ECSC expenditure

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The aim of the European Coal and Steel Community (ECSC) was to contribute to economic expansion and an increase in the number of jobs available by creating a specific common market in the coal and steel sectors. From the time it was set up by the Treaty of Paris signed on 18 April 1951, it had its own budget for its administrative and operating expenditure. Nevertheless, its administrative budget was incorporated into the general budget of the European Communities on 1 July 1967, when the Treaty establishing a Single Council and a Single Commission of the European Communities entered into force. After that, the ECSC retained only its operating budget. However, Article 50 of the ECSC Treaty and Article 20 of the Treaty establishing a Single Council and a Single Commission of the European Communities provided that the ECSC should contribute to its own **administrative expenditure** — although this had been incorporated into the general Community budget — through levies on coal and steel undertakings up to a fixed sum (18 million units of account). The Council Decision of 21 November 1977 then reduced that expenditure to a fixed amount of 5 million euros per year.

In addition to administrative expenditure, the ECSC also incurred **intervention expenditure**, covering three general categories of aid:

— *Technical research aid* for the coal and steel industries (Article 55 of the ECSC Treaty). The main objectives of 'steel' research were to reduce production costs, improve product quality, promote the use of steel and extend its uses, and to bring manufacturing conditions into line with environmental requirements. In 'coal' research, the main objectives were to reduce cost price, increase underground and opencast output, improve safety and working conditions, maintain new markets and improve the use of coal for better protection of the environment.

— *Traditional social aid* (Article 56(2) of the ECSC Treaty). This was designed to enable undertakings to pay workers changing to other employment and to finance their resettlement and vocational retraining after coal and steel policy decisions had been taken to close or reduce the capacity of undertakings.

— *Industrial aid* (Articles 54 and 56 of the ECSC Treaty). The ECSC was authorised to grant loans at reduced rates from its own resources for investment in the coal industry. It was also authorised to grant reduced-rate loans for the creation of new reconversion activities to reabsorb redundant workers in the coal and steel industries. On 22 June 1994, the Commission decided to amend the borrowing and lending policy of the ECSC in view of its expiry in 2002. Aid in the form of interest subsidies on reconversion loans was therefore discontinued in 1997.

Since the ECSC Treaty was due to expire on 23 July 2002, on 8 October 1997 the Commission issued a communication proposing that the assets of the *'ECSC in liquidation'* be transferred to the remaining Communities and that all the revenue from the management of those assets be used to finance research on the lines of that conducted under the ECSC 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 the Research Fund for Coal and Steel*. This transferred all assets and liabilities from the ECSC to the European Community and allocated their net worth, as it appeared in the ECSC balance sheet of 23 July 2002, to research in sectors related to the coal and steel industry. The

Council established the measures required for the implementation of the Protocol in its Decision of 1 February 2003. It was thus stipulated that ECSC assets and liabilities should be transferred to the European Community, represented by the Commission, with the proviso that it monitored the budget separately, finalised transactions not settled in 2002, managed ECSC assets and ensured their long-term profitability, and allocated the yield — i.e. the revenue from investments — to finance research in sectors related to the coal and steel industry.