Basic information

2020/0143(NLE) NLE - Non-legislative enactments Decision	Awaiting final decision
Managing the assets of the ECSC in liquidation and of the Research Fund for Coal and Steel: multiannual financial guidelines Amending Decision 2003/77 2000/0363(CNS) **Subject** 8.70 Budget of the Union	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
BUDG Budgets	VAN OVERTVELDT Johan (ECR)	03/09/2020
	Shadow rapporteur UŠAKOVS Nils (S&D) GHEORGHE Vlad (Renew)	

Committee for opinion	Rapporteur for opinion	Appointed
CONT Budgetary Control	The committee decided not to give an opinion.	
ITRE Industry, Research and Energy	The committee decided not to give an opinion.	

Council of the European Union

European Commission

Commission DG	Commissioner
Budget	HAHN Johannes

Key events

Date	Event	Reference	Summary
16/07/2020	Legislative proposal published	COM(2020)0321	Summary

14/09/2020	Committee referral announced in Parliament		
01/07/2021	Vote in committee		
02/07/2021	Committee report tabled for plenary, 1st reading/single reading	A9-0228/2021	
07/07/2021	Decision by Parliament	T9-0341/2021	Summary

Technical information

Procedure reference	2020/0143(NLE)
Procedure type	NLE - Non-legislative enactments
Procedure subtype	Consultation of Parliament
Legislative instrument	Decision
Amendments and repeals	Amending Decision 2003/77 2000/0363(CNS)
Legal basis	Treaty on European Union TEU 37
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Awaiting final decision
Committee dossier	BUDG/9/03522

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE693.588	25/05/2021	
Committee report tabled for plenary, 1st reading/single reading		A9-0228/2021	02/07/2021	
Text adopted by Parliament, 1st reading/single reading		T9-0341/2021	07/07/2021	Summary

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(2020)0321	16/07/2020	Summary

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Managing the assets of the ECSC in liquidation and of the Research Fund for Coal and Steel: multiannual financial guidelines

2020/0143(NLE) - 16/07/2020 - Legislative proposal

PURPOSE: to amend Decision 2003/77/EC laying down multiannual financial guidelines for managing the assets of the ECSC in liquidation and, on completion of the liquidation, the Assets of the Research Fund for Coal and Steel.

PROPOSED ACT: Council Decision.

ROLE OF THE EUROPEAN PARLIAMENT: the Council adopts the act after consulting the European Parliament but without being obliged to follow its opinion.

BACKGROUND: the European Commission uses the returns on ECSC in liquidation to support research projects in the steel and coal sectors. However, the ability of the portfolio to generate sufficient returns to finance a meaningful research programme has come under pressure in recent years as a result of the secular decline in financial market returns. Even before the recent market deterioration caused by the Covid-19 pandemic, the portfolio was generating lower returns due to the lower interest rate environment prevailing after the financial crisis. The Covid-19 crisis has exacerbated this longer-term structural decline in expected returns.

Against this backdrop, the Commission proposed to amend Council Decision 2008/376 to bring it in line with the objectives of the Green Deal by ensuring a steady allocation of EUR 111 million per year until 2027 to support collaborative and cutting-edge research projects in the steel sector, as well as research projects on just transition for the coal sector.

The size of the portfolio as of 31.3.2020 is approximately EUR 1.5 billion. Since 2003 and until recently, the assets of the ECSC in liquidation have generated positive returns which have made it possible to support research projects to the amount of EUR 50 million per year. However, the current low (and often negative) level of bond yields, together with the prospect of Brexit, suggests a decline in returns in the short to medium term. In this context, a different approach to the use of ECSC assets is needed.

CONTENT: this proposal amending Council Decision 2003/77/EC has a two-fold objective:

- to allow the resources of the portfolio to be sold where necessary in order to enable payments related to an annual allocation of EUR 111 million until the year 2027 to support research projects in the steel and coal sectors outside the Research Framework Programme. Depending on investment conditions and evolution of the size of the portfolio, this will entail a gradual reduction of the volume of assets under management;

- to diversify the eligible investments in the portfolio in order to strengthen its risk-return performance. It is proposed to enlarge the universe of eligible assets in order to enhance expected returns for a given level of risk.

In concrete terms, this proposal for a Decision shall amend the Decision governing the management of the assets of the ECSC in liquidation to allow for:

- investment in a wider range of money market instruments (including money market funds);

- investment in a broader range of debt instruments and debt securities;

- exposure to equity markets and equity-like products (including through appropriate instruments such as exchange-traded funds);

- the use of standard investment techniques, such as interest rate futures, to manage maturity;

- invest in hedged USD-denominated securities issued by sovereign, supranational or public sector borrowers.

The Decision shall not entail any automatic recourse to use of these assets or instruments. It shall merely authorise the Commission to make such investments when market conditions are propitious. The asset selection shall include both a negative screening (a list of activities excluded for treasury investment purposes on ethical or moral grounds) and a positive screening (to favour integration of positive environmental, social and governance considerations in the selection of investments).

Managing the assets of the ECSC in liquidation and of the Research Fund for Coal and Steel: multiannual financial guidelines

2020/0143(NLE) - 07/07/2021 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 600 votes to 42, with 54 abstentions, a legislative resolution on the proposal for a Council decision amending Decision 2003/77/EC laying down multiannual financial guidelines for managing the assets of the ECSC in liquidation and, on completion of the liquidation, the Assets of the Research Fund for Coal and Steel.

Parliament approved the Commission proposal without amendments.

The European Commission uses the returns on ECSC in liquidation to support research projects in the steel and coal sectors. However, the ability of the portfolio to generate sufficient returns to finance a meaningful research programme has come under pressure in recent years as a result of the secular decline in financial market returns.

The proposal seeks to render the ECSC portfolio more resilient faced with these challenges, by enlarging the scope for investing in other asset classes and using other investment techniques to protect the portfolio from exclusive dependence on fixed income securities.

Specifically, the changes aim to:

- allow the resources of the portfolio to be sold where necessary in order to enable payments related to an **annual allocation of EUR 111 million until the year 2027**. Depending on investment conditions and evolution of the size of the portfolio, this will entail a gradual reduction of the volume of assets under management;

- **diversify the eligible investments in the portfolio** to enhance its risk-return performance. It is proposed to widen the universe of eligible assets in order to enhance expected returns for a given level of risk.

The Commission has made clear that the changes would not entail any automatic recourse to use of these assets or instruments. Instead, the Decision would merely authorise the Commission to make such investments when market conditions are propitious and if such investments are in line with the investment horizon of the investments, taking into account the payments related to the annual allocation until 2027.

The Commission will report on the decision to use these powers in its annual reports, explaining the reasons to expand the investment universe and to reporting on observed outcomes once performance data allow.

The proposal does not create any new liabilities to be charged to the General Budget under the multiannual financial framework.