RESOLUTION

of the European Parliament containing the observations which form an integral part of the decision concerning the discharge in respect of the implementation of the budget of the European Coal and Steel Community (ECSC) for the 1999 financial year

THE EUROPEAN PARLIAMENT,

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

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 1999 ([1]),

Having regard to Article 89(7) of the Financial Regulation of 21 December 1977, pursuant to which each of the institutions of the Community is required to take all appropriate steps to act on the observations appearing in the discharge decisions,

Having regard to the Court of Auditors' annual report on the ECSC for the financial year 1999 (including the statement of assurance concerning the ECSC), together with the Commission's replies (C5-0654/2000) ([2]),

Having regard to the Council recommendation of 12 March 2001,

Having regard to the Council resolutions of 20 July 1998 ([3]) and 21 June 1999 ([4]),

Having regard to the Commission's communication to the Council, the European Parliament, the ECSC Consultative Committee, the Economic and Social Committee and the Committee of the Regions, 'Expiry of the ECSC Treaty: Financial activities after 2002' (COM(2000) 518),

Having regard to the Commission's communication to the Council, the European Parliament, the ECSC Consultative Committee, the Economic and Social Committee and the Committee of the Regions, 'The future of structured dialogue after the expiry of the ECSC Treaty' (COM(2000) 588),

Having regard to the follow-up report on the 1998 financial year presented by the Commission,

Having regard to the conclusions of the Amsterdam Council on growth and employment,

Having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Industry, External Trade, Research and Energy (A5-0097/2001),

Whereas:

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

B. In view of the forthcoming expiry of the ECSC Treaty, the ECSC's financial activities (notably loans) have all but ceased.

C. Since 1 January 1998, the ECSC levy on coal and steel products, which was until then one of the main resources of the ECSC budget, has been set by the Commission at 0 %, but is still included in the budget.

D. The ECSC's main source of funding is now represented by the net balance from the management of the various reserves and positions.

E. The balance sheet of the ECSC, which has continued to decline since 1997, shows a fall of EUR 539 million from 1998, with 55,1 % as loans and 41,1 % as liquid assets.

F. The profit and loss account posted a fall of EUR 130 million from the previous year, losses on financial operations fell from EUR 73 million to EUR 33 million, and on the income side interest received fell from EUR 345 million to EUR 254 million while income relating to the operating budget fell from EUR 145 million to EUR 104 million.

([1]) OJ C 281, 4.10.2000, p. 26.
([2]) OJ C 347, 4.12.2000, p. 1.
([3]) OJ C 247, 7.8.1998, p. 5.
([4]) OJ C 190, 7.7.1999, p. 1.

G. The Commission has fixed a solvency ratio of 100 % to apply at the moment of expiry of the ECSC Treaty.

H. This solvency ratio currently stands at 37,8 %, and is expected to reach 100 % by 23 July 2002.

I. The resolution of the European Council on growth and employment adopted in Amsterdam on 16 and 17 June 1997 and the abovementioned 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 activities related to the coal and steel industries.

J. Under current forecasts it is estimated that in 2002 the ECSC's reserves will amount to approximately EUR 1,6 billion (from which sum should be deducted approximately EUR 495 million allocated to the repayment of outstanding debts, leaving approximately EUR 1,1 billion).

K. The remaining sum could be considered as own resources which should yield annual interest to the sum of approximately EUR 45 million, to be allocated to research related to the coal and steel industries (outside the framework programme for research).

L. Having regard to the Commission's explanations concerning the property acquired with ECSC funds and ECSC loans to officials, pursuant to the request made in the resolution of 13 April 2000 on the ECSC discharge for 1998 [1].

M. OLAF has replied to the comments in the abovementioned resolution of 13 April 2000 concerning charges of fraud which have proved to be unfounded.

N. The expiry of the ECSC Treaty on 23 July 2002 will entail the complete disappearance of the ECSC's legal regime and procedures and the dissolution of the Consultative Committee set up by that Treaty.

O. The Annual Report on the ECSC for the 1999 financial year was adopted by the Court of Auditors on 11 and 12 October 2000.

P. The Court of Auditors concludes that the financial statements of the ECSC at 31 December 1999 give a true and fair view of the assets and financial situation of the ECSC at 31 December 1999 and of the results of its operations for the financial year ending at the same date.

Q. 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,

Winding-up of the ECSC

1. Requests the Commission to gauge the impact of ECSC interest subsidies on the competition situation in the coal industry and their significance compared to the State aids paid by certain Member States;

2. Reiterates its demand made concerning the 1998 discharge, for the Commission to evaluate, prior to the expiry of the ECSC Treaty on 23 July 2002, to what extent the ECSC has fulfilled the objectives of economic expansion, growth of employment and a rising standard of living laid down in the Treaty;

3. Takes into account the fact that the solvency rate of 100 %, fixed for 23 July 2002 by the Commission, is considered realistic by the Court of Auditors which is following its evolution very carefully and wishes to be kept informed about it;

4. Looks to the Commission to assure Parliament that sufficient reserves will be available after 2002, so there will be no risk for the loan operations, when they come to an end;

5. Stresses that Parliament will continue to monitor the effective use of taxpayers' money even after the winding-up of the ECSC;

6. Notes the strength of the balance sheet of the ECSC, which stood at EUR 4,488 billion at the end of 1999;

[1] OJ C 40, 7.2.2001, p. 392.

7. Welcomes the fact that, in line with the recommendations made by Parliament in the abovementioned 1998 discharge resolution, the Commission has presented a proposal for a Council Decision laying down the multiannual technical guidelines for the research programme of the Coal and Steel Research Fund ([1]), published in 2000 a 'five-year assessment' of the ECSC Steel RTD (Research and Technological Development) ([2]) drawn up by a panel of independent consultants specialised in applied scientific, industrial and social research, and now publishes criteria against which ECSC steel research projects are selected, monitored and appraised;

8. Asks the Commission to explain why a similar assessment does not exist for the coal sector;

9. Reiterates its call to the Commission, in the context of the 1998 discharge, to carry out an assessment of real staffing needs with a view to the expiry of the ECSC Treaty, to reorganise the services concerned if necessary, and to submit such a plan to Parliament prior to expiry of the Treaty;

10. Calls on the Commission to urge the Member States to ensure that the composition and operating methods of the Economic and Social Committee, which will assume responsibility for the structured dialogue after expiry of the ECSC, reflect the specific expertise of the coal and steel industries;

11. Calls on the Commission, in view of enlargement, to negotiate with the countries concerned the conditions of their participation in the new research fund;

Follow-up to previous recommendations — liquid asset management performance

12. Considers unacceptable that the financial report for 1999 lacks any data making it possible to assess the quality of the financial management; calls on the Commission to provide the Court of Auditors and Parliament, as promised, with all necessary information, beginning with that dating back to the year 1999 and in any event not later than the year 2000, so that the financial performance of the liquid asset management can be evaluated in the framework of market conditions;

13. Considers that this information is of primary importance to the evaluation of the net revenue from the management of ECSC assets, which will be allocated to the research fund after expiry of the Treaty; therefore asks the Commission to make concrete proposals to Council and Parliament concerning the future resources of the research fund and the management costs of this fund;

Cancellation of dormant commitments

14. Regrets the Commission's belated cancellation of considerable sums, which highlights inadequate management by the services of the Commission;

Repayment of taxes levied at source

15. Notes the loss suffered by the ECSC in unpaid legal interest thanks to the system prevailing in Italy, and notes that this situation will not recur, but considers again that this is due to poor management by the services of the Commission;

Loans to officials

16. Expresses surprise at the fact that the accounts relating to loans to officials were still drawn up in 1999 on the basis of estimates and not real figures; takes into account the fact that the Commission has submitted a plan for ending new loans to officials after expiry of the ECSC Treaty;

17. Calls on the Commission to draw up a plan to enable the system of loans to officials, based on the old ECSC pension fund, to be converted at the lowest possible cost into loan capital for use in the outside banking sector;

18. While welcoming the broadly positive assessment by the Court of Auditors of the Commission's management of the ECSC budget in the financial year 1999, as well as the Commission's undertaking on the provision of information concerning the average rate of yield on liquid assets in the ECSC's annual report from the financial year 2000 onwards, stresses the necessity for the Commission to ensure maximum transparency in the disclosure of data affecting the value of the ECSC's assets, particularly in the approach to the expiry of the ECSC Treaty and the creation of the Research Fund for Coal and Steel.

([1]) OJ C 29 E, 30.1.2001, p. 254.
([2]) EUR report No 19301

ANNEX

ECSC BALANCE SHEET AT 31 DECEMBER 1999

(euro)

ASSETS	31 December 1999	31 December 1998
Balance with central banks	95 385	27 373
Loans/advances to credit institutions	1 007 935 493	1 665 753 225
Loans/advances to customers	1 683 067 740	1 680 676 255
Fixed income securities	1 768 229 093	1 559 191 292
Tangible and intangible assets	710 287	1 293 461
Others assets	21 094 201	8 083 389
Prepayments and accrued income	106 529 763	121 505 439
Total assets	**4 487 661 962**	**5 026 530 434**
Off balance sheet commitments	427 969 333	372 924 076
LIABILITIES		
Amounts owed to credit institutions	1 404 681 748	1 847 547 032
Debts evidenced by certificates	1 027 547 730	958 179 659
Other liabilities	27 764 503	29 591 303
Accruals and deferred income	84 524 667	93 919 208
Provisions for liabilities and charges	113 461 382	122 906 181
Commitments for ECSC operating budget	556 154 370	695 662 822
Total liabilities vis-à-vis third parties	3 214 134 400	3 747 806 205
Provisions for financing ECSC operating budget	434 735 261	476 042 442
Provisions for large exposures	18 000 000	23 000 000
Reserves	802 014 946	777 340 723
Value adjustment reserve	16 946 242	
Surplus brought forward	666 841	1 195 230
Surplus for the financial year	1 164 272	1 145 834
Net total	1 273 527 562	1 278 724 229
Total liabilities	**4 487 661 962**	**5 026 530 434**
Off balance sheet commitments	415 913 293	497 605 519

PROFIT AND LOSS ACCOUNTS FOR YEAR ENDING 31 DECEMBER 1999

(euro)

	31 December 1999	31 December 1998
Interest payable and similar charges	179 314 809	232 061 730
Commissions payable	439 353	561 449
Net losses on financial operations	33 227 071	73 457 022
Administrative expenditure	5 000 000	5 000 000
Value adjustments (tangible assets)	328 378	407 994
Other operating charges	308 312	267 708
Value adjustments (loans/advances/provisions)	2 874 287	30 102 913
Total operating charges	234 971 675	374 193 186
Extraordinary charges	2 984 370	137 845
Conversion difference		2 735 343
Allocation to value adjustment reserve	16 946 242	
Legal commitments for the financial year	145 553 799	153 992 955
Allocation to provision for ECSC operating budget	34 000 000	26 000 000
Allocation to the guarantee fund	23 000 000	30 000 000
Total charges	457 456 086	587 059 329
Surplus for the financial year	1 164 272	1 145 834
Total	**458 620 358**	**588 205 163**
INCOME		
Interest received and similar income	254 449 772	346 079 959
Net profit on financial operations	17 415 474	24 256 800
Value adjustment (loans/advances/provisions)	39 891 747	63 963 378
Other operating income	455 630	2 729 291
Extraordinary income	14 166	22 262
Total operating income	312 226 789	437 321 690
Conversion difference	15 556 247	
Withdrawal from the value adjustment reserve		313 119
Income related to ECSC operating budget	104 837 322	146 570 354
Withdrawal from provisions for large exposures	5 000 000	4 000 000
Withdrawal from provision for budget variations	21 000 000	
Total income	**458 620 358**	**588 205 163**

IMPLEMENTATION OF THE ECSC OPERATING BUDGET

(euro)

BUDGET OUT-TURN	31 December 1999	31 December 1998
Expenditure		
Administrative expenditure	5 000 000	5 000 000
Legal commitments	145 553 799	153 992 955
Financing of future operational budgets	34 000 000	26 000 000
Total	**184 553 799**	**184 992 955**
Revenue		
Levy		
Fines	16 605 836	6 686 169
Interest subsidies	2 557 049	4 808 477
Miscellaneous	320 008	831 970
Cancellations of legal commitments	85 354 429	134 243 738
Net balance for the year	79 716 477	38 422 601
Total	**184 553 799**	**184 992 955**
Budget out-turn	**0**	**0**
Result for financial year		
Result from non-budgetary operations after deducting the net balance allocated to the operating budget	3 164 272	31 145 834
Out-turn of the budget	0	0
Total	**3 164 272**	**31 145 834**
Allocation to provision for operating budget/budget variations	21 000 000	
Allocation to the Guarantee Fund	– 23 000 000	– 30 000 000
Result before allocation	**1 164 272**	**1 145 834**