

A REVIEW OF THE EUROPEAN COAL AND STEEL COMMUNITY'S
ACTIVITIES AND OWN RESOURCES

The fact that the considerable structural changes associated with technological progress and the development of international competition which have occurred in the coal and steel industries of the Six in the last twenty years have taken place without causing a serious crisis, is largely due to the effective intervention of the European Coal and Steel Community (ECSC).

A. ECSC action

Since it was set up in 1952, the European Coal and Steel Community has helped to facilitate the necessary changes in the coal and steel industries and to solve the problems arising from the decline in coal-mining activity (which obliged some 500,000 workers to leave the pits), from the reorganization of enterprises and from the appreciable economic changes in certain regions.

The ECSC's intervention includes in particular:

- Aid for the retraining of workers who have become redundant as a result of reorganizations in the industry. The ECSC bears the cost of removal and resettling of workers who have to move to other regions in order to find employment; if necessary it pays an allowance to offset the reduction in wages resulting from a change of employment; it encourages retraining and also pays allowances to handicapped or elderly workers.
- Aid for coking coal to enable coking coal produced in the Community to meet competition from imported coal without giving rise to a serious crisis.

- Aid for technical and social research to encourage research considered to be of particular interest, by paying a portion of the costs (not exceeding 60-80% of the total). This research relates mainly to the improvement of mining and production techniques, the improvement of safety in mines and steelworks, protection of workers' health and industrial medicine, and air pollution.
- Interest subsidies on loans granted by the Community to assist the financing, either in the coal and steel industries or - with the approval of the Council of Ministers - in any other industry, of new and economically sound activities or of the reorganization of enterprises in order to ensure the productive redeployment of manpower that has become redundant as a result of radical changes in marketing conditions in the coal or steel industry. The ECSC's aid, which is conditional upon at least equal financial participation by the State concerned, has stimulated regional reconversion; it has certainly helped to make the governments aware of regional policy problems.
- Allocation of monies to the special reserve fund for the provision of loans for workers' housing.

B. The ECSC's financial resources

The creation of the ECSC's own resources enables the coal and steel industries to enjoy a number of particular advantages at the cost of only a minor sacrifice. Although the merger of the Executives in 1967 assigned to the Commission of the European Communities the administrative responsibilities formerly discharged by the ECSC High Authority, the European Coal and Steel Community continues to have a separate operating budget, which is derived from the direct contributions of the ECSC industries.

A guarantee fund totalling 100 million units of account was set up shortly after the creation of the ECSC. The interest on the investments made possible by this guarantee fund and other available funds, which may be applied to the budget for 1971-72, will amount to some 10 million units of account.

The levies on coal and steel production, which make up the greater part of the ECSC's own resources, are a Community tax based on the production of the coal and steel industries. The amount payable depends on the tonnage and price (in units of account/metric ton) of the products. The prices used for the calculation are mean values representing the average price of a ton of coal, a ton of basic Bessemer steel or a ton of finished steel products for the period in question and for the entire Community. These mean values are determined by agreement with the trade unions for each financial year, on the basis of the prices charged during a reference period which runs from the 1st of July to the 30th of June preceding the beginning of the financial year). The Commission of the European Communities decides the rate of the levy, which may not exceed 1% without the prior authorization of the Council of Ministers.

For practical reasons, the mean values are not adjusted if they differ by less than 10% from those of the previous year. Thus the mean values for steel or steel products have not been changed since 1956, since the price variations have been offset to within 10%.

However, as steel prices have considerably increased since 1970, and coal prices even more so, the Commission of the European Communities will correct the mean values this year.

The rates of the levy will, however, remain at the previous level of 0.30%. The effects of the rise in costs and in wages and salaries are reflected in a sharp increase in the anticipated ECSC expenditure and there can be no question of reducing the levy rates. Neither does it appear desirable to increase them in the present economic situation, since the rise in mean values already entails a heavier burden for the coal and steel industries. Moreover, the 0.30% rate can be considered a standard medium-term rate for the Six. For the time being, there is no fundamental justification for changing it, particularly on the eve of Britain's entry into the Community.

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According to the estimates, in order to ensure coverage of the ECSC's operating budget, which totals 65.7 million units of account for the financial year 1972, the total amount of the levies should be 42.5 million units of account.

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DRAFT ECSC OPERATING BUDGET
for the financial year 1972

REQUIREMENTS		RESOURCES	
Items	Estimates	Items	0.30%
Administrative costs	18	Proceeds of the levy	42.5
Retraining (Art. 56)	17	Interest on investments and loans against own funds	10
Aid for research (Art. 55)	12	Miscellaneous	0.2
Technical research on steel 6		Repayments on loans for workers' housing	5
Technical research on coal 3		Cancellation of commitments for scrapped projects	2
Research on industrial safety,) health protection) 3 environment)		Unused funds brought forward	6
in the fields of steel and coal			<hr/>
Aid for coking coal	1.7		65.7
Interest subsidies (Arts. 54 and 56)	8		
Allocation to the special reserve (workers' housing)	6	Surplus	-
Contingency reserve	3		
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	65.7		65.7