. Asks the Commission to provide the Audit Board monthly with particulars of commitment proposals and at the Board's request supporting documents;
19. Calls on the Audit Board to present in its annual report a global analysis of the implementation of the general budget;
20. Asks the Audit Board to present, in the context of a future report, a summary of the policy questions in the sphere of administration noted during past audits and not yet finally closed to the satisfaction of the Board;
21. Stresses the importance of having the new unit of account operational for the 1978 budget;
22. Appreciates the importance of having a management system which rationalizes budgetary choices, simplifies the task of budgetary supervision, facilitates the application of modern control techniques and provides the basis for assessment of longer term priorities — especially now that growing recourse is being had to the use of commitment appropriations; urges the Commission, therefore, to ensure that the methods of expenditure analysis applied by it secure the best possible means of reviewing on-going activities, gauging medium-term trends and assuring maximum benefit from the allocation of resources;

As regards the European Social Fund

23. Calls on the Commission to present, as soon as possible, its proposals for the reform of the European Social Fund with a view to ensuring that the funds earmarked in the budget are utilized rapidly and in a high proportion, in contrast to the practice prevailing hitherto, over-estimation and delays by Member States are eliminated and control is strengthened.
24. Urges the Commission to intensify controls and to make the administrative procedures for the allocation and utilization of funds more efficient;

As regards the EAGGF

25. Observes that, for the financial years 1972, 1973 and 1974, adequate external control in the domain of the EAGGF was not possible but notes that there have been some improvements since 1974;
26. Demands that the Council and the Member States do all that is necessary to ensure that external control may operate effectively in regard to EAGGF expenditure;
27. Asks the Audit Board to analyze the different systems of financing used in the sphere of agricultural policy with a view to determining their effectiveness;
28. Deploring the fact that the inadequate inter-State coordination in regard to the control of Community funds expended in relation to the EAGGF should enable loopholes for irregularities and frauds to persist, calls on the Council and Member States to take the necessary steps to ameliorate the situation;
29. Calls on the Council to adopt the various specific measures proposed by the Commission for the improvement of control in the domain of the EAGGF;
30. Urges the Council to act speedily along the lines recommended by the Special Committee of Inquiry in its reports SEC(74) 3981 and COM(75) 37 and calls on the Commission to put forward the necessary proposals;
31. Asks the Commission to proceed, as rapidly as possible, with the closing of the EAGGF accounts for the years prior to 1971;
32. Calls on the Commission and the Audit Board to give special consideration to the following:
 - the effectiveness of the system of deposits,
 - the system of premiums for slaughtering of animals and the uprooting of fruit trees,
 - verification of the commitments and payments made by departments and bodies in application of Article 4 of Regulation (EEC) No 729/70;

As regards food aid

33. In view of the wide range of problems referred to by the Audit Board in regard to food aid, asks the Commission to present a special report on the administrative and financial management of food aid including the links with agricultural policy;

As regards research and investment appropriations

34. Recalling the comments made by the Audit Board, in past years, regarding the unsatisfactory nature of the presentation and implementation of the research and investment part of the budget, asks the Control Sub-Committee to prepare a report on this aspect.

Amending budget No 3 for 1976

Mr Cointat introduced his report, drawn up on behalf of the Committee on Budgets, on draft amending budget No 3 of the European Communities for the 1976 financial year (Doc. 477/76) — (Doc. 478/76).

The following spoke: Mr Notenboom on behalf of the Christian-Democratic Group and Mr Cheysson, *Member of the Commission*.

Parliament decided to move on to the vote on the resolution contained in the report and adopted it unanimously:

RESOLUTION

on draft amending budget No 3 of the European Communities for the financial year 1976

The European Parliament,

- having regard to preliminary draft amending budget No 3 for 1976,
- having regard to draft amending budget No 3 for 1976 drawn up by the Council (Doc. 477/76),
- having regard to the report of the Committee on Budgets (Doc. 478/76),
- whereas this amending budget results from the Council's adoption of a Regulation amending the conditions of employment of other servants of the European Communities,
- whereas it has already delivered a favourable opinion on this Regulation,

Approves amending budget No 3 for the financial year 1976 and instructs its President therefore to declare that amending budget No 3 has been finally adopted.

Regulation on a system of bracket tariffs for the carriage of goods by road

Parliament adopted without debate the following resolution contained in the report drawn up by Mr Schwabe on behalf of the Committee on Regional Policy, Regional Planning and Transport on the proposal from the Commission of the European Communities to the Council (Doc. 432/76) for a Regulation amending Regulation (EEC) No 3330/75 extending Regulation (EEC) No 1174/68 on the introduction of a system of bracket tariffs for the carriage of goods by road between Member States (Doc. 454/76):

RESOLUTION

embodying the opinion of the European Parliament on the proposal from the Commission of the European Communities to the Council for a Regulation amending Regulation (EEC) No 3330/75 extending Regulation (EEC) No 1174/68 on the introduction of a system of bracket tariffs for the carriage of goods by road between Member States

The European Parliament,

- having regard to the proposal from the Commission of the European Communities to the Council (COM(76) 605 fin.),
- having been consulted by the Council pursuant to Article 75 of the EEC Treaty (Doc. 432/76),
- having regard to the report of the Committee on Regional Policy, Regional Planning and Transport (Doc. 454/76),

1. Is disappointed with the present proposal the aim of which is again to prolong for a further year the system of bracket tariffs for the carriage of goods by road between Member States in spite of the difficulties of enforcement and monitoring which this system creates;

2. Regrets that the Council of Transport Ministers at its meeting of 4 November 1976 instructed the Permanent Representatives Committee to examine the proposed system of reference tariffs — on which the European Parliament has issued a favourable opinion ⁽¹⁾ — with the result that the provisional and experimental tariff system introduced in 1968 can still not be replaced by a definitive tariff system;
3. Approves the Commission's proposal in order to avoid a vacuum in the field of transport tariffs but considers it essential that a definitive system of reference tariffs should come into effect as from 1 January 1978.

(¹) OJ No C 259, 4. 11. 1976, p. 40.

Question Time

The President reminded members of the new provisions in the Rules of Procedure concerning Question Time.

Parliament considered next the following questions put to the Commission, the Council or the Conference of Foreign Ministers (Doc. 464/76).

IN THE CHAIR: Mr SPÉNALE

President

Questions to the Commission

Question No 1 by Mr Berkhouwer on thefts of European art treasures had been postponed to the January 1977 part-session at the request of its author.

Question No 2 by Mr Sandri: Personal dossiers on Community officials

Mr Ortoli, *President of the Commission*, answered the question and supplementary questions by Mr Mascagni, deputizing for the author of the question, Mr Cifarelli, Mr Albers, Mr Patijn, Mr Normanton, Mr Bourdellès, Mr Giraud and Mr Yeats.

Question No 3 by Sir Brandon Rhys Williams: European standard car for disabled persons

Mr Thomson, *Member of the Commission*, answered the question and supplementary questions put by Sir Brandon Rhys Williams, Sir Geoffrey de Freitas, Mr Evans, Mr Molloy, Mr Giraud, Mr Normanton, Mr Albers and Mrs Kellett-Bowman.

Question No 4 by Mrs Dunwoody on the failure to implement Community Directives in Member States would be answered in writing as the author was absent and had not appointed a deputy.

Question No 5 by Mr Cifarelli: Euro-Arab dialogue

Mr Cheysson, *Member of the Commission*, answered the question and a supplementary question put by Mr Cifarelli.

Question No 6 by Mr Gerlach: Stabilization fund for eggs and poultry

Mr Thomson, *Member of the Commission*, answered the question and supplementary questions put by Mr Gerlach, Mr Scott-Hopkins, Mr Bourdellès and Mr Haase.

Question No 7 by Mr Albers: Joint position on airline services

Mr Guazzaroni, *Member of the Commission*, answered the question and supplementary questions put by Mr Albers and Mr Scott-Hopkins.

Question No 8 by Mr Lagorce: Pollution of the sea by oil

Mr Guazzaroni, *Member of the Commission*, answered the question and supplementary questions put by Mr Lagorce, Mr Mitchell, Mr Cifarelli, Mr Normanton, Mr Giraud und Mr Howell.

Question No 9 by Mr Evans: Aid from the European Development Fund to Friuli

Mr Thomson, *Member of the Commission*, answered the question and supplementary questions put by Mr Evans and Lord Bessborough.

Question No 10 by Mr de la Malène: Renewal of the Computer Centre's data-processing equipment

Mr Ortoli, *President of the Commission*, answered the question and a supplementary question put by Mr de la Malène.

Question No 11 by Mr Noè: Reform of the Social Fund

Mr Cheysson, *Member of the Commission*, answered the question and questions put by Mr Pisoni, deputizing for the author of the question, Sir Brandon Rhys Williams, Mrs Kellett-Bowman, Mr Durieux and Mr Molloy.

Question No 12 by Mr Ellis on information policy for the United Kingdom had been postponed to the January 1977 part-session at the request of its author.

Question No 13 by Mr Howell: Green pound

Mr Cheysson, *Member of the Commission*, answered the question and supplementary questions put by Mr Howell, Lord Bruce, Mr McDonald and Mr Scott-Hopkins.

Question No 14 by Mrs Kellett-Bowman: Advanced dike at the North Sea coast

Mr Thomson, *Member of the Commission*, answered the question, and supplementary questions put by Mrs Kellett-Bowman, Mr Howell and Mr Kofoed.

Question No 15 by Mr Kavanagh on a Community system of guaranteed incomes for workers during retraining would be answered in writing as the author was absent and had not appointed a deputy.

Question No 16 by Mr Cointat: Difficulties in making budgetary estimates in agriculture

Mr Cheysson, *Member of the Commission*, answered the question.

Mr Cointat spoke.

Question No 17 by Mr Hamilton: The United Kingdom economy

Mr Cheysson, *Member of the Commission*, answered the question and supplementary questions put by Mr Hamilton, Mr Mitchell, Mr Fletcher, Mr Durieux and Mr Dykes.

Question No 18 by Mr Bettiza: Creation of a free zone

Mr Ortoli, *President of the Commission*, answered the question and supplementary questions put by Mr Durieux, deputizing for the author of the question, and Mr Cifarelli.

Question No 19 by Mr Delmotte: Summit meeting on economic problems to be held in Japan

Mr Ortoli, *President of the Commission*, answered the question and supplementary questions put by Mr Delmotte (to which Mr Guazzaroni gave a supplementary answer) and Mr Gerlach.

Question No 20 by Mr Dalyell on the Community's oil refining capacity would be answered in writing as its author was absent and had not appointed a deputy.

Question No 21 by Mr Yeats: Wage discrimination against women workers

Mr Guazzaroni, *Member of the Commission*, answered the question and supplementary questions put by Mr Yeats, Mrs Cassanmagnago Cerretti and Mrs Squarzialupi.

The President declared the first part of Question Time closed. He reminded members that, under Rule 47A (1) of the Rules of Procedure, the second part would be held the following morning.

Speaking on behalf of the European Conservative Group, Sir Peter Kirk asked for a debate to be held on the Commission's answer to Question No 13 by Mr Howell on the green pound.

The President announced that he would take a decision on this request at the close of next morning's Question Time.

Mr Scott-Hopkins spoke on a question of procedure.

The President announced that the sitting would be suspended at 7 p.m. and resumed at 9 p.m. if necessary.

The sitting was suspended at 1.15 p.m. and resumed at 3.05 p.m.

Tabling of a motion for a resolution

The President announced that he had received a motion for a resolution tabled by Mr A. Bertrand on behalf of the Christian-Democratic Group, with request for debate by urgent procedure pursuant to Rule 14 of the Rules of Procedure, on the results of the meeting of the European Council in The Hague on 29 and 30 November 1976 (Doc. 482/76).

The President announced that he would consult Parliament on the request for urgent procedure the following morning after the debate on the meeting of the European Council.

General budget of the Communities for 1977

Lord Bruce introduced his supplementary report drawn up on behalf of the Committee on Budgets on the draft general budget of the European Communities for the 1977 financial year modified by the Council on 23 November 1976 (Doc. 457/76) — (Doc. 472/76).

The following spoke: Mr Brinkhorst, *President-in-Office of the Council*, Mr Cheysson, *Member of the Commission*, Mr Patijn on behalf of the Socialist Group, Mr Notenboom on behalf of the Christian-Democratic Group, Mr Durieux on behalf of the Liberal and Democratic Group, Mr Cointat on behalf of the Group of European Progressive Democrats, Mr Shaw on behalf of the European Conservative Group, Mr Pistillo on behalf of the Communist and Allies Group, Mrs Ewing, non-attached member, and Mr Cheysson.

IN THE CHAIR Mr BERKHOUWER

Vice-President

The following spoke in the continuing debate: Mr Brinkhorst, Lord Bruce, *General Rapporteur*, and Mr Cheysson.

The President declared the debate closed. He reminded Parliament that all the amendments were deemed to have been tabled and discussed and that during the vote on Thursday only the rapporteur would be able to speak.

Motion of censure (debate)

Mr Aigner introduced the motion of censure on the Commission of the European Communities which he had tabled on behalf of the Christian-Democratic Group pursuant to Rule 21 of the Rules of Procedure (Doc. 480/76).

Mr Ortoli, *President of the Commission*, spoke.

The sitting was suspended at 7.10 p.m. and resumed at 9 p.m.

IN THE CHAIR: Mr SANTER

Vice-President

Lord Castle spoke a question of procedure.

Resuming the debate of the motion of censure, the following spoke: Mr Gerlach on behalf of the Socialist Group, Mr Bangemann on behalf of the Liberal and Democratic Group, Mr Shaw on behalf

of the European Conservative Group, Mr Masullo on behalf of the Communist and Allies Group, Mr Notenboom on behalf of the Christian-Democratic Group, Lord Bruce, Socialist Group, Mr Molloy, Socialist Group, Mr Aigner and Mr Ortoli.

The President declared the debate closed.

Tabling of a motion for a resolution

The President announced that he had received a motion for a resolution, tabled by Mr Bangemann on behalf of the Liberal and Democratic Group and Mr Vernaschi on behalf of the Christian-Democratic Group, with request for debate by urgent procedure pursuant to Rule 14 of the Rules of Procedure on unfavourable developments on the malt market (Doc. 486/76).

The President announced that under the second subparagraph Rule 14 (1) he would consult Parliament during the next day's sitting on the urgency of this motion.

Mr Aigner spoke.

Agenda for next sitting

The President announced the following agenda for the next sitting on Wednesday, 15 December 1976:

10 a.m. and 3 p.m.:

- Question Time;
- oral question with debate to the Commission on trade with Japan;
- statement by the President of the Commission on the Commission's activities during its term of office (followed by debate);
- statement by the President of the Council on the meeting of the European Council in the Hague (followed by debate);
- oral question with debate to the Council on COMECON;
- oral question with debate to the Council on the Communities' environment programme.

The sitting was closed at 10.55 p.m.

H. R. NORD
Secretary-General

Georges SPÉNALE
President

MINUTES OF PROCEEDINGS OF THE SITTING OF WEDNESDAY, 15 DECEMBER 1976

IN THE CHAIR: Mr SPÉNALE
President

The sitting was opened at 10.05 a.m.

Approval of minutes

The minutes of proceedings of the previous day's sitting were approved.

Decision on the urgency of the motion for a resolution on malt

Mr Cointat spoke on behalf of the Group of European Progressive Democrats and Mr Durieux on behalf of the Liberal and Democratic Group.

Parliament rejected the request for debate by urgent procedure in respect of the motion for a resolution on unfavourable developments on the malt market (Doc. 486/76).

The motion for a resolution was referred to committee.

Documents received

The President announced that he had received:

(a) the following report:

- report by Mr Osborn on behalf of the Committee on Regional Policy, Regional