

COMMISSION OF THE EUROPEAN COMMUNITIES

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DRAFT ECSC OPERATIONAL BUDGET FOR
1980

(Communication from the Commission to the Council)

In the documents which the Commission recently forwarded to the other bodies concerned by the problem of financing the ECSC Operational Budget for 1980 (COM(79)565 of 30 October 1979 and COM(79)640 of 8 November 1979), the Commission said that it intended to make specific proposals for balancing the Budget. The purpose of this Communication is to explain the Commission's proposals to Council and Parliament.

After contacting some of the parties concerned and in particular the ECSC Consultative Committee, the Commission has thoroughly re-examined its present approach to covering the various categories of commitments under the ECSC Operational Budget. As a result, the Commission proposes that, in 1980, the requirements shown in the Budget should be financed as indicated below:

- (a) Requirements which, under the Treaty of Paris (or a Decision based on Article 95 of the Treaty), are to be financed from the levy resources, i.e. requirements relating to administrative expenditure, research, redeployment and coking coal will be covered by the levy resources or the cancellation of provisions which were established previously from these resources and are now no longer required.
- (b) Requirements concerning interest rebates on ECSC loans granted to coal and steel companies traditionally financed from income from interest on investments and loans granted out of non-borrowed funds will be entirely covered by the interest proceeds; these requirements will be limited to the amount entered in the Operational Budget for this purpose.
- (c) Requirements concerning interest rebates on non-ECSC loans granted for conversion investments intended to create jobs for ex-ECSC workers will be covered by extraordinary receipts.
- (d) Requirements concerning new temporary social aid (the principle of which is the subject of documents COM(79)199 of 4 May 1979 and COM(79)436 of 20 July 1979, and the financing of which is the subject of document COM(79)345 of 20 June 1979 and Chapter 54 of the Preliminary Draft General Budget for 1980) will be met from the General Budget.

The basic guidelines set out above entail a number of amendments to the Draft Budget which are set out in the revised table attached, and, as a result of them, the Commission is forced to propose an increase in the rate of levy for the financial year 1980.

In view of the lower steel production estimates (134 million tonnes of crude steel instead of 140 million tonnes) adopted by the Commission on 7 November 1979, the expected yield as regards the resources indicated in subparagraph (a) above, without altering the rate of levy, is 114.3 m EUA (109.3 m EUA by way of levies and 5 m EUA by way of cancellations of provisions) compared with 125 m EUA shown for the requirements in question (administrative expenditure 5 m EUA, redeployment 67 m EUA, research 47 m EUA, coking coal 6 m EUA) in the Draft Budget.

The Commission therefore proposes to reduce the proposed allocation for research aid (the only Chapter which does not have binding force)

to 44 m EUA, and to increase the rate of levy to 0.31%, thereby balancing the estimates of requirements and the resources in question at 122 m EUA.

It should be pointed out in this respect that the proposed increase of 0.02% (7.5 m EUA) is negligible compared with the sector's total annual turnover, which could be in the region of 40 000 million EUA, and that the annual benefit to the steel industry resulting from the Community steel policy measures is well in excess of 1 000 million EUA.

It should also be noted that the ECSC Consultative Committee did not raise any objections on this matter when it was informed, on 16 November 1979, of the Commission's intention to increase the rate of levy.

As regards the origin of the extraordinary resources to cover the proposed conversion aid (43 m EUA), the Commission, having thoroughly re-examined the legal aspects of the problem, proposes that these aids be financed by means of a transfer from the General Budget to the ECSC Budget, a transfer which is warranted by the importance of the aid in question from the point of view of the general EEC economy. The Commission hopes that the budgetary authority will agree to the principle of such a transfer (to be made by means of a Supplementary Budget in 1980) before the end of 1979. At the appropriate time, the Commission will present a draft Decision (under Article 235 of the EEC Treaty) to establish the legal basis for this transfer.

If agreement is not given, the Commission will be obliged to ask the Member States once again for an ad hoc contribution totalling 43 m EUA.

Summary

The Commission proposes for the financial year 1980:

- (a) the revised Draft Operational Budget attached
- (b) the fixing of the rate of levy at 0.31%
- (c) that Council and Parliament, as the two arms of the budgetary authority, agree before the end of 1979 to the principle of a transfer of 43 m EUA from the General Budget to the ECSC Budget by means of a Supplementary Budget in 1980.

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(in m EUA)

REQUIREMENTS	APPLICATIONS	PROPOSALS	RESOURCES	PROPOSALS
OPERATIONS TO BE FINANCED FROM RESOURCES FOR THE FINANCIAL YEAR (NON-REPAYABLE)			RESOURCES FOR THE FINANCIAL YEAR	
1. Administrative expenditure	5	5	1. Current resources	117
2. Aid to redeployment (Article 56)	67	67	1.1 Proceeds of 0.31% levy (0.01% = 3.77 m EUA)	23
3. Aid to research (Article 55)	83.5	44	1.2 Interest on investments and on loans granted out of non-borrowed funds	token entry
3.1 steel	(48.5)	(19)	1.3 Fines and late payment surcharges	token entry
3.2 coal	(25)	(16)	1.4 Miscellaneous	
3.3 social	(10)	(9)		
4. Interest rebates	116	66	2. Cancellation of commitments which will probably not be implemented	5
4.1 Investment (Article 54)	(64)	(23)		
4.2 Conversion (Article 56)	(52)	(43)	3. Revaluation of assets and liabilities	token entry
5. Aid to coking coal and coke for the steel industry (Article 95)	6	6	4. Extraordinary receipts	43
	277.5	188		
OPERATIONS FINANCED WITH LOANS GRANTED OUT OF NON-BORROWED FUNDS			ORIGIN OF NON-BORROWED FUNDS	
6. Subsidized housing	10	10	5. Repayments on loans for subsidized housing	7
			6. Special reserve and former ECSC Pension Fund	3