

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(79) 345 final

Brussels, 20th June 1979

PROPOSAL FOR A COUNCIL DECISION
ALLOCATING TO THE EUROPEAN COAL AND STEEL COMMUNITY
(ECSC) A SPECIAL FINANCIAL CONTRIBUTION FROM THE
GENERAL BUDGET OF THE EUROPEAN COMMUNITIES

(submitted to the Council by the Commission)

COM(79) 345 final

EXPLANATORY MEMORANDUM

In its communication Doc. COM(79)199 final of 4 May 1979, the Commission submitted to the Council (for assent), the Parliament and the ECSC Consultative Committee a draft decision which it proposed to take under Article 95 of the ECSC Treaty on the introduction of temporary special payments to assist steelworkers as part of the Community restructuring programme.

The type of special measures proposed and the reasons for them are set out in detail in Doc. COM(79)199. In particular, aids for the following purposes are proposed:

- extension of the system of early retirement;
- reorganization of working time, in particular by means of short-time working (shorter working week) and an additional shift;
- restrictions on overtime.

In the same document the Commission stated its intention to put forward proposals for financing these temporary measures. It reached the conclusion that in this instance the General Budget could and should be used. The Commission has therefore entered an allocation of 100 m EUA in a new Chapter 54 in the Preliminary Draft General Budget for 1980 to cover the cost of the temporary measures by making a special contribution to the ECSC.

In order to authorize this special contribution, the Council has to take a decision under Article 235 of the EEC Treaty. The draft of a decision for this purpose is appended hereto.

As regards the legal basis for this decision, it should be remembered that, as a general rule, a contribution from the General Budget to the ECSC is ruled out for legal reasons: the resources of this Budget are reserved for the objectives of the Euratom Treaty and of the EEC Treaty (see Article 199 of the EEC Treaty), to the exclusion, therefore, of the measures provided for by the ECSC Treaty (Article 232 of the EEC Treaty). However, this is a special measure which is not provided for in the ECSC Treaty (the first paragraph of Article 95 had to be invoked) and for which the financial resources, also, are not provided for in this Treaty. It is evident also that the social consequences of the

restructuring of the iron and steel industry considerably aggravate the general employment situation in the Community. It is therefore extremely important for the economy of the European Economic Community in general that this operation is carried out successfully. This justifies use of funds from the General Budget and should enable the Council to adopt the proposed decision.

In accordance with the ECSC's financial system and, in particular, with the aid-granting decisions which the Commission will be called upon to make, the contribution of 100 m ECU will be earmarked as an allocation in the Community's balance-sheet for the sole purpose of covering financial commitments for the temporary special payments to assist the steelworkers.

The total cost of the aids proposed and the breakdown by type of aid will depend on the applications to be lodged by the Member States. From estimates made by the departments of the Commission following informal contacts with the Governments and assuming that the workforce will be cut by 115 000 in all, the cost of the proposed measures is estimated at 110 m ECU, which may be broken down, as an indicative basis, as follows :

Proposed measure (Article 95/ECSC)	Number of beneficiaries	Average cost per beneficiary	Total cost
		(ECU)	(ECU)
1. Aid for early retirement	4 025 (3.5%)	2 500	10 062 500
2. Short-time working	14 375 (12.5%)	100	1 437 500
3. Additional shifts	14 375 (12.5%)	6.750	97 031 250
4. Abolition of overtime	17 250 (15 %)	150	2 587 500
Total			111 118 750
Rounded off to			110 000 000
Sum to be charged to the ECSC in 1979			10 000 000
		NET TOTAL	100 000 000

The Commission proposes that the Council adopt the draft Decision appended heret

PROPOSAL FOR A COUNCIL DECISION

allocating to the European Coal and Steel Community (ECSC) a special financial contribution from the General Budget of the European Communities.

The Council of the European Communities,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 235 thereof,

Having regard to the proposal from the Commission,

Having regard to the Opinion of the European Parliament,

Whereas the difficulties currently facing the Community's iron and steel industry have made it necessary to adopt a programme for the restructuring of this sector under the terms of the Treaty establishing the ECSC;

Whereas this programme consists of a series of measures to rationalize production and raise the productivity of the sector to the level where it can compete on the world market;

Whereas this series of restructuring measures necessarily includes social policy measures to alleviate the effects on employment; whereas, in this connection, it is advisable to extend the range of resettlement aids provided for workers in the industry by Article 56(2) of the ECSC Treaty; whereas, to this end, the Commission, acting under Article 95 of this Treaty with the assent of the Council and after consulting the Consultative Committee, has introduced under the programme certain categories of temporary special allowances for steelworkers whose jobs will be affected by the implementation of the programme;

Whereas, in the present circumstances, the financial means provided for by the ECSC Treaty do not provide adequate cover for financing these measures;

Whereas the side-effects of this situation, if not remedied, would be liable to aggravate considerably the Community's general employment situation and to impair the harmonious development of economic activities, and this would undermine the achievement of one of the Community's main objectives;

Whereas the ECSC should therefore be allocated a special contribution from the General Budget of the European Communities to enable the Commission to implement successfully the social measures provided for under the restructuring programme for the steel industry,

HAS DECIDED AS FOLLOWS:

Sole Article

The European Coal and Steel Community (ECSC) is hereby granted a special contribution of 100 000 000 ECU from the General Budget of the European Communities for the financial year 1980 in order to cover the Community's financing of the special payments provided for by Decision