# RESOLUTION

## of the European Parliament containing the comments accompanying the decision concerning discharge in respect of the implementation of the budget of the European Coal and Steel Community (ECSC) for the financial year 2001

THE EUROPEAN PARLIAMENT,

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

— having regard to the Protocol on the financial consequences of the expiry of the ECSC Treaty and on the Research Fund for coal and steel ([1]) annexed to the Treaty establishing the European Community approved in Nice on 26 February 2001,

— having regard to Article 89(7) of the Financial Regulation of 21 December 1977 ([2]) and to Article 147(1) of the Financial Regulation of 25 June 2002 ([3]), pursuant to which the Community institutions are to take all appropriate steps to act on the observations accompanying the discharge decision,

— having regard to the ECSC Financial Report for the 2001 financial year, published by the Commission's Directorate-General for Economic and Financial Affairs (Financial Operations Service) ([4]),

— having regard to the report by the European Court of Auditors on the financial statements of the European Coal and Steel Community as at 31 December 2001 ([5]),

— having regard to the Court of Auditors' Annual Report and Statement of Assurance concerning the ECSC for the financial year 2001, together with the Commission's replies (C5-0556/2002) ([6]),

— having regard to the Joint Declaration of the European Parliament, the Council and the Commission concerning post-ECSC arrangements adopted on 21 November 2001 in the context of the 'trialogue' budgetary procedure (Council of the European Union) ([7]),

— having regard to the Council Recommendation of 7 March 2003 (C5-0087/2003),

— having regard to the resolutions of the Council and of the Representatives of the Governments of the Member States, meeting within the Council, of 20 July 1998 and 21 June 1999 ([8]) concerning the expiry of the Treaty establishing the European Coal and Steel Community,

— having regard to the Decision taken by the Representatives of the Governments of the Member States, meeting within the Council, of 27 February 2002 on the financial consequences of the expiry of the ECSC Treaty and on the research fund for coal and steel ([9]) in order to govern the administration of the 'ECSC in liquidation' pending the entry into force of the Treaty of Nice, and having regard to the statements made in connection therewith by the Commission and the Representatives of the Governments of the Member States, meeting within the Council ([10]),

— having regard to the Council Decision of 1 February 2003 ([11]) establishing the measures necessary for the implementation of the Protocol, annexed to the Treaty establishing the European Community, on the financial consequences of the expiry of the ECSC Treaty and on the Research Fund for Coal and Steel,

([1]) OJ C 80, 10.3.2001, p. 67
([2]) OJ L 356, 31.12.1977, p. 1.
([3]) OJ L 248, 16.9.2002, p. 1.
([4]) ISBN 92-894-3735-9.
([5]) OJ C 158, 3.7.2002, p. 2.
([6]) OJ C 302, 5.12.2002.
([7]) SN 4609/01 Rev 1.
([8]) OJ C 247, 7.8.1998, p. 5 and OJ C 190, 7.7.1999, p. 1.
([9]) OJ L 79, 22.3.2002, p. 42.
([10]) OJ L 79, 22.3.2002, p. 60.
([11]) OJ L 29, 5.2.2003, p. 22.

— having regard to the Council Decision of 1 February 2003 ([1]) laying down multiannual financial guidelines for managing the assets of the ECSC in liquidation and, on completion of the liquidation, of the Research Fund for Coal and Steel,

— having regard to the Council Decision of 1 February 2003 ([2]) laying down the multiannual technical guidelines for the research programme of the Research Fund for Coal and Steel,

— having regard to the communication from the Commission to the Council, the European Parliament, the ECSC Consultative Committee, the Economic and Social Committee and the Committee of the Regions entitled 'Expiry of the ECSC Treaty – Financial activities after 2002' (COM(2000)518),

— having regard to the follow-up report of 3 February 2003 presented by the Commission in relation to the Parliament's decision concerning discharge in respect of the implementation of the budget of the ECSC for the 2000 financial year,

— having regard to Rules 93 and 93a of and Annex V to its Rules of Procedure,

— having regard to the report of the Committee on Budgetary Control (A5-0068/2003),

A. whereas, in the light of the expiry of the ECSC Treaty, the ECSC has not granted any new loans (from borrowed funds) since 1997, and whereas, as in the previous year, it did not engage in any borrowing activity in 2001, although, as at 31 December 2001, loans outstanding amounted to EUR 1 150 million from borrowed funds and EUR 117 million from own funds,

B. whereas, in 2001, the ECSC continued to finance research and redeployment of workers with an additional EUR 77 million for the first and EUR 80 million for the second of these purposes from its operating budget and with a further commitment of EUR 27 million for the Rechar programme of social measures in the coal industry,

C. whereas, since 1 January 1998, the ECSC levy on coal and steel products, which had, until then, been one of the main resources of the ECSC budget, has been set by the Commission at 0 %,

D. whereas the ECSC's main sources of funding are now represented by the net balance from the management of the various reserves and the cancellation of commitments which have not been implemented,

E. whereas the ECSC balance sheet, which has been in decline since 1997, shows a fall in 2001 of EUR 684 million compared with 2000, with loans to credit institutions and to customers representing 48,2 % of total assets,

F. whereas net losses on financial operations fell from EUR 24 million to EUR 12 million, and whereas interest received fell from EUR 249 million to EUR 215 million and net profit on financial transactions from EUR 26 million to EUR 19 million, with income relating to the ECSC operating budget also falling from EUR 75 million to EUR 65 million,

G. whereas it was possible, as at 23 July 2002, to cover in full from reserves loans still outstanding which are not covered by guarantees from a Member State, and whereas the amount of those loans was calculated at EUR 580 million as at 31 December 2001 and was covered in full by the Guarantee Fund,

H. whereas, as at 23 July 2002, the liquid assets administered by the ECSC stood at EUR 1,6 billion and the various reserves at EUR 945 million,

([1]) OJ L 29, 5.2.2003, p. 25.
([2]) OJ L 29, 5.2.2003, p. 28.

I. whereas the resolution of the European Council on growth and employment adopted in Amsterdam on 16 and 17 June 1997 and the above-mentioned resolution of the European Council of 21 June 1999 call for the revenues of outstanding reserves to be used for a research fund for activities related to the coal and steel industries,

J. whereas the sum remaining after deduction of repayment of outstanding debt should be deemed to be 'own resources' in terms of the EU budget which should yield annual interest amounting to approximately EUR 60 million, to be allocated to research related to the coal and steel industries (outside the Framework programme for research),

K. whereas the expiry of the ECSC Treaty on 23 July 2002 entailed the complete disappearance of the ECSC's legal regime and procedures and the dissolution of the Consultative Committee set up by that Treaty,

L. whereas the annual report on the ECSC for the financial year 2001 was adopted by the Court of Auditors on 6 June 2002,

M. whereas the Court of Auditors concludes that the financial statements give a true and fair view of the assets and financial situation of the European Coal and Steel Community as at 31 December 2001 and of the results of its operations for the financial year ending on the same date,

N. whereas the Court of Auditors notes that, on the whole, the legality and regularity of the transactions are adequately guaranteed and therefore proposes giving a positive Statement of Assurance.

1. Welcomes the progress made in connection with the cessation of the activities of the ECSC and, in particular, the above-mentioned Decision of the Representatives of the Governments of the Member States, meeting within the Council, of 27 February 2002 on the financial consequences of the expiry of the ECSC Treaty and on the research fund for coal and steel, which created the requisite legal basis for the 'ECSC in liquidation' pending the entry into force of the Treaty of Nice on 1 February 2003;

2. Urges the Commission to publish, by the end of 2003 and in all the official languages, an overview of the work undertaken by the ECSC since it was established;

3. Urges the Commission, further, to carry out, by the end of 2003, an overall assessment of research originally funded by the ECSC, in particular an assessment of the coal research programme and of the criteria proposed for the selection of new coal research projects, as has already been done for the steel sector; regards such assessments as an important basis for the work of the proposed new Research Fund for Coal and Steel;

4. Notes that all of the loans outstanding after 23 July 2002 which are not covered by guarantees from a Member State will be covered in full by the ECSC reserves and acknowledges the strategy adopted by the Commission of prudent financial management of the ECSC up to the expiry of the Treaty; notes that the same considerations must apply to the 'ECSC in liquidation';

5. Notes the progress in reducing administrative costs reported in the document entitled 'Expiry of the ECSC Treaty: Impact on the Administrative Costs at the Commission' (submitted to the Committee on Budgetary Control by Commissioner Schreyer on 8 March 2001); calls, however, for this information and the estimates to be updated and calls on the Commission to inform Parliament at regular intervals of the outcome of its Annual Policy Strategy with regard to redeployment of staff members involved in administering the activities of the ECSC and/or of the 'ECSC in liquidation';

6. Welcomes the progress made in transferring to the Economic and Social Committee (ESC) the experience acquired in the context of the ECSC and, in particular, the fact that the Economic and Social Committee's new Consultative Commission on Industrial Change (CCIC), which consists of

members of the ESC and of delegates from the professional organisations representing the coal and steel sector and related sectors, was established on 24 October 2002 and that it held its inaugural meeting on 28 November 2002; invites the CCIC to publish the findings of its deliberations on a regular basis in all the official languages;

7. Welcomes the successful conclusion of the negotiations with the applicant countries concerning conditions for their participation in the new Research Fund for Coal and Steel, whereby the payment of their contributions, which will be determined in accordance with the size of their mineral resources, will be staggered to take account of their respective economic situations, and calls on the Commission to give it regular progress reports on the implementation of the decisions taken as a result of those negotiations;

8. Calls on the Commission to review all outstanding commitments systematically before the end of 2003 and to cancel any amounts in respect of which it is unlikely that there will be any movement in the future;

9. Calls on the Commission to explain forthwith why it has not yet improved the accounts relating to loans to officials, with particular reference to the presentation of the missing reports promised for the end of 2001 in its replies to point 22 of the Annual Report of the Court of Auditors concerning the ECSC for the financial year 2000 ([1]) and promised afresh, in its answers to points 14 and 15 of the Annual Report of the Court of Auditors concerning the ECSC for the financial year 2001, for the autumn of 2002;

10. Welcomes the introduction by the Commission of a performance measurement system with a view to securing comparative data on yields and expects these to be published in future financial reports relating to the ECSC and to the 'ECSC in liquidation';

11. Urges the Commission once again to ensure maximum transparency when disclosing data affecting the value of the ECSC's assets;

12. Stresses that it will continue to monitor the effective use of taxpayers' money, especially for the purpose of research in the areas of coal and steel, even after the liquidation of the ECSC.

([1]) OJ C 366, 20.12.2001, p. 1.

*ANNEX*

## ECSC BALANCE SHEET AS AT 31 DECEMBER 2001 ([1])

### ASSETS

*(all figures in EUR)*

| | 31 December 2001 | 31 December 2000 |
|---|---|---|
| Balance with central banks | 63 130 | 84 650 |
| Loans/advances to credit institutions | 497 195 024 | 645 009 949 |
| Loans/advances to customers | 1 087 591 599 | 1 501 804 675 |
| Securities | 1 613 101 204 | 1 723 746 372 |
| Tangible and intangible assets | 0 | 0 |
| Other assets | 7 092 794 | 5 170 347 |
| Prepayments and accrued income | 82 534 005 | 96 173 610 |
| **Total assets** | **3 287 577 756** | **3 971 989 603** |
| Off-balance-sheet commitments | 310 674 984 | 430 881 628 |

### LIABILITIES

*(all figures in EUR)*

| | 31 December 2001 | 31 December 2000 |
|---|---|---|
| LIABILITIES *VIS-À-VIS* THIRD PARTIES: | | |
| Amounts owed to credit institutions | 604 294 572 | 981 630 568 |
| Debts evidenced by certificates | 836 250 262 | 1 062 076 396 |
| Other liabilities | 301 104 | 7 494 034 |
| Accruals and deferred income | 78 061 265 | 91 947 305 |
| **Total liabilities *vis-à-vis* third parties** | **1 518 907 203** | **2 143 148 303** |
| ECSC operating budget | 530 720 948 | 835 516 282 |
| PROVISIONS: | | |
| Guarantee Fund | 580 000 000 | 565 000 000 |
| Provisions for major exposures | 6 000 000 | 17 000 000 |
| Other provisions | 150 699 271 | 158 663 347 |
| **Total provisions** | **736 699 271** | **740 663 347** |
| Budget for financing research in the coal and steel sector | 240 000 000 | 0 |
| RESERVES AND SURPLUS: | | |
| Special Reserve | 118 000 000 | 176 055 284 |
| Former Pension Fund | 40 000 000 | 74 577 321 |
| Assets of the Coal and Steel Research Fund | 92 632 605 | 0 |
| Surplus brought forward | 2 029 066 | 213 454 |
| Surplus for the financial year | 8 588 663 | 1 815 612 |
| **Total reserves and surplus** | **261 250 334** | **252 661 671** |
| **Total liabilities** | **3 287 577 756** | **3 971 989 603** |
| Off-balance-sheet commitments | 300 196 287 | 426 626 265 |

([1]) OJ C 158, 3.7.2002, p. 2.

**PROFIT AND LOSS ACCOUNTS FOR YEAR ENDING 31 DECEMBER 2001** ([1])

*(all figures in EUR)*

| CHARGES | 31 December 2001 | 31 December 2000 |
|---|---|---|
| Interest payable and similar charges | 141 299 615 | 170 536 669 |
| Commission paid | 379 849 | 439 219 |
| NET LOSSES ON FINANCIAL OPERATIONS | | |
| Exchange-rate difference | 268 248 | 862 006 |
| Losses on bonds and other fixed-income securities | 2 248 893 | 6 703 555 |
| Value adjustments for bonds and other fixed-income securities | 6 760 668 | 2 960 265 |
| Value adjustments for shares and other variable-income securities | 3 072 877 | 13 920 110 |
| **Total losses on financial operations** | **12 350 686** | **24 445 936** |
| Administrative overheads | 5 000 000 | 5 000 000 |
| Value adjustments for land and buildings | 0 | 166 180 |
| Other operating charges | 1 711 089 | 315 884 |
| Value adjustments for loans and advances | 4 743 980 | 12 590 342 |
| Allocation to the Guarantee Fund | 15 000 000 | 12 000 000 |
| Allocation to other provisions for liabilities and charges | 2 057 973 | 17 134 135 |
| **Total value adjustments for loans and provisions** | **21 801 953** | **41 724 477** |
| Extraordinary charges | 31 139 | 270 668 |
| Legal commitments for the financial year | 184 554 560 | 129 942 347 |
| Allocation to the budget for financing coal and steel research | 240 000 000 | 0 |
| **Total charges** | **607 128 891** | **372 841 380** |
| Surplus for the financial year | 8 588 663 | 1 815 612 |
| **Total** | **615 717 554** | **374 656 992** |
| INCOME | | |
| Interest receivable and similar income | 214 741 377 | 248 795 316 |
| Commissions received | 253 300 | 93 400 |
| Net profit on financial operations | 19 075 670 | 26 444 507 |
| Withdrawals of value adjustments for loans and advances and from the provisions for liabilities and commitments | 63 955 793 | 14 155 711 |
| Other operating income | 83 387 | 2 122 461 |
| Extraordinary income | 1 879 316 | 2 427 191 |
| Income relating to the ECSC operating budget | 64 523 231 | 74 618 406 |
| Withdrawal from the provision for financing the ECSC operating budget | 251 205 480 | 6 000 000 |
| **Total income** | **615 717 554** | **374 656 992** |

([1]) OJ C 158, 3.7.2002, p. 4.

## ANALYSIS OF THE RESULT FOR THE FINANCIAL YEAR

### Out-turn of the ECSC operating budget [1]

*(all figures in EUR)*

| | 31 December 2001 | 31 December 2000 |
|---|---|---|
| *Expenditure* | | |
| Administrative expenditure | 5 000 000 | 5 000 000 |
| Legal commitments | 184 554 560 | 129 942 347 |
| Financing of future operating budgets | 0 | 0 |
| **Total** | **189 554 560** | **134 942 347** |
| *Revenue* | | |
| Levy | — | — |
| Fines | 4 540 000 | — |
| Repayment of interest subsidies | 826 462 | 1 955 203 |
| Miscellaneous | 1 158 428 | 1 035 599 |
| Financing of future operating budgets | 77 000 000 | 6 000 000 |
| Cancellations of legal commitments | 57 998 341 | 71 627 605 |
| Net balance for the year | 48 031 329 | 54 323 940 |
| **Total** | **189 554 560** | **134 942 347** |
| **Budget out-turn** | **0** | **0** |

### Analysis of the result for the financial year including non-budgetary operations [2]

*(all figures in EUR)*

| Result | 31 December 2001 | 31 December 2000 |
|---|---|---|
| **Gross operating margin before changes in provisions** | | |
| — Lending/borrowing operations | 1 485 339 | 2 179 046 |
| — Interest on bank accounts | 1 919 600 | 2 604 998 |
| — Transactions concerning portfolio securities | 78 473 087 | 78 095 255 |
| — Losses on loans and advances | –1 376 363 | — |
| — Exchange-rate difference | –268 248 | –862 006 |
| — Miscellaneous | 27 257 | 1 691 025 |
| **Total** | **80 260 672** | **83 708 318** |
| **Net changes in provisions** | | |
| — Provision for liabilities and charges | 1 419 117 | –3 134 135 |
| — Provision for major exposures | 11 000 000 | 1 000 000 |
| — Value adjustments in respect of loans and advances | 44 734 723 | 565 369 |
| — Provision for financing the operating budget/budgetary contingencies | 174 205 480 | –14 000 000 |
| — Budget for financing coal and steel research | –240 000 000 | — |
| — Guarantee Fund | –15 000 000 | –12 000 000 |
| Result after changes in provisions | 56 619 992 | 56 139 552 |
| Amount allocated to financing the ECSC operating budget (= net balance) | –48 031 329 | –54 323 940 |
| **Result after deducting the net balance but before allocation of the surplus** | **8 588 663** | **1 815 612** |

[1] OJ C 158, 3.7.2002, p. 19.
[2] OJ C 158, 3.7.2002, p. 18.