

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(83) 158 final

Brussels, 13 April 1983

Proposal for a

COUNCIL DECISION

relating to a contribution to the
European Coal and Steel Community out of the
general budget of the Communities

(Submitted to the Council by the Commission)

COM(83) 158 final

Social support scheme
for restructuring in the
steel areas of the Community

INTRODUCTION

1. The crisis that is affecting the iron and steel industry in the Community and the necessary efforts as described in the "General Steel Objectives 1985"(1) to restructure the sector will continue for some years yet to pose serious economic and social problems, especially in the areas where the industry is concentrated. The necessary reduction in capacity and adjustments to the production apparatus are liable to lead to further very considerable losses of jobs over the next four years. Moreover, a number of steel areas have already been seriously affected by unemployment (see Annex I) and their chances of absorbing an additional surplus of job seekers are extremely limited.

2. The adoption of the social volet in June 1981 enabled the Community to support restructuring and to fulfil its social obligations in this sector which are explicit in the ECSC Treaty, by enlarging temporarily the scope of its social measures; but the programmes to which the Community agreed to contribute had come to an end in all but one Member State by December 1982 (see Annex II). This document outlines the Commission's proposals for the extension and development of the social policies so far pursued, to reinforce the economic measures undertaken and to assist individual steelworkers to adapt to new circumstances. It should be read together with the Commission's plans for strengthening reconversion policy in regions affected by the steel crisis(2).

(1) Doc. SEC(82)1564 fin., 28 October 1982

(2) Docs. SEC(82)1568 fin., 8 December 1982, and
SEC(83)130 fin., 8 February 1983

In making these proposals, which have met with the unanimous approval of the ECSC Consultative Committee (1), the Commission is responding to the concern expressed by that Committee and by the European Parliament(2), who have both called for concurrent social measures for the iron and steel industry over the next few years.

3. In view of the fact that the "aids code" (3) provides that investment and other economic aid will not be granted beyond 1985, it is probable that restructuring will on the whole have been carried out by then. The loss of employment in the industry may similarly be expected to have levelled off by that date, making it unnecessary to grant exceptional social aids beyond 1986. It is therefore proposed that temporary supplementary measures should be applied for a limited period of 4 years. It is further proposed that these measures should be confined to those steel regions and workers which are the object of Commission approved restructuring programmes.

4. As far as financing is concerned, the resources available for the steel sector in the normal ECSC budget are expected to be sufficient to meet expenditure on traditional aids under Article 56(2)(b), but not to finance the proposed extension and development of the 1981 social volet in the context of the General Steel Objectives up to the end of 1986. For this purpose, the Commission estimates that additional Community resources of 330 MioECU will be required to supplement Member States' own expenditure. This estimate is based on a working hypothesis of a total of 150 000 further job losses over the period in question. It is assumed that out of that number, 20 000 persons will leave the industry in the process of natural wastage. Of the remaining 130 000 workers, it is likely that roughly half will take early retirement or will see their jobs maintained by measures to reduce and reorganise working time, while the remainder will be seeking jobs in other sectors of the economy. In most countries, the group of older workers is in fact already much reduced as a result of the first batch of restructuring measures.

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- (1) Resolution of 18 February 1983, O.J. No C 72, 17.03.83, pp 4-5
 - (2) Resolution of 18 november 1982, O.J. No C 334, 20.12.82, pp 81-82
 - (3) Commission Decision No. 2320/81/ECSC of 7 August 1981, O.J. No. L 228, 13.08.81

PROPOSED MEASURES

5. The social support policy proposed by the Commission, which takes account of the specific problems of the steel industry and complements reconversion measures designed to give a fresh boost to the development of the ECSC regions affected, would pursue four interrelated objectives :

- first, to attract new jobs into the affected regions;
- second, to reduce the supply of labour in areas where it is already heavily in surplus;
- third, to promote opportunities for the reintegration of former ECSC workers in other areas of activity, and
- fourth, to promote the creation of organisations in steel regions to support an efficient and coherent application of the total programme of support.

I. Measures to attract new jobs

6. A first objective, but one not requiring the allocation of extraordinary budgetary resources, is the creation of a varied and highly-skilled labour force, an important factor in attracting new investment. To this end, training facilities must be set up in skills which were not previously available in steel areas, in particular where new technologies are concerned; and it will be necessary to expand experiments in establishing specific vocational training units adapted to regional realities and to the special problems affecting steelworkers. Insofar as the training courses are provided for former ECSC steelworkers, the Community contribution is funded through the ECSC budget (Article 56(2)(b)). The training programmes organised in the steel areas and regions attended by the unemployed or those threatened with unemployment who are not from ECSC sectors are and should continue to be supported by the European Social Fund in accordance with the relevant rules and guidelines for its management.

In order to attract larger numbers of new jobs into the steel regions, the Commission is seeking to mobilise all the relevant funds in this context, and in particular to increase the interest rate subsidies on loans granted under Article 56(2)(a) of the ECSC Treaty(1). With a view to helping former steel workers benefit directly from this extra stimulus to job creation, employers to whom a loan is granted will be required, when recruiting workers, to give prior notification of vacancies to local employment agencies and ECSC firms. In addition, the services of the Commission in the case of direct loans and the financial intermediary in the case of global loans, will also notify the vacancies.

(1) Doc. SEC(83)130 fin., 8 February 1983

II. Reduction of labour supply

7. The proposed measures aimed at reducing the supply of labour would take the form of a payment designed to compensate workers temporarily for the loss of income which results from early retirement or from reduction in working time undertaken to maintain jobs. In view of the large number of those leaving the labour market at an early age - frequently five years or more before normal retirement - the Commission proposes to continue its policy under the 1981 social volet of contributing to early retirement benefits for persons of at least 55 years of age (or 50 years in special cases). Subject to a matching contribution from the Member State concerned, the Commission intends to continue its contribution to such benefits for a maximum of three years for any individual, together with a limited payment designed to maintain social security contributions (See Annex IIIa).

8. Experience with existing measures indicates a potential Community contribution of some 6 000 ECU per worker. Part of this amount would continue to be met by traditional re-adaptation aids. This would leave an amount of roughly 3 000 ECU per worker to be met under the proposed extension of temporary measures. The details of the new measures would vary only slightly from the measures previously implemented, any changes being designed to achieve improved harmonisation.

9. Without prejudice to the development of an overall policy on the reduction and reorganisation of working time, which the Commission is pursuing on the basis of its memorandum of 10 December (1), the Commission proposes that efforts to increase the number of workers in the jobs that remain after restructuring by reducing working time should be supported by Community funds up to maximum of 3 000 ECU per job maintained subject to a matching national contribution (see Annex IIIb). Such efforts should conform with the conditions described in the Commission's memorandum and where appropriate with the aids code. This new measure would not be subject to age conditions. It would, however, only be available for the period of restructuring. Temporary reductions in working time or temporary layoffs (short time working) connected with restructuring plans, as agreed in the 1981 social volet, would also form part of this set of measures.

10. The Commission expects that approximately 65 000 steelworkers would qualify for one or other of these types of aid. Of these, some 55 - 60 000 persons might take early retirement while the jobs of a further 5 - 10 000 persons would be maintained through measures to reduce working time.

(1) Memorandum on the Reduction and Reorganisation of Working Time, Doc. COM(82)809 fin. of 10 December 1982

III. Labour reintegration

11. No change is proposed in present policies to facilitate geographical mobility and training and retraining of redundant workers with a view to their employment in other sectors of existing activity. Re-adaptation aids currently being allocated under Article 56(2)(b) ECSC also include tideover allowances in the form of compensatory benefits for loss of income at the time of re-employment. However, re-employment of ex steelworkers has become more and more difficult with the rise of unemployment and the fall in the number of available vacancies. Moreover, the previous high wage levels and the cost of adaptation to new working conditions make the recruitment of those workers unattractive to potential employers in a heavily competitive labour market. The Commission therefore considers that to deal with this specific problem it has become necessary, for the period of restructuring, to introduce a more direct boost to the employment of former steelworkers who have been seeking alternative work for at least 3 months. For this purpose, the Commission proposes that an aid should be granted for the benefit of ex-steelworkers to promote their reintegration in stable jobs, whether existing or newly created outside the steel sector. The aid would have the object of compensating to an extent for the disadvantages of ECSC workers in occupying new jobs which are less well paid or during the initial stage of their adaptation to new working circumstances and would only be payable in respect of new posts or genuine vacancies. The Community's share would have to be matched by a national contribution and would not exceed 15 % of one year's average wage in the iron and steel industry in the Member State concerned (see Annex IV). The aid might be paid in decreasing instalments staggered over a period of two years. It is estimated that approximately 65 000 ex-steelworkers might be reintegrated in this way at a cost of 2 000 ECU per head, creating an additional budget requirement of 130 MioECU over four years.

12. Measures to keep up the level of skills and qualifications of the long-term unemployed, for example through temporary work experience in the public works sector, should be able to benefit from Community aid to the extent that former steelworkers are employed under such schemes. Only steelworkers in respect of whom the reintegration premium described in the previous paragraph has not been paid would be eligible for this aid. Subject to this condition, the Commission would subsidise such measures up to a maximum of 2 000 ECU per person, financed from the budget of 130 MioECU referred to in paragraph 11 above and subject to a matching contribution by national Governments.

IV. Organisation problems

13. The restructuring problems in regions with a steel industry are huge and complex : reduction in steel production capacity, encouragement or creation of usually small and numerous new enterprises, setting up or adaptation of training structures, retraining of the labour force for the new skills required, maintenance of flexibility on the labour market. The decisions to be taken in the context of this process are dependent on a large number of authorities and organisations. Several Member States and regions have set up bodies to examine and coordinate the solutions that must be found to these problems. The Commission of the EC considers that such cooperation initiatives help considerably to increase the efficacy of the measures to be taken. It therefore already supports - albeit in a limited way - or proposes to support some of the activities of these bodies within the framework of existing Community financial instruments, such as ECSC conversion aid, ERDF non quota intervention and the ESF.

14. Some of these local or regional co-ordinating units have tasks more especially in the field of forward-looking labour market management. These bodies should be composed of the representatives of local authorities, the two sides of industry, the steel companies and the manpower services concerned. Forward-looking manpower planning comprises the study, forecasting and regulation of the labour market at regional or steel area level; in other words, it enables a close watch to be kept on the number of young persons and their courses of education, the evolution of the supply of and demand for employment, access of school-leavers to the labour market, occupational qualifications of job seekers and the needs in this respect of employers. It thus makes it possible to coordinate all the measures required for the balanced functioning of the labour market.

If such bodies are already established or can be set up in steel regions, the Commission proposes to contribute by co-financing their operation in preparing and implementing a co-ordinated local or regional labour market approach. Such an aid under the present ECSC scheme could be incorporated in a more general Community framework once established.

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15. The four groups of measures outlined above will be implemented only if they are part of established steel restructuring programmes that have been approved by the Commission.

BUDGETARY CONSEQUENCES

16. The above paragraphs describe the social measures with which the Commission proposes to support the restructuring of the iron and steel sector, which are certain to involve very considerable further job losses in this industry between now and the end of 1986. Measures to create new jobs will be financed by resources in the ECSC and EEC budgets mainly through subsidised loans. Re-adaptation measures of a continuing nature under Article 56(2)(b) should be able to be funded from existing resources, but these will not permit the funding of the special measures proposed. Measures to be financed through the European Social Fund are unlikely to have a significant additional budgetary impact on that Fund.

17. Under the 1981 social volet the Commission was able to provide support for temporary measures implemented at different stages over the years 1978-1984. The instruments which it introduced were financed from special resources of 212 MioECU. In order to finance the continuation of measures adopted under the 1981 social volet and the new measures described above in support of restructuring objectives covered by the "General Steel Objectives 1985," additional resources of some 330 MioECU will be required in the financial years up to and including 1986, on the basis of a hypothesis of 150 000 job losses during the period.

18. In so far as they involve the use of special supplementary resources, the proposed measures may be classified in two groups.

Existing temporary measures (social volet 1981) which it is proposed should be continued, although on a smaller scale, take two forms. The first measure involves income support for steelworkers over 55 years of age (or 50 years in special cases) who will not be able to be re-employed (1). The second measure is the financial support of temporary shorttime working preceding planned structural measures (2).

New temporary measures are :

- transitional financial support for a permanent reduction in working hours (3);
- an integration subsidy for ex-steelworkers (4);
- temporary employment creation (5);
- financial support for the creation of bodies for forward-looking labour market management (6).

19. Estimated expenditure on all the temporary measures referred to in paragraph 18 is broken down as follows:

Expenditure on early retirement (1)	:	165 - 180 MioECU
Expenditure on working time reductions (3)	:	30 - 15 MioECU
Expenditure on short time working (2) is in lieu of (1) or (3)		
Expenditure on labour reintegration (4)	:	130 MioECU
Expenditure on temporary employment (5) is in lieu of (4)		
Expenditure on co-ordinating bodies (6)	:	5 MioECU
Total outlay over 4 years :		----- 330 MioECU

20. The estimated additional budget of 330 MioECU does not include funding for any measures remaining to be financed under the 1981 social volet (see Annex II). A final instalment of 50 MioECU out of the total 212 MioECU to be committed for that purpose is available in the 1983 ECSC budget. In individual cases the two sets of programmes (volet social 1981/support scheme 1983) will be readily distinguished.

CONCLUSION

21. The Council is invited

- to express a favourable view of the proposals set out in this communication, which make provision for the implementation, on the basis of Article 56(2)(b) ECSC and in the context of the "General Steel Objectives 1985", of a scheme of special temporary social measures to support restructuring in the steel areas of the Community from 1983 to 1986;
- to agree to a Community contribution estimated at 330 MioECU to fund the scheme in line with the indicative payment profile set out in the attached financial annex (Annex V);
- to authorise for this purpose on the basis of Article 235 EEC a contribution out of the general budget of the Communities the level of which will be determined within the framework of the annual budgetary procedure (see draft decision : Annex VI).

Unemployment in the steel regions

The unfavourable trend in the employment situation has been even more pronounced in those regions where the steel industry accounted for a significant proportion of economic activity and represented a traditional outlet for job seekers.

It seems unavoidable that the situation in these regions will deteriorate further for as long as restructuring measures continue, ie until 1986 at least. The job losses which have occurred so far and which will continue to occur in the steel industry between 1983 and 1986-88 are bound to exacerbate the degeneration of the economic fabric of the regions.

As can be seen from the following table, most of the steel regions, which already have a high rate of unemployment, are worse affected than those elsewhere. The position at October 1982 demonstrates the acuteness of the employment problem with which they are beset, as witnessed by the following unemployment rates, calculated on a common Community basis :

Province of Naples	:	30.1%
Cleveland	:	21.8%
Liège arrondissement	:	21.2%
Departement du Nord	:	12.7%
Dortmund area	:	10.0%

Unemployment in the steel regions in October 1982

	UNEMPLOYMENT RATE		ECSC Employment (c)	Ratio steel employment/ total industrial employ- ment (1977)
	(a)	(b)		
BR DEUTSCHLAND TOTAL	(7,3)	5,9	179.667	
Salzgitter		7,8	9.558	30,9
Peine		7,8	4.772	42,4
Osnabrück		6,8	3.474	19,0
Bremen		6,1	6.823	9,0
Düsseldorf		6,9	1.500	4,0
Duisburg		8,7	51.727	58,4
Krefeld		8,4	4.741	13,0
Oberhausen		7,3	5.478	21,5
Bochum		8,2	9.007	17,5
Dortmund		10,0	17.555	30,2
Hagen		7,7	3.077	12,4
Ennepe-Ruhr-Kreis		7,7	8.133	14,2
Siegen		5,7	7.920	16,4
Lahn-Dill-Kreis		5,5	1.947	n.d.
Mayen-Koblenz		5,5	1.726	n.d.
Neuwied		6,2	1.896	22,5
Amberg-Sulzbach		6,4	2.765	53,9
Schwandorf		6,6	2.038	n.d.
Saarbrücken		7,6	12.646	22,8
Neunkirchen		6,6	3.509	33,4
Saarlouis		6,0	5.583	17,4
FRANCE TOTAL	(9,6)	9,8	95.478	
Champagne-Ardenne		9,5	1.582	n.d.
Oise		10,3	2.598	n.d.
Calvados		12,9	4.064	n.d.
Saône-et-Loire		9,1	3.885	n.d.
Nord		12,7	17.849	7,9
Pas-de-Calais		12,5	3.958	4,7
Meurthe-et-Moselle		10,3	15.152	28,8
Moselle		9,5	22.918	31,0
Loire-Atlantique		12,2	1.678	n.d.
Loire		10,5	2.526	4,6
Savoie		7,6	1.873	16,5
Puy-de-Dôme		9,1	1.964	n.d.
Bouches-du-Rhône		11,6	7.152	n.d.

Explanatory Notes :

(a) The figures in this column give the national total published in EUROSTAT by the Statistical Office of the European Communities and are calculated on a different basis from those in the next column. The explanation of these differences is given in explanatory note (b) below.

(b) SOEC Source :

The national and regional unemployment rates in this column have been calculated on a common basis allowing a more direct comparison between the figures for different Member States of the Community than the EUROSTAT series published by the Statistical Office of the European Communities. This better degree of comparability has been obtained, in particular, by correcting for the effects of differing national legislation on the registration of the unemployed, whether receiving benefit or not, etc.

(c) Only regions with more than 1500 workers engaged in ECSC activities have been included in these figures.

n.d. - data not available.

	(c)	(b)	(c)	
ITALIA TOTAL	(11,0)	9,9	92.828	
Torino		7,2	4.479	n.d.
Novara		5,5	1.523	3,8
Alessandria		5,7	1.948	n.d.
Genova		9,1	10.354	10,8
Milano		4,2	7.250	n.d.
Bergamo		5,1	2.314	n.d.
Brescia		3,9	7.602	12,5
Livorno		6,6	8.727	21,5
Terni		10,0	5.869	26,4
Napoli		30,1	8.127	5,6
Taranto		15,2	20.287	n.d.
BELGIQUE/BELGIE TOTAL	(14,8)	16,0	42.536	
Nivelles/Nijvel		11,1	3.833	n.d.
Charleroi		18,6	11.626	n.d.
Soignies/Zinnik		18,8	4.024	n.d.
Liège (arr.)		21,2	14.542	n.d.
Gent/Gand		15,5	6.327	n.d.
UNITED KINGDOM TOTAL	(11,8)	12,5	77.346	
Cleveland		21,8	10.562	20,1
Humberside		14,7	9.197	14,8
South Yorkshire		16,0	17.673	10,6
West Midlands		19,6	2.849	n.d.
Clwyd		15,1	3.984	29,7
Dyfed		13,3	2.000	17,9
Gwent		16,8	9.320	24,1
South Glamorgan		15,0	1.611	16,2
West Glamorgan		17,7	6.505	24,8
Strathclyde		18,1	8.179	4,0
NEDERLAND TOTAL	(11,1)	15,3	20.307	
Ymond		10,7	18.677	19,3
LUXEMBOURG TOTAL	(1,5)	1,6	13.473	39,0
IRELAND TOTAL	(13,5)	13,3	619	
DANMARK TOTAL	(9,2)	14,0	1.660	
Frederiksborg Amtskommune		10,2	1.660	13,9
GREECE TOTAL	(1,0)	4,1	5.097	

Periods of aid taken into consideration
under the steel social volet 1981

County	Programmes of early retirement	Programmes of short-time working (1)
FR GERMANY	July 1981/December 1984	-
BELGIUM	January 1978/December 1982	-
FRANCE	June 1979/June 1981	-
ITALY	February 1981/December 1982	January 1981/June 1982
LUXEMBOURG	-	January 1980/December 1981
NETHERLANDS	October 1980/June 1982	October 1980/June 1982
UNITED KINGDOM	April 1979/March 1982	-

(1) For Luxembourg : Programme of temporary measures in employment outside the steel industry (anti-crisis division).

REDUCTION OF LABOUR SUPPLY

Early retirement measures

1. Measures to assist older workers to bridge the period between redundancy and normal retirement have been introduced in all Community countries affected by the steel crisis. On the one hand, they take the form of a payment or payments to the old age pension fund designed to credit a worker with additional years of contributions. In this way, the old age pension which becomes payable at normal retirement age can be maintained at the level which it would have reached had the worker continued in his job. On the other hand, they involve an element of income support during the period between the ages of effective and normal retirement which may either subsume or else be added to unemployment or social security benefits payable to a worker below normal retirement age.

2. Where market conditions have forced steel producers to reduce their output on a permanent basis, the ECSC has traditionally contributed, under the bilateral conventions governing the application of Article 56(2)(b) ECSC, to "tideover allowances" for redundant workers who are nearing their normal age of retirement. In general, however, a worker can only qualify for such benefits if he is formally unemployed. Where he is precluded from seeking alternative employment and receives his entire income under early pension arrangements, the Commission has contributed only to the difference between standard unemployment/social security benefits and the enhanced benefits actually supported by the Member State.

3. The Council agreed in 1981, in accepting the Commission's proposals for a social volet, to supplement existing measures by recourse to extraordinary budgetary resources made available to cope with the severe employment consequences of steel restructuring. These resources made it possible both to provide for a maximum of three years' benefit - in place of the shorter periods which otherwise generally applied - and to relax the conditions of eligibility (eg length of service) for workers who previously fell outside the scope of bilateral conventions.

4. Arrangements for the financing of early retirement measures consequently vary from country to country, depending on the position of unemployed/retired workers under the bilateral convention which applied prior to the introduction of the social volet. In some cases, early retirement has continued to be funded from the ordinary ECSC budget; in others it has been financed entirely from the extraordinary resources of the 1981 social volet; and in some cases, there is a mixture of funds. As a result, per capita expenditure for early retirement contributed from the resources of the social volet varies widely. In the light of current experience, it is proposed that the per capita contribution to the cost of early retirement under the new support scheme should be based on an average of 3 000 ECU. For a total of 55 000 - 60 000 workers the overall cost would be expected to be of the order of 165 - 180 MioECU in addition to any tideover allowances already provided from existing resources.

REDUCTION OF LABOUR SUPPLY

The reduction of working hours

The Commission's policy to promote reorganisation and reduction of working hours under certain conditions is certainly applicable to the steel sector. The required reduction in production capacity as well as the customary continuous production processes in the steel sector do not leave much room for changes in production time. However, the loss of employment could certainly be alleviated by a reduction in working hours under conditions of constant costs of units of production. It is generally accepted that a reduction in working hours translates itself partly in increased productivity and partly (not proportionally) in increased employment. To the extent that there is an increase in required employment given the desired production level, wages should stay behind the wage level which would otherwise be obtained. The translation of this condition into practice has to be obtained through negotiations at the level of the firm or sector between the social partners. An agreement to a certain check on wage developments can be spread over two or more years. In this case the reduction in working hours could also only be achieved after two or more years. In order to make an agreement on work sharing immediately effective, the Commission will contribute to the costs of the transitional period a maximum amount of 3 000 ECU per additional maintained employed person, subject to a matching contribution from the national Government concerned.

The employment effects resulting from a reduction in working time should not be overrated. By way of illustration, even if one supposes an overall reduction of working time of 10% related to the total working force after restructuring, say globally 400 000, the extra employment effect will be somewhere around half the reduction of 10% in working time of 400 000 jobs, or around 20 000 ECSC workers less to leave the steel sector. Under the mentioned suppositions and conditions the total working force in the steel sector should in this quantified example restrain wages by about 15%. Again a maximum supposition would be that in all the countries and regions such policies would be adopted and furthermore that wages would for example be restrained in two phases of 2 1/2%. The Commission could then be asked to participate in the financing of one year of the additional cost of 2 1/2% for the employers. Thus, instead of maintaining

10 000 persons in the first year and another 10 000 in the second year, it would become possible to maintain 20 000 persons immediately. The 2 1/2% of the total wage sum of 400 000 represents roughly 120 million ECU. Under the condition of a maximum contribution of 3 000 ECU per maintained person this would mean 60 million, the other half being financed by the national Government. Concerning a possible outlay of 60 million for reducing working hours, this depends on the overall limits put to the total group of measures affecting the supply of ECSC workers. The real outcome of such a measure will depend on a large number of factors, in particular agreements worked out by the social partners concerned.

LABOUR REINTEGRATION

Employment subsidy

1. It must be remembered that about half the steelworkers losing their jobs, will not have reached the age of preretirement before restructuring is over. These skilled workers will in many cases have to accept retraining courses but will still remain at a disadvantage in a more and more competitive labour market.
2. The Community can help offset this disadvantage and ease the reemployment of such workers by granting a bonus designed to take part of the wage costs during the readaptation period in view of the likely lower productivity of newly-recruited workers.
3. Subsidy conditions
 - Beneficiaries : ex-ECSC workers made redundant under restructuring programmes (implemented after 1982) who are recruited into new jobs or genuine vacancies by employers on the basis of the above-mentioned subsidy.
 - amount granted : 2 000 ECU per worker, it being understood that an equivalent amount must be granted by the Member State, in accordance with the basic ruling provided in Art 56 (2) (b) of the ECSC Treaty.

FINANCIAL STATEMENT1. Budget heading concerned (general budget)

Title 6
Chapter 65
Article 651

2. Title of project

Social support scheme for restructuring in the steel areas of the Community.

3. Legal basis

The social support measures will be authorised on the basis of Article 56(2)(b) of the ECSC Treaty.

They will be financed by appropriations transferred to the ECSC budget on the basis of a Council decision adopted pursuant to Article 235 of the EEC Treaty.

4. Description of the project

Implementation of special temporary measures on behalf of workers in the steel industry of the Community who have been made redundant or are threatened with redundancy as a result of restructuring measures implemented in accordance with the General Steel Objectives 1985 (SEC(82)1564 final, 28.10.82).

The measures recommended are aimed at :

- continuing the aid to early retirement and partial unemployment which was approved in the 1981 social volet;
- financing the maintenance of jobs through reductions in working time;
- introducing a new aid to facilitate the integration of former steelworkers in other sectors of activity;
- providing support for local or regional efforts to improve forward-looking labour market management.

5. Financial procedure

The total amount of the Community contribution to implement the social support scheme is estimated at 330 MioECU for the period 1983-1986.

6. Approximate breakdown of total amount by type of measure :

Type of measure	MioECU
- Early retirement	165 - 180
- Reduced working time (or, alternatively, Partial unemployment measures)	15 - 30 -
- Reintegration into labour market (or, alternatively, Temporary employment)	130 -
- Aid to coordination bodies	5
TOTAL	330

7. General schedule of appropriations

Year	1984	1985	1986	TOTAL
MioECU	110	100	120	330

8. Additional staff requirements

1 A-grade official

1 B-grade official

1 C-grade official

The additional duties created by the "1986 social support scheme" cannot be carried out by existing staff, more especially as it will also be necessary to implement entirely new types of aids in comparison with past ECSC re-adaptation measures.

The duties of the A-grade official would include formulating appropriate criteria for the management of aids, examining applications, contacts with the promoters and the national authorities and checking the effectiveness of the measures.

The B-grade official's duties include : every aspect involved in the application of Commission decisions in this field.

The C-grade official, in addition to the usual typing and secretarial work, would assist the A and B-grade officials in their work.

Proposal for a
COUNCIL DECISION

relating to a contribution to the
European Coal and Steel Community out of the
general budget of the Communities

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic
Community and in particular Article 235 thereof;

Having regard to the proposal from the Commission ¹;

Having regard to the Opinion of the European Parliament ²;

Whereas the difficulties currently facing the Community's iron and
steel industry have made it necessary to adopt a restructuring
programme under the ECSC Treaty;

Whereas this programme consists of a series of measures to
rationalise production and raise the level of productivity of
the industry to the level where it can compete on the world
market, in accordance with the general objectives for steel
within the meaning of Article 46 of the ECSC Treaty;

Whereas this series of restructuring measures calls of necessity
for social support measures to alleviate the negative effects of
the restructuring on the workforce of the industry concerned;

¹ OJ No , p.

² OJ No , p.

Whereas the programmes which the Commission agreed to support within the framework of the "1981 social volet" using the range of readaptation aids provided for by Article 56(2)(b) of the ECSC Treaty expired in all but one Member State at the end of 1982;

Whereas it is essential to continue and supplement these extraordinary measures in the period 1983 to 1986, in view of the considerable additional job losses estimated for that period as well as the new characteristics of the age structure of the steel industry workforce and the worsening of unemployment in the affected areas;

Whereas, under present circumstances, the financial means provided for by the ECSC Treaty do not provide adequate cover for financing these measures;

Whereas in particular the secondary effects of the situation, if not remedied, would be liable to aggravate considerably the Community's general employment situation and to impair the harmonious development of economic activities, and this would undermine the achievement of one of the Community's main objectives;

Whereas the Commission has submitted a request for an exceptional temporary contribution estimated at 330 MioECU from the general budget of the Communities to allow the Commission to implement successfully the proposed social measures,

HAS DECIDED AS FOLLOWS :

Article 1

Contributions may be granted to the European Coal and Steel Community out of the general budget of the Communities for the purpose of providing Community financing for special temporary allowances for the benefit of workers in iron and steel undertakings in the Community whose jobs are directly or indirectly abolished or threatened as a result of a restructuring plan adopted by the undertaking, group of undertakings or the public authorities in accordance with the general objectives for steel.

Article 2

The amount of the contributions referred to in Article 1 shall be determined within the framework of the budgetary procedure.

Done at Brussels,

For the Council
The President

11