2001 discharge: ECSC budget

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PURPOSE : to present the annual report of the Court of Auditors concerning the ECSC budget for the financial year 2001. CONTENT : the ECSC balance sheet total declined from EUR 3 972 million in 31 December 2000 to 3 288 million on 31 December, corresponding to a fall of EUR 684 million (17%). On the assets side, this decrease was due almost entirely to the decline in loans and advances to customers. On the liabilities side, the decline was due to the decrease in the amounts owed to credit institutions and the fall in debenture loans. The report also states that unlike previous financial years, in 2001, the appropriations for the ECSC's operating budget went up in relation to the financial year 2000, amounting to EUR 195 million. This increase can be explained by the fact that, in view of the expiry of the Treaty, the Commission had encouraged the Member States to apply for aid for rehabilitation and the social measures for both the past year and the current year, as is, moreover, envisaged in the rules for these types of aid. As in the past, budgetary expenditure was lower than forecast (23% in 1999, 24,2% in 2000 and 5,3% in 2001). Unlike previous financial years, the actual requirements for rehabilitation aid in 2001 were utilised at a rate of 100% with regard to redeployment aid and 88% for the coal social measures. As in the past, the solvency ratio went up (from 41,4% on 31/12/2000 to 56,1% on 31/12/2001). With regard to the liquidation of the ECSC, the Court states that the Commission has submitted three proposals to the Council with a view to putting in place the procedures for the liquidation of the ECSC and the implementation of the Research Fund. The Court notes in particular that the failure to ratify the Treaty of Nice has cast doubt upon the Regulations proposed by the Commission. According to international law, after the ECSC Treaty expires, the ECSC's assets should return to the Member States. However, as this solution has not been contemplated, the Member States, meeting at an intergovernmental conference, decided to issue the Commission with a management mandate to manage these funds according to the same principles as it would have applied to the 'Coal and Steel Research Fund'. This provisional solution will apply until the Nice Treaty has been ratified or another solution found. As regards the follow-up by the Commission to the previous observations, the Court comments on: 1) the dormant commitments : dormant commitment had been cancelled to the tune of EUR 58 million. It should be noted that, in 2001, the Commission cancelled amounts that it should have cancelled during previous financial years. The Court suggests that the Commission should carry out a special examination of all the commitments that are still open; 2) loans to officials : the Court highlights that has not been much progress in the area of the Commission drawing up the missing reports concerning the situation of loans to officials. The Court notes with concern the weaknesses found in the management of these loans and recommends that urgent steps be taken to restore sound management. In spite of these weaknesses, the Court takes the view that, taken as a whole, the legality and regularity of the transactions underlying the ECSC accounts for the financial year 2001 are sufficiently assured. In its reply to the Court of Auditors, the Commission states: - as regards dormant commitments, it regularly examines commitments that are still open with a view to cancelling them where necessary. However, the Commission makes it clear that caution is nevertheless required since cancellations cannot be reversed; - as regards loans to officials, the Commission is aware of the problems that have accumulated over the last few years with the management of building loans. The situation has to do with the Commission's decision to stop granting building loans before the expiry of the ECSC Treaty and the existence of a fairly complex administrative set-up. The Commission does state however that it is able to give assurance that the delayed annual reports will be presented in the autumn of 2002.