1998 ECSC operating budget

1997/2126(BUD) - 29/05/1997 - Council draft budget

OBJECTIVE: presentation of the draft ECSC operating budget for 1998 in its economic, policy and financial context. SUBSTANCE: 1) economic and policy context: the Commission first reviews the Union's economic outlook for 1997 and 1998 and announces that Community coal production will continue to be affected by the restructuring programmes of the Member States. -outlook for the coal industry: in 1996, production fell to 128.4 million tons (a reduction of 6.7 million tons in comparison with 1995). In 1997, this trend continued, with production falling to 122.4 million tons. The lack of decisive progress on competitiveness in the Member States has entailed a continuation of the policy of restructuring, which has inevitably meant job losses (number of jobs in 1997: 137 500, as against 127 000 forecast for 1998). In this context, the ECSC will continue its social support measures in the form of assistance to workers (cofinancing of national measures such as early retirement and unemployment benefit). -outlook for the steel industry: demand for and prices of steel have been rising gradually since the end of 1996. The gradual improvement of market conditions in the Community should become more marked towards the end of 1997, so that production forecasts can be adjusted upwards (156 million tons in 1997 and 1998, as against 148 million tons in 1996). 2) financial context: as in previous years, the Commission considers that the Union should redeploy the budgetary instruments of the ECSC, taking account not only of foreseeable economic and political constraints but also of those in the budgetary sphere, focusing particularly on the expiry of the Paris Treaty in 2002. The transitional measures adopted pending this expiry particularly concern the borrowing and lending activity of the ECSC and the level and scope of the ECSC budget itself. As regards lending and borrowing, the expiry of the ECSC Treaty is bound to deter potential borrowers, who will no longer be able to obtain loans extending beyond 23.07.2002. Meanwhile the ECSC budget itself has shrunken substantially: the resources planned for 1998 are of the order of ECU 179 m, as against 265.5 in 1997 before the amending budget, which altered the budget substantially: ECU 424.4 m instead of 265.5 m (see 'fiche de procédure' BUD0091). The budgetary approach advocated by the Commission shows that the provisions formed in previous years are sufficient to maintain ECSC operations at a level commensurate with social assistance and research needs. Consequently, the Commission has decided to abolish the levy (the main source of revenue for the ECSC budget) with effect from 1998. 3) draft ECSC operating budget for 1998: the 1998 financial year is marked by the early abolition of the levy (0.17% in 1997). The ECSC resources will accordingly consist - in order of importance - of: cancellation of commitments, the net balance, drawings on the provisions for financing the operating budget, and miscellaneous revenue. To sum up, the budget will be as follows: - resources: on the basis of a levy of 0%: .yield from ECSC levy: ECU 0 m .net balance for 1998: ECU 55 m .repayment of loans: ECU 5 m .cancellation of commitments not to be implemented: ECU 84 m . drawings on provisions established to compensate for abolition of the levy: ECU 35 m -requirements: . administrative expenditure: ECU 5 m .social measures: ECU 90 m (including 65 m for traditional redeployment aid and 25 m for social measures in the coal industry) .research: ECU 84 m (including 56 m for steel and 28 m for coal) - TOTAL: ECU 179 m.