

The resources of the ECSC

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The resources of the European Coal and Steel Community (ECSC)

Article 49 of the Treaty establishing the European Coal and Steel Community (ECSC), signed in Paris on 18 April 1951, lists the Community's resources: 'The High Authority is empowered to procure the funds it requires to carry out its tasks by imposing levies on the production of coal and steel [and] by contracting loans.' Moreover, 'it may receive gifts.'

From the outset, the ECSC Treaty provided for the Community to be financed independently of the Member States. The ECSC therefore had own resources that came from direct levies on coal and steel undertakings. The legal system governing **levies** showed that resource as genuine tax revenue, which the High Authority (which became the *Commission* following the Merger Treaty) levied directly on undertakings.

That being the case, pursuant to Article 50(2) of the ECSC Treaty, the High Authority adopted two decisions on 23 December 1952:

— Decision No 2-52, applicable as from 1 January 1953, set out the methods for the assessment and collection of levies.

— Decision No 3-52 fixed the levy rates, based on production from 1 January 1953, within the limit set by the Treaty, which could not exceed 1 % unless previously authorised by the Council, acting by a two-thirds majority.

The rate actually applied was, in fact, lower than the authorised one. Indeed, while the levy rate fixed by the High Authority was, initially, close to the maximum rate with a view to enabling the ECSC to create a financial reserve, that rate was revised downwards over time because of the difficulties being encountered by the undertakings involved (0.31 % in 1980 and 0.29 % in 1991). It was set at 0 % from 1 January 1998, given that the funds entered in the ECSC budget on 31 December 1997 were considered sufficient to maintain appropriate ECSC budgetary activity until the expiry of the Treaty.

Undertakings paid the levies directly to the Community. They had to attach statements justifying the amount paid. The Commission had a genuine power to monitor, verify and impose sanctions on those liable to pay the levy. Should undertakings not comply with its decisions, it could impose surcharges on them of not more than 5 % for each quarter's delay (Article 50(3) of the ECSC Treaty).

The Commission could also contract **loans** in order to procure the funds it required to carry out its tasks. However, it could not use those funds except to grant loans (first subparagraph of Article 51(1) of the ECSC Treaty).

The ECSC's **other resources** were made up of revenue from own resources, late-payment penalties and fines, carry-overs from preceding financial years, Member States' financial contributions and special contributions from the general budget of the European Communities. The recourse to those two types of contribution can be explained in part by the need to respond to the crisis in the sector covered by the ECSC which precluded any increase in levies while, at the same time, requiring more interventions.

The Treaty establishing the ECSC, concluded for a period of 50 years from its entry into force, expired on 23 July 2002. Consequently, in view of its **expiry** and given the advantages that the coal and steel sectors had drawn from the ECSC technological research and development programmes, the European Council, in the resolution on growth and employment that it adopted in Amsterdam on 16 and 17 June 1997, agreed that the revenues of outstanding reserves at the expiry date of the Treaty should be used for a research fund in the sectors related to the coal and steel industry.

In response to the European Council's request, on 8 October 1997, the Commission submitted a communication proposing that the assets of the '*ECSC in liquidation*' be transferred to the remaining Communities and that all revenue from the management of those assets be used to finance research activities of the type carried out in connection with the ECSC's coal and steel programmes.

On 26 February 2001, the Heads of State or Government meeting in Nice adopted the *Protocol on the financial consequences of the expiry of the ECSC Treaty and on the Research Fund for Coal and Steel*. It transferred all the ECSC's assets and liabilities to the European Community and earmarked the net value of those assets — as they appeared in the ECSC balance sheet of 23 July 2002 — for research in sectors related to the coal and steel industry.

The Protocol introduced a new terminology. As a result, ECSC assets after the expiry of the Treaty were referred to as assets of the 'ECSC in liquidation'. On completion of the liquidation, those assets were referred to as 'Assets of the Research Fund for Coal and Steel'. Finally, the revenue from those assets was referred to as the 'Research Fund for Coal and Steel'.

In its decision of 1 February 2003, the Council established the measures necessary to the implementation of the Protocol. It provided, therefore, that ECSC assets should revert to the European Community as represented by the Commission, which would be responsible for separate budgetary monitoring, for winding up operations outstanding in 2002, for managing the ECSC's assets in such a manner as to ensure their long-term return, and for allocating the revenue — i.e. the revenue from investments — to the financing of research activities in the sectors related to the coal and steel industry.