

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(77) 511 final.

Brussels, 11 October 1977.

Adjustment of the ECSC Administrative
Budget (Article 20(2) of the Merger Treaty)

Commission report enabling an assessment to be made
of the trend in expenditure arising from application
of the ECSC Treaty

1. In its communication (COM(77)280 final) of 16 June 1977, the Commission proposed to the Council that the annual contribution of 18 m.u.a. to cover administrative expenditure, referred to in Article 20(2) of the Merger Treaty, be reduced to 5 m EUA as from the financial year 1978.

The Commission considers, for the reasons set out in the abovementioned communication that, with the considerable increase in financial aid requirements - chiefly resulting from the difficult situation in the iron and steel industry - the proposed adjustment has become essential.

The Commission notes that the passage of time has emphasised the fixed nature of the ECSC's annual lump sum payment to the Communities' budget. Moreover, now that the former ECSC staffs are fully integrated with the joint administration, the task of pin-pointing specific ECSC items of administrative expenditure would be a most daunting one. The Commission considers, in fact, that the proposed reduction in the lump sum from 18 m u.a. to 5 m EUA should be settled by an essentially political judgement.

2. In this connection it is the view of the Commission that what should be done in present circumstances is to apply the ECSC's financial resources in aid of operational expenditure and reduce the Community's contribution to the administrative running expenses of the integrated institutions to an absolute minimum.

The development of this expenditure since 1973 is accordingly set out, for information, in the attached table.

In overall terms it may be said that the ECSC Operating Budget has increased slightly in nominal terms, stabilising in 1976 and 1977. In real terms this trend represents a decrease since 1975.

3. The year 1978 will produce budgetary problems which will be very difficult to solve.

As a result, there will be a considerable increase under the heading "resettlement aid" (Article 56 ECSC). It should be pointed out that this constitutes an unavoidable expenditure item in view of the agreements reached between the Commission/High Authority and the Governments of the Member States. Taking account of the applications already received the amount required in 1978 will exceed the 60 m EUA level, an increase of 35 m EUA over 1976 and 1977.

As far as "research" is concerned (Article 55 ECSC) the Commission has already received applications totalling 82.5 m EUA. Obviously, the Commission will not be able to meet all these requests any more than it has been able to in previous years. There is a likelihood, however, that in 1978 it may have to cut back much more than it has done hitherto.

As explained in the communication of 16 June 1977, the Commission has also explored the possibility of increasing aid in the form of interest relief grants to encourage priority investment in the restructuring and redevelopment of the iron and steel industry.

4. Under these circumstances, the 13 m EUA which the Commission is asking to have removed from the item "administrative expenditure" would help to meet the ineluctable expenditure on resettlement and to reduce by the same amount the need to cut back research appropriations.

5. The Commission considers that its proposal is economically justified and feasible from a legal and budgetary point of view.

Accordingly, it calls upon the Council to take a decision quickly on this request.

The decision will be a key factor in enabling the Commission to proceed with the drawing up of the ECSC Budget for 1978.

FIGURES SHOWING THE IMPLEMENTATION OF THE ECSC OPERATING BUDGET

million u.a.

CATEGORIES OF REQUIREMENT	1973	1974	1975	1976	1977(a)
1. Administrative expenditure	18	18	18	18	18
2. Resettlement aid (Article 56)	42.9	41	27.5	25.12	25
3. Research aid (Article 55)	18.5	23.5	35	42.67	42
3.1 Steel	7.9	9.5	16.3	17.4	16.5
3.2 Coal	7.4	8	13.4	17.27	16.5
3.3 Social	3.2	6	5.3	8	9
4. Aid in the form of interest relief grants	6	8.8	13	10.01	15
4.1 Investments (Article 54)	3	3.45	6.4	3.35	6
4.2 Redevelopment (Article 56)	3	5.35	6.6	6.66	9
5. Aid for coking coal and metallurgical coke (Article 95)	4	5	6	6	6
6. Special aid to the Friuli region	-	-	-	6	5
7. TOTAL	89.4	96.3	99.5	107.8	111

(a) Initial Budget.

