RESOLUTION

of the European Parliament containing the comments accompanying the decision to grant discharge to the Commission in respect of the implementation of the budget of the European Coal and Steel Community (ECSC) for the 1998 financial year

THE EUROPEAN PARLIAMENT,

Having regard to the report of the European Court of Auditors on the financial statements of the European Coal and Steel Community at 31 December 1998 (1),

Having regard to the Court of Auditors' Annual Report on the ECSC for the financial year 1998 (including the statement of assurance concerning the ECSC), together with the Commission's reply (C5-0153/2000) (2),

Having regard to Special Report No 3/99 of the Court of Auditors on the management and control of interest-rate subsidies by the Commission with the Commission's replies (3),

Having regard to Article 78g and Article 97 of the ECSC Treaty,

Having regard to Rule 93 and Annex V of its Rules of Procedure,

Having regard to the report of the Committee on Budgetary Control (A5-0092/2000),

Whereas:

A. Article 2 of the ECSC Treaty lays down as objectives economic expansion, growth of employment and a rising standard of living.

B. In 1998, in a climate of very low market prices and a depressed freight market, coal restructuring in Germany and the effects of liberalisation of the electricity and gas markets in the United Kingdom, EU production of hard coal fell by 12 % from the previous year to 107 million tonnes.

C. In its Special Report No 3/99, in particular in paragraph 3.11, the Court of Auditors concluded that, with regard to measures to create jobs under Article 56 of the ECSC Treaty, subsidies had almost no real impact and were more a windfall for the beneficiaries.

D. In 1998, depressed demand from Asia due to the economic crisis, resulted in a slowdown in the demand for steel in the motor industry, mechanical and electrical engineering but gradual improvements in the construction industry, resulting in production of 160 million tonnes.

E. The balance sheet of the ECSC declined by EUR 903 million from the previous year to EUR 5,027 billion, with 56,4 % as loans and 39,1 % as liquid assets.

F. The balance sheet reported that in comparison with the previous year, Off balance sheet commitments received fell from EUR 590 million to EUR 372 million, commitments given fell from EUR 712 million to EUR 497 million, and Other assets fell from EUR 87 million to EUR 8 million, of which EUR 5,4 million constituted loans to officials, while other liabilities rose from EUR 12 million to EUR 29 million and provisions for liabilities and charges rose from EUR 87 million to EUR 122 million.

G. The profit and loss account posted a fall of EUR 264 million from the previous year to EUR 588 million, while on the charges side, net losses on financial operations rose from EUR 15 million to EUR 73 million, value adjustments (loans, advances, provisions) rose from EUR 9 million to EUR 62 million and allocations to provision for the operating budget fell from EUR 274 million to EUR 26 million, and the income side, interest received fell from EUR 420 million to EUR 345 million and income relating to the ECSC operating budget fell from EUR 301 million to EUR 146 million.

H. The budget out-turn indicated a fall from EUR 459 million in the previous year to EUR 184 million, with fines rising from 0 to EUR 6 million, and the net balance for the year falling from EUR 109 million to EUR 38 million.

I. From 1 January 1998 the Commission reduced the levy on coal and steel products to 0 %, deciding to divide up its resources between social and research aid.

J. In the run-up to the expiry of the ECSC Treaty on 23 July 2002, its solvency ratio increased from 28.3 % at the end of 1997 to 32.8 %, bringing it a step closer to the stated goal of 100 %, due to an increase in the Guarantee Fund and a substantial decrease in the volume of outstanding loans.

K. The European Council resolution on growth and employment adopted in Amsterdam on 16 and 17 June 1997 and the Council resolution of 21 June 1999 on the future of the ECSC call for the revenues of outstanding reserves to be used for a research fund for sectors related to the coal and steel industries.

L. Under current forecasts the Commission estimates that reserves for the ECSC to use for funding research will amount to EUR 1.1 billion in 2002.

M. The Directorates-General for Economic and Financial Affairs, Research, Energy and Transport, Employment and Budget jointly manage the operating budget of the ECSC resulting during the course of 1998 in total expenditure of EUR 185 million, with EUR 84 million allocated as aid for research, EUR 43 million for aid for redeployment, and EUR 27 million for social measures for coal.

N. It appears that the Commission has not yet fully enacted Parliament's recommendations laid down in its discharge resolution of 4 May 1999 for the financial year 1997 (1), when Parliament called for outstanding legal problems to be solved in the disposal of buildings acquired by the ECSC with excess funds, in Lisbon and Milan in 1986, Canberra in 1987 and Windhoek in 1992.

O. The last independent assessment and evaluation of direct financial returns on ECSC steel research programmes carried out between 1981 and 1990 was commissioned in June 1994.

P. The Annual Report on the ECSC for the 1998 financial year was adopted by the Court of Auditors on 22 and 23 September 1999.

Q. Since the adoption of the Merger Treaty, only a small part (equivalent to a flat rate) of the administrative expenditure arising from the research activities of the ECSC is financed from the budget in question, while the major part of the expenditure is paid out of the general budget. With a view to the expiry of the Treaty, an assessment of real staffing needs and a reorganisation of the Commission's services must be undertaken.

(1) OJ C 279, 1.10.1999, p. 135.
R. The Court of Auditors concludes that the financial statements of the ECSC at 31 December 1998 give an accurate picture of the assets, of the financial situation and of the results of its operations for the financial year ending at the same date.

S. The Court of Auditors states that the legality and regularity of the transactions, on the whole, are adequately guaranteed and therefore proposes a positive statement of assurance.

Independent appraisal of the added-value of the ECSC

1. Is deeply concerned that the Court of Auditors has concluded, in its special report on the management and control of interest-rate subsidies by the Commission, that subsidies had almost no real impact on the creation of jobs under programmes launched under Article 56 of the ECSC Treaty.

2. Calls on the Commission before the expiry of the ECSC Treaty on 23 July 2002 to appraise the impact of the ECSC in meeting the objectives of economic expansion, growth of employment and a rising standard of living laid down in the Treaty.

3. Notes that the Commission, in accordance with the ECSC Treaty, has individualised the social aid measures and research support measures.

Prudent approach to winding down the ECSC

4. Calls on the Commission to assure Parliament that steps have been taken to raise the solvency ratio from the level of 32.8% on 31 December 1998 to the level of 100% before 23 July 2002.

5. Notes the strength of the balance sheet of the ECSC which stood at EUR 5,027 billion at the end of 1998, but is concerned by the management of loans and the effective use of liquid assets.

Handover plan for successor of ECSC

6. Observes that in 1997 the Amsterdam European Council on growth and employment called for the revenues of outstanding reserves to be used for research after the expiry of the ECSC Treaty, a decision confirmed in the resolution adopted by the Council on 21 June 1999. Stresses in consequence the need to establish effective systems to monitor the quality of projects and contracts in the area of coal and steel with a view to the activities of the future research fund.

7. Calls on the Commission to present an independent report evaluating the ECSC's research activities with a view to the continuation of these activities after the expiry of the ECSC Treaty, using the ECSC's accumulated reserves.

8. Calls for the Commission to publish criteria against which research projects in the coal and steel area are selected, monitored and appraised.

9. Calls for greater coordination between the various directorates-general jointly managing the operating budget of the ECSC and calls for a rationalisation of the various services which will be responsible for the management of funds on expiry of the Treaty.
10. Reminds the Commission of the resolutions it adopted on 28 October 1999 on the operational budget of the ECSC(1) and the budget at the European Union(2), in which it called on the Commission to carry out an assessment of real staffing needs in the light of the expiry of the ECSC Treaty, and, in consequence, a reorganisation of the directorates-general concerned, and to present Parliament with a report on the subject.

State of play of previous recommendations

11. Regrets the absence of a full reply from the Commission to the recommendations contained in its abovementioned resolution of 4 May 1999 on the discharge in respect of the 1997 financial year, and calls on the Commission to take appropriate and vigorous measures to follow these recommendations within the shortest possible time.

Winding up of the ECSC

12. Reminds the Commission that Parliament will continue to monitor the effective use of tax-payers' money in the operations of the ECSC

13. Instructs its President to forward this resolution to the Commission, the Council, the Court of Justice, the Court of Auditors and the Eurpean Investment Bank.

(1) Texts adopted at that sitting, Item 3.
(2) Texts adopted at that sitting, Items 1 and 2.