1996 ECSC operating budget

1995/2116(BUD) - 23/05/1995 - Council draft budget

OBJECTIVE: presentation of the draft ECSC operating budget for 1996 in its economic, political and financial context. SUBSTANCE: .economic and political context: - with regard to steel: the Commission estimates predict a slight increase in domestic steel consumption and put Community steel production in 1996 at 155 million tonnes (in other words, 2 million tonnes more than in 1995). This increase would primarily be due to the economic recovery (growth rate of around 3% in 1995) and a clear improvement in the activity of steel-consuming industries (such as the construction industry). The policy guidelines for the steel sector indicate an unsatisfactory level of closures (approximately 16 million tonnes). The Commission therefore intends to set aside some of its objectives concerning social measures for the steel industry and certain external protection measures. - in the coal sector, production in the Union is still decreasing (estimate of around 127 million tonnes in 1996 compared to 130 million tonnes in 1995). The era of large surpluses is past and it seems that supply today is practically lower than demand, thus indicating a degree of price stabilisation. The Union's priority in this sector is to produce coal in an economically viable manner and to maintain economic and social cohesion in the mining regions in decline. In this respect, the aids granted under the new Community intervention system for the Member States (system approved by the Commission on 28 December 1993) should help ensure further progress in terms of economic viability, reducing the total or partial activity of production units (the number of jobs in the coal industry would fall from 152 000 in 1995 to 143 000 in 1996) and adapting the coal industry to environmental protection regulations. . financial context: - the Union must implement the ECSC financial instruments in the light of not only the foreseeable economic and political constraints but also the budgetary constraints with a view to completing the financial operations implemented in accordance with the Treaty of Paris in anticipation of the expiry of the Treaty in 2002. A range of transitional measures are being implemented prior to its expiry, characterised by a marked restriction on ECSC loans. As a result, the volume and scope of the operating budget are above all affected by the constant fall in the level of resources (1993: ECU 596 million; 1994: ECU 465 million; 1995: ECU 331 million; and 1996: ECU 241 million, in other words 27% less than in 1995). This reduction is due to both the decrease in the levy rate and the decline in irregular resources (cancellations, recovery of reserves, and so on). - Draft ECSC operating budget for 1996: . the draft budget will be drawn up on the basis of a price increase of around 2.7%. The budget is characterised by a reduction in resources (mainly internal: net balance, cancellations, resources carried over from the previous year) and by a clear reduction in the demand for social aid linked to the expiry of certain programmes and the economic recovery. The Commission proposes allocating more than half the total appropriations to social measures (in other words ECU 126 million out of a total of ECU 241 million). With regard to resources, the Commission is continuing with the policy that it has implemented over the last few years, namely decreasing its levy rate (by 0.02%), which falls to 0.19% in 1996. . The budget is therefore broken down as follows: - resources: . yield from the ECSC levy: ECU 95 million; . net balance for 1996: ECU 105 million; . debt repayments: ECU 2 million; . cancellations: ECU 39 million; (. low-cost housing programme: ECU 13.5 million allocated not from the budget but from non-loan funds: special reserve and former ECSC pension fund). - requirements: . administrative expenditure: ECU 5 million; . social aid: ECU 126 million (including ECU 80 million for traditional redeployment aid, ECU 20 million for social measures in the steel industry and ECU 26 million for social measures in the coal industry); . research: ECU 60 million; . interest subsidies: ECU 50 million; - TOTAL: ECU 241 million.