

# COMMISSION OF THE EUROPEAN COMMUNITIES

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AIDE-MEMOIRE  
ON THE FIXING OF THE ECSC LEVY RATE  
AND ON THE DRAWING UP OF THE  
ECSC OPERATING BUDGET FOR 1985

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COM(84) 419 final

<u>Preamble</u>	<u>Page</u>
I. GENERAL INTRODUCTION	3
A. ECONOMIC CONTEXT	3
1. The economic outlook for 1984 and 1985	3
2. Outlook for the coal industry	7
3. Outlook for the steel industry	8
B. POLICY CONTEXT	9
1. Coal policy guidelines	10
2. Steel policy guidelines	13
3. Social and employment policy guidelines	16
4. Financial activities	21
II. DRAFT ECSC OPERATING BUDGET FOR 1985	25
A. COMMISSION APPROACH	25
B. FINANCING PROPOSALS	27
C. DRAFT BUDGET	27

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ANNEXES

A. Outturn of the ECSC operating budget for 1983:	28
- summary table	
B. Forecast outturn of the ECSC operating budget for 1984:	29
- summary table	
C. ECSC balance sheet at 31 December 1983	31
D. Analysis of requirements reported and resources available for the financial year 1985	33
I. REQUIREMENTS REPORTED FOR 1985	34
1. Ordinary requirements	34
2. Requirements not entered in the budget: loans for financing subsidized housing	62
II. RESOURCES AVAILABLE	64
1. Resources for the financial year	64
2. Covering of requirements not entered in the budget	76
3. Summary of resources available for 1985	76
E. Draft ECSC operating budget for 1985:	77
- summary table	

A I D E - M E M O I R E

on the fixing of the ECSC levy rate and on  
the establishment of the ECSC operating budget for 1985

As usual, the views of Parliament will be sought before the Commission takes a decision on the levy rate and the ECSC operating budget for the financial year 1985.

This aide-mémoire forms the basis for the consultation of Parliament. It is divided into the following chapters:

- I. General introduction.
- II. Draft operating budget.

Specific factors affecting the covering of budgetary requirements for 1985 are described in Chapter II.

The aide-mémoire will also be sent to the ECSC Consultative Committee for information.

On 11 April 1983 the Commission took a decision amending Article 8 of the Internal Rules for the drawing up and implementation of the operating budget of the ECSC, with a view to making 1 September the date for the implementation of the aide-mémoire. The aim of this amendment is to harmonize the date of submission of the draft operating budget of the ECSC with that of the general EEC budget.

In addition, the presentation of Annex D, giving an analysis of requirements reported and resources available, has been changed in order to bring it more closely into line with that used for the preliminary draft general budget.

These changes were made in response to the wishes expressed by Parliament in its Resolution of 14 December 1982 (1).

(1) OJ C 13, 17 January 1983, p. 36.

## I. GENERAL INTRODUCTION

This chapter summarizes the information needed to set the draft ECSC operating budget for 1985 in its economic and policy context.

### A. ECONOMIC CONTEXT

#### 1. The economic outlook for 1984 and 1985

The revival of economic activity in the Community in 1983 should gain momentum in 1984, but the year-on-year GDP growth rate is unlikely to pass the 2,25% mark, mainly because of the limited scope for expansion allowed by the re-adjustment policies being pursued in France and the Benelux countries. As in 1983, domestic demand will be the principal generator of growth, which will, however, be more broadly based. A small increase in real disposable incomes and a slightly lower savings ratio will probably boost private consumption. Although investment in capital goods should begin to pick up, the prospects for the building industry remain rather gloomy as there is no sign of any significant drop in interest rates.

The forecasts indicate that the volume of non-member countries' imports will rise by more than 7% in 1984 despite the fact that the expansion of international trade is being hampered by the partial uncoupling of demand for oil and economic growth, the austerity measures being applied in many developing countries and the gradual spread of protectionism.

This increase in external demand, which will depend on Community exporters maintaining a strong competitive position, should contribute to economic growth, especially since the volume of imports will tend to rise comparatively slowly given the modest GDP growth rate and the shift of growth factors towards sectors other than private consumption.

Although the Community's terms of trade are expected to remain virtually unchanged, the increase in the volume of trade will be sufficient to produce a further improvement in the current balance of payments, which will probably show a surplus corresponding to almost 0,4% of GDP for the full year.

The downward trend of inflation should continue in 1984, particularly in the wake of more moderate wage settlements and further gains in labour productivity. The increase in the private consumption deflator is expected to be more than 1% lower, averaging 5,1% for 1984.

The spread between inflation rates in the Community is expected to narrow further.

The recovery, although remaining modest in 1984, should be strong enough to halt the reduction in the volume of employment. However, because the labour force is growing more rapidly, there will be no drop in unemployment, which will stand at an average of 11,1% for the year as a whole.

According to the initial figures available, the rate of economic expansion in the Community will probably slacken slightly in 1985, falling to around 2,1%. This will be mainly due to slower growth in the volume of world trade, which will depress Community export sales. This weakening of foreign demand will be only partly offset by the continued growth of private consumption and fixed investment, particularly in capital goods. Public consumption, on the other hand, will hardly rise at all, owing to the lasting effects of readjustment policies in a number of Member States.

Despite the effects of this slowdown in the growth of demand on the volume of imports, the main cause of the further increase expected in the Community's trade surplus (from USD 25.000 million in 1984 to USD 40.000 million in 1985) will be the improvement in the Community's terms of trade. Despite a slight worsening in the invisible trade balance, the Community's current surplus should amount to 0,7% of its GDP.

As in 1984, the rather modest level of the recovery, while sufficient to prevent a further fall in the general level of employment, will not be enough to offset fully the steady rise in the labour force. The result will be a further slight increase in unemployment to an average level of 11,4% of the working population.

Although the internal pressures on costs are hardly expected to slacken further, the slowing down of the rise in import costs should help to bring down the inflation rate (measured by the private consumption deflator) from 5,1% in 1984 to around 4,5% in 1985 (January to December).

	GROSS DOMESTIC PRODUCT, AT CONSTANT PRICES (Percentage change over previous year)		
	1982	1983	1984 (1)
Belgium	1,0	0	1,3
Denmark	3,6	2,5	2,7
Germany	- 1,0	0,9	3,0
Greece	0	0,2	1,7
France	1,6	0,8	1,1
Ireland	1,2	0,5	2,4
Italy	- 0,3	- 1,3	2,4
Luxembourg	- 1,1	- 1,4	0,3
Netherlands	- 1,6	0,8	2,1
United Kingdom	2,3	3,5	2,7
EEC	0,5	1,0	2,2

(1) Commission staff forecasts.

Source: Commission of the European Communities  
Directorate-General for Economic and Financial Affairs.

## 2. Outlook for the coal industry

The Community's gross domestic energy consumption fell for the fourth year running in 1983. The 1% drop brings the total decrease since 1979 to 11%. Nuclear energy and gas increased their share, while oil's share dropped back further to 47%. Solid fuels accounted for 23,7% in 1983 as compared with 24,2% in 1982.

The main features of the market for solid fuels, notably coal, were oversupply comparable to that in 1982 and, for the first time for many years, a marked decline in demand within the common market. This imbalance led collieries to take a number of measures to limit or cut back production and stocks.

Total supplies of hard coal are expected to reach 289 million tonnes in 1984, compared with 296 million tonnes in 1983 and 320 million tonnes in 1982; this corresponds to a 10% reduction in two years. These figures include imports from non-member countries, which accounted for 63 million tonnes in 1984, 61 million tonnes in 1983 and 72 million tonnes in 1982.

Demand for hard coal slackened in all sectors except for heating, where conversion back to coal is continuing. It should stabilize at around 290 million tonnes in 1984, as against 294 million tonnes in 1983 and 312 million tonnes in 1982. As the steel crisis worsened, deliveries of coal to coking plants declined further. Deliveries to power stations were also down on 1982.

Stocks of hard coal and coke held by consumers rather than producers continued to increase in 1983. They now stand at 144 million tonnes, in other words, more than six months' consumption.

Production of and demand for brown coal and peat remain stable at 165 million tonnes.



All in all, the trends observed in 1983 should continue in 1984 and 1985. But there are many imponderables. The supply situation in the Community will be affected by the actual level of hard coal production achieved in the context of the measures referred to earlier and availabilities in certain non-member countries (USA, Poland) may be reduced in 1984. On the demand side much will depend on what effects the restructuring of the steel industry has on overall demand for coke and how demand breaks down between the Member States. In the electricity sector the growing share of nuclear power means that variations in the level of activity combined with unpredictable weather conditions could significantly alter the extent to which solid-fuel power stations are used.

World coal prices, which were rather depressed in 1983, were showing signs of renewed buoyancy in early 1984 and remain considerably more attractive than other fuels of the same calorific value.

### 3. Outlook for the steel industry

The revival of consumption, awaited since 1982, finally began during the autumn of 1983 and continued throughout the first half of 1984. As a result crude steel production in 1983 totalled 109,5 million tonnes. Although 2 million tonnes down on 1982, this result was 3 million tonnes higher than originally forecast.

This improvement, which contrasts sharply with the extremely low level of production that has prevailed since mid-1982, is partly explained by the expansion of exports - attributable in turn to the recovery in the United States - and partly by the rebuilding of stocks. The utilization rate remained extremely low, only slightly above the figure for the previous year (1982 = 56,1%; 1983 = 56,7%).

The current estimates for 1984 point to a production figure of just over 113 million tonnes, assuming that the situation prevailing in the first half of the year persists.

Medium-term prospects will again be determined by macro-economic factors. Macro-economic growth, which has stood at almost zero in recent years, is now likely to approach 2 - 3%. This is recognized as the minimum required to offset downward pressures on specific steel consumption and stabilize the market. It may well be accompanied by a rise of the same order in investment (capital tied up); this is essential if growth is to be translated into a revival of activity in the steel-consuming industries.

All in all, and assuming that the Community's net exports of steel products remain at their traditional level, production might reach 115 million tonnes in 1985. This figure allows for improved productivity attributable to widespread introduction of continuous casting (1).

B. POLICY CONTEXT

The general objectives of the ECSC are determined for all time by Articles 1 to 5 of the Treaty of Paris.

For both coal and steel, the Commission at intervals initiates proposals and presents general objectives or guidelines bearing on the future development of the ECSC industries. Coal is one of the

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(1) Comments on the general objectives steel 1985 (COM(84)89 of 16 February 1984).

areas covered by general papers produced by the Commission on the subject of Community energy policy. These also cover manpower questions, indicating that the social dimension forms an integral part of the Community policies conducted by the Commission/High Authority pursuant to the Treaty. In two annual reports - the Report on the Results of the Survey on Investment in the Community Coal and Steel Industry and the ECSC Financial Report - it publishes facts and figures on the recent and foreseeable trend of investments and what the Community is doing to finance them.

The remarks which follow are not intended to take the place of the data in those reports they concentrate rather on certain key points or recent developments which the Commission wants to highlight in establishing its draft of the ECSC's operating budget for 1985. The industries themselves, the ECSC's social policy and the Community's financial operations are dealt with in turn.

1. Coal policy guidelines

Solid fuels in general and hard coal in particular have not achieved the level of penetration of energy markets which was originally envisaged. Demand for hard coal in the Community actually fell between 1973 and 1983 as a result of the collapse of the coking coal market and an unsatisfactory rate of replacement of oil by coal in industry in general. So far the results of the two Council Recommendations to the Member States concerning the replacement of oil by coal in industry and public buildings have been disappointing (1).

(1) OJ L 140, 31.5.1983.

As a follow up to its proposals for a balanced solid fuels policy, (1) the Commission presented a proposal to the Council on 8 August 1983 for a Regulation (EEC) concerning financial support in favour of industries producing solid fuels. (2) This emphasizes the importance of an economically viable Community coal industry and, outside the framework of the ECSC Treaty, the development of brown coal and peat production in Greece and Ireland.

The Commission proposed that direct investment aid should be granted to increase productivity in the most promising pits since it believes that, in the long term, only a competitive coal industry can guarantee the Community security of energy supplies. It feels that an appropriate sum for this purpose would be 300 million ECU per year for five years.

At its meetings on 4 November 1983 and 22 May 1984 the Council reaffirmed that solid fuels were an essential component of Community energy strategy. However, in view of the divergent positions taken by the Member States on its proposal, the commission stated that it was prepared to review it. The Commission and the Presidency will also be making every effort to organize work in such a way that the Council will have to act before the end of 1984, so that the budget deadlines can be met.

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(1) COM(83)309 final, 10 June 1983.  
(2) COM(83)447 final.

Some positive steps will be taken shortly with regard to restructuring the coal industry. This will doubtless bring the spotlight back onto the question of overmanning. The Commission has therefore been forced to propose some exceptional redevelopment measures (see pages 20 and 21).

However, the Council did reach unanimous if belated agreement in mid-March 1984 on the problem of coking coal, which had been under discussion since April 1983. As a result the arrangements for coking coal and coke for the Community iron and steel industry, which expired at the end of 1983 were extended for three years (1).

In the area of research, development and demonstration (R&D + D) the Commission has constantly emphasized the need for active support. As part of the restructuring and modernization of the Community coal industry, R&D related to mining techniques and coal beneficiation, which is funded under the ECSC budget (Article 55), will gain in importance.

Pilot and demonstration projects on the gasification and liquefaction of solid fuels are a major component of the Commission's energy demonstration programme which was extended to the end of 1985 by a Council Decision adopted on 12 March 1984.

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(1) Decision No 759/84/ECSC, 23 March 1984 (OJ L 80, 24 March 1984).

In addition, the Council is expected to take a decision during 1984 on a new multiannual non-nuclear energy research programme to include a sub-programme on combustion technologies for solid fuels.

There is no doubt that the role of solid fuels in general and hard coal in particular will figure largely in policy debates on Community energy strategy during 1985. Discussion on Member States' energy policies has just started. (1) This will pave the way for a new set of energy policy objectives for 1995.

In 1985 more attention will have to be paid to the growing burden that state aids are imposing on Member States' budgets. Given national experience over the past ten years, a debate should be initiated on the purpose, extent and duration of state aids to the coal industry. This debate is made particularly topical by the fact that the Community system, in operation since 1965, for controlling national aid to the industry (2) expires on 31 December 1985.

## 2. Steel policy guidelines

### Commission measures on the steel market

The main action taken by the Commission in this field was to extend the anti-crisis measures under Article 58 of the Treaty, introduced in October 1980 and successively renewed, until the end of 1985. The Council gave its assent to this move in January.

(1) COM(84)88 final.

(2) Decision No 528/76/ECSC (OJ L 63, 11 March 1976).

The purpose of the extension is to tackle the continuing manifest crisis, to bring supply into line with reduced demand and to assist firms in adapting to changed economic conditions by undertaking or pursuing the necessary restructuring.

The quota system has been altered on a number of occasions over the years to adapt it to the need for more and more effective market monitoring in the light of actual circumstances and experience gained. The original provisions, which have been renewed without major change, have been bolstered by sectoral management measures;

- minimum prices have been fixed for deliveries of a number of iron and steel products from 1 January 1984 onwards;
- a guarantee system and a system for the verification of minimum prices applied by steel companies has been established;
- a production certificate and an accompanying document have been introduced for deliveries of certain products.

Although this last measure also applies to dealers, its main aim is to ensure discipline in relation to quantities rather than prices charged.

This package had a decisive effect on price levels in the early months of the year and the situation on the steel market should not deteriorate further in 1984.

It is true however that the imbalance between supply and demand is very marked and will remain so until such time as restructuring is complete. This means that the anti-crisis measures must continue to be supplemented by the imposition of obligations on steel dealers, who play a vital role in the market.

#### Steel in external relations

The external anti-crisis measures were designed to complement the internal measures. The external measures have been in existence since 1978 and have been renewed from year to year on the Council's authority. For 1984 agreements have been signed with 15 supplier countries who will hold their exports down to their 1983 level. These will probably be renewed in 1985 in more or less the same form. As far as Community exports are concerned, the agreement concluded with the United States in November 1982 should remain in force until the end of 1985.

#### Community solutions to structural problems

Since the difficulties facing the steel markets are continuing - if not worsening - the success of Community policies depends first and foremost on the consistency and efficiency of the specific anti-crisis instruments, the quota system and the aids code, which should serve the objective of a restructured industry by 1985.

In decisions adopted on 29 June 1983, in accordance with the timetable laid down in the second aids code,<sup>(1)</sup> the Commission authorized the aids that the various Member States intended to grant to their steel industries provided that additional capacity closures were effected amounting to at least 8,3 million tonnes of maximum possible production of hot-rolled products. These closures are over and above the 18,4 million tonnes maximum possible production to which the Member States were already committed.

<sup>(1)</sup> Decision 2320/81/ECSC.



Subject to economic viability assessments now under way, these closures, some of which have still to be identified, will bring about a definite improvement in output. Plant utilization rate, which was barely 50% in 1983, should rise to around 65% by 1986.

### 3. Social and employment policy guidelines

The social and employment policies conducted by the High Authority/Commission use a number of financial instruments provided by Articles 54 to 56 of the ECSC Treaty (1).

In the case of the coal and steel industries, the Commission can

- grant low-interest loans from own funds to assist workers' housing under Article 54 ECSC;
- finance research projects on occupational safety under Article 55 ECSC.

These measures will continue on the basis of the principles outlined in Annex D to this aide-mémoire.

Whereas these aids enable the Commission to help improve the working and living conditions of workers employed in the ECSC sector, Article 56 of the Treaty enables it to help workers who have lost their jobs, are forced to change jobs or are threatened by unemployment as a result of technological change or fundamental changes in market conditions in the coal or steel industries.

The Commission's operations in this sector have been considerably stepped up in recent years because of the structural and cyclical crisis and technology changes affecting the steel industry in particular and the greater needs

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(1) For the sake of completeness it should be noted that under the general budget of the Communities the European Regional Development Fund has been financing an operation from its non-quota section since 1981 to promote the regional development of certain areas affected by the restructuring of the steel industry (Reg. No 2616/80, OJ L 271, 15.10.1980 and Reg. 216/84, OJ L 27, 31.1.1984).

caused by the rationalization of coal mining. These needs have grown considerably as the result of multiannual modernization and restructuring programmes.

The aids granted by the Commission under this article take two forms:

- under paragraph 2(a) loans may be granted to help create jobs likely to reabsorb steel and coal workers into the labour market. These loans carry an interest subsidy. Although this aid comes primarily under the heading of ECSC social policy, it is also an important regional policy instrument because it provides new opportunities for the economies of coalmining and steelmaking areas;
- under paragraphs 1(c) and 2(b) non-repayable aid for the redeployment of workers is granted in the form of tideover allowances and contributions to the resettlement or vocational retraining of workers in accordance with conventions or agreements reached with the Governments of the Member States.

The importance of these two types of aid from the High Authority can be gauged when it is considered that, between 1974 and April 1984 the Community steel industry, not counting Greece, lost more than 41% of its labour force as 328.000 workers were made redundant. The number of jobs lost in 1980, 1981, 1982 and 1983 was 72.000, 49.000, 35.000 and 33.000 respectively.

Between 1975 and 1983, 128.000 jobs have been lost in the coal industry, which represents 21,8% of the labour force in 1975.

Because of the simultaneous decline of most other branches of industry, and the increase in the number of unemployed, particularly young people, redundant steelworkers have found it increasingly difficult, especially since 1979, to get a new job. This is illustrated by the unemployment statistics since 1978. At the end of 1983, total unemployment in the ten Member States stood at 12.537.900, as against 6.200.000 in 1978.

Although 1984 and 1985 are expected to see some initial signs of economic recovery and a levelling-off or even a reduction in unemployment in certain countries, it is unlikely that there will be a corresponding improvement in the unemployment situation throughout the Community.

In view of this situation, the Commission has for some time emphasized the need to develop policies and actions which will result in the creation of new jobs. Conversion loans, which carry an interest subsidy, may contribute greatly to the creation of jobs from which the first beneficiaries will be unemployed workers in the ECSC industries (1). Although greater than in the past, the amount of appropriations requested and the capacity of new, economically sound firms to use them have meant that loans can only be granted to cover a small number of the jobs lost in the steel industry. It should be observed that existing firms often develop without taking on substantial numbers of new staff through improved productivity and greater use of automation (robots and computers). Even though a large number of new firms are being set up, the number closing down, mainly through bankruptcy, has risen sharply.

These policies and actions do not remove the need for appropriate redeployment measures. ECSC redeployment aid has constituted and still constitutes an important means of providing acceptable conditions in which

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(1) A decision taken by the Commission on 6 April 1984 authorizes interest subsidies on conversion loans to be combined with national aids and the social clause to be calculated on a flat-rate basis in the priority area of ECSC employment.

redundant workers may make a new start immediately after dismissal. They assist the new employer to allow a redeployed worker a period of adaptation and assist the worker to acquire new skills and, if necessary, move house. If the worker cannot find a new job, he may receive income support after his dismissal to ease the difficulties of being out of work.

The particularly difficult situation in the steel industry has necessitated the adoption by the Commission of special measures. As long ago as 1979, the Commission drew up proposals for temporary aid extending to the end of 1982. In June 1981 the Council approved Community financial aid for early retirement and short-time working. A total of 212 million ECU was provided, partly by national budgets and partly by transfers from the Community's general budget to the ECSC budget.

The Commission's General Objectives for Steel 1985 and a series of appropriate measures are designed to cope with the continuing manifest crisis in the steel industry and the need to continue restructuring the industry at a faster pace so that by the end of 1985 it will once again be economically sound with a production capacity in line with the probable volume of sales of profitable products.

Since these measures will involve further job losses, in January 1983 the Commission adopted a "Social support scheme for restructuring in the steel areas of the Community"<sup>(1)</sup> which includes not only the measures adopted to deal with social aspects but also three other measures to assist ECSC workers to find new jobs or jobs of a different type. These include aid to enable steelworkers to retain a certain number of jobs by reducing

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(1) SEC(83)127 final.

working hours for all workers and aid to redundant workers to assist them in finding work in other industries.

A third new measure should assist in the coordination of local and regional efforts, particularly from the point of view of manpower plans.

The Commission has proposed to the Council that 330 million ECU should be transferred from the EEC budget to the ECSC budget for these measures (1). The aid would be supplied from the 1984, 1985 and 1986 budgets.

The decline in coalmining activity has continued with some increase in closures during the last two years. The economic crisis has involved a reduction in energy consumption which, despite some conversion of oil-fired plant to coal, has meant that coal stocks have grown considerably.

The Commission's recommended balanced policy for solid fuels includes assisting the development of the most profitable mines, opening up new workings and investing to restore to profitability mines which are making only a slight loss so that coal can be produced in the near future at a price which is competitive with that of other forms of energy. The modernization and restructuring programmes are expected to last for five years.

These programmes will involve speeding up the closure of obviously unprofitable mines and in some areas this will involve job losses which may be over 20.000 a year or even as high as 25.000 between 1984 and 1986.

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(1) COM(83)158 final of 13 April 1983.

The increased requirements deriving from these restructuring measures make it impossible to balance the budget at the present levy rate. The Commission has therefore proposed temporary exceptional contributions (1) of 180 million ECU to the ECSC from the general budget, to be spread over 1984, 1985 and 1986, to finance a proportion of the adaptation aid and the interest subsidies (see Annex D to this aide-mémoire).

#### 4. Financial activities

ECSC Financial Report No 29, outlining the Community's borrowing and lending operations and financial aid in 1983 will be published shortly.

Borrowings contracted in 1983 totalled 749,6 million ECU, compared with 712,0 million ECU in 1982 and 325,4 million ECU in 1981.

Industrial loans (2) amounted to 618,4 million ECU in 1983 compared with 559,7 million ECU in 1982 and 287,0 million ECU in 1981; conversion loans (3) to 139,5 million ECU, compared with 162,8 million ECU and 86,0 million ECU, and subsidized housing loans (4) to 20,2 million ECU, compared with 18,0 million ECU and 14,7 million ECU (see the tables below).

Total borrowing and lending since the inception of the ECSC is thus brought to 11.316,6 million ECU and 11.178,8 million ECU respectively (including 270,5 million ECU in loans from own funds). The balance outstanding at 31 December 1983 was 6.608,2 million ECU.

In 1984 loans raised at 30 April amounted to 151,6 million ECU and loans paid out were at a corresponding level.

(1) COM(83)583 final of 6.10.1983.

(2) Article 54 ECSC.

(3) Article 56 ECSC.

(4) Loans under Article 54 ECSC paid from ECSC special reserve funds and part of the former ECSC pension fund.

The prospects for a revival of activity over the coming months will depend on whether investments planned by steel firms are brought into line with Community restructuring policy and on the availability of funds for interest subsidies for priority investments, particularly conversion projects and increasing consumption of Community coal.

The same will apply for 1985 when the ECSC will have to pursue an active policy of aid for investments in these priority sectors and, as far as possible, for increased productivity in the coal sector.

Latest estimates used to gauge the likely demand for loans suggest that the coal industry, after investing some 1.800 million ECU in 1983, will invest between 1.800 million ECU and 2.000 million ECU in 1984 and 1985.

The problems caused by the crisis and restructuring make it particularly difficult to estimate steel industry investment but it seems that expenditure in 1985 may well be in excess of the 3.000 million ECU invested in 1983.

If the active policies envisaged above can be implemented, the Commission proposes borrowing by the ECSC which could amount to about 1.000 million ECU in 1985 provided that market conditions work to the advantage of the undertakings concerned.

ECSC - BORROWING AND LENDING OPERATIONS WITH BORROWED FUNDS

AMOUNTS RECEIVABLE

HEADING	Million ECU		
	Forecast 1985	Forecast 1984	Outturn 1983
1.0. Loans raised	1 000	850	749,6
1.1. Redemption of loans granted	750	750	816,2
1.2. Interest payments to the ECSC	620	620	602,2
1.3. Repayment of costs involved in borrowing and lending operations	10	10	11,9

AMOUNTS PAYABLE

HEADING	Million ECU		
	Forecast 1985	Forecast 1984	Outturn 1983
2.0. Loans granted	1 000	850	768,3
2.1. Redemption of loans raised	760	750	807,4
2.2. Interest payments	600	600	587,8
2.3. Payment of costs involved in borrowing and lending operations	30	30	26,8



LOANS FOR WORKERS' HOUSING

million ECU

	Total loans paid at 31 December 1982	New loans in 1983 (1)	Situation at 31 December 1983	
			Total loans paid	Amount outstanding
Belgium	35,8	0,9	36,7	7,8
Denmark	1,6	0,0	1,6	0,9
FR of Germany	168,3	2,2	170,5	86,2
Greece	0,3	0,4	0,7	0,7
France	39,4	2,1	41,5	21,9
Ireland	0,7	0,2	0,9	0,7
Italy	35,2	12,8	48,0	37,5
Luxembourg	6,3	0,1	6,4	2,6
Netherlands	16,3	0,0	16,3	6,7
United Kingdom	17,3	1,5	18,8	13,3
Community	321,2	20,2	341,4	178,3

(1) After allowing for new rates for the conversion of national currencies into ECU.

II. DRAFT ECSC OPERATING BUDGET FOR 1985

A. COMMISSION APPROACH

For the purposes of evaluating the draft budget for 1985, the Commission considers that a price increase of 5,1% should be taken into account to compare the figures for 1984 and those for 1985.

As in 1984, the main financial problem faced when preparing the ECSC budget for 1985 was that of balancing the budget in view of the unprecedented difficulties currently facing the coal and steel industries.

As the current levy rate (0,31%), ordinary resources for 1985 are estimated at 237 million ECU, of which 147 million ECU will come from levies and 90 million ECU from interest and other sources. It has been calculated that each 0,1% increase in the levy rate produces an additional 4,74 million ECU.

The Commission, in its capacity as the High Authority of the ECSC, has the power to fix a higher levy rate to provide sufficient cover for next year's requirements. However, it considers that no such increase can be made in the current economic situation.

The Commission's approach has therefore been to use the ordinary resources of the ECSC to cover ordinary requirements, exceptional requirements arising out of the restructuring of the coal and steel industries being covered by special resources. These special resources take the form of transfers from the EEC to the ECSC budget.

The Commission therefore proposes that ordinary resources be increased by transferring the following amounts from the general budget:

- for steel: 62,5 million ECU (Article 650 of the EEC budget)
- for coal: 60 million ECU (Article 651 of the EEC budget)

The Commission has already entered these amounts in Chapter 65 of its preliminary draft budget for 1985. In 1983 it presented proposals to the Council for a decision under Article 235 of the EEC Treaty authorizing these transfers from the general budget to the ECSC (1).

Provision of the proposed appropriations would enable the ECSC to balance requirements and resources at a level which would allow the Community to play its proper role in the restructuring of the coal and steel industries and to cover the requirements of 359,5 million ECU set out in Annex D.

#### B. FINANCING PROPOSALS

The Commission's proposals for the 1985 ECSC operating budget are tabulated in Annex E and are based on the following factors:

- total resources of 359,5 million ECU, including special resources of 62,5 million ECU for measures connected with restructuring of the steel industry and 60 million ECU for measures connected with restructuring of the coal industry. (The 60 million ECU for coal is earmarked for redeployment aid.)

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(1) Steel: COM(83)158 of 13 April 1983.  
Coal: COM(83)583 of 6 October 1983.

- requirements to be covered by the non-allocated resources of 242 million ECU:

- . 5 million ECU for administrative expenditure;
- . 125 million ECU for redeployment aid;
- . 51 million ECU for research expenditure;
- . 50 million ECU for interest subsidies;
- . 6 million ECU for coking coal.

As regards research appropriations, the Commission proposes that 24 million ECU be devoted to steel (an estimated 24 million ECU in 1984), 19 million ECU to coal (19 million ECU in 1984) and 8 million ECU to social research (8 million ECU in 1984).

As regards interest subsidies, the Commission proposes that 44 million ECU should go to conversion as direct aid for the creation of new jobs (an estimated 61 million ECU in 1984) and 6 million ECU to investments (9 million ECU in 1984).

Lastly, the Commission proposes that the 1985 ECSC operating budget be adopted at a total amount of 359,5 million ECU, broken down as shown in Annex E.

It therefore proposes that the levy rate be set at 0,31%.

C. DRAFT BUDGET

The draft budget established by the Commission and amounting to 359,5 million ECU is presented in Annex E.

OUTTURN OF THE ECSC OPERATING BUDGET FOR 1983

ANNEX A

SUMMARY TABLE

(million ECU)

REQUIREMENTS	BUDGET FIGURES (1)	OUTTURN	RESOURCES	BUDGET FIGURES (1)	OUTTURN
1. Administrative expenditure	5	5	1. Current resources	128	136,8
2. Social expenditure	175	175	1.1 Yield from 0,31% levy		
2.1 Aid for redeployment (Art.56)	125	125	1.2 Interest on investments and on loans from non-borrowed funds	80	80
2.2 Social measures connected with restructuring of steel industry	50	50	1.3 Fines and surcharges for late payment	5	10,9 (2)
3. Aid for research (Article 55)	54	53	1.4 Miscellaneous	p.m.	0,2
3.1 Steel	23	23	2. Cancellation of commitments unlikely to be implemented	5	7,3
3.2 Coal	19,5	19,5	3. Unused resources carried over from the previous year	p.m.	-
3.3 Social	11,5	10,5	4. Exceptional revenue	50	50
4. Interest subsidies	53	57,6	5. Drawings on contingency reserve	25	25
4.1 Investment (Art. 54)	9	13,6			
4.2 Conversion (Art. 56)	44	44			
5. Aid for coking coal and metallurgical coke (Article 95)	6	6			
6. Revaluation of assets and liabilities.	-	0,4			
Sub-total Surplus	293	297	Sub-total Deficit	293	310,2
BUDGET TOTAL OPERATIONS FINANCED BY LOANS FROM NON-BORROWED FUNDS	-	13,2	BUDGET TOTAL ORIGIN OF NON-BORROWED FUNDS	-	-
7. Subsidized housing	293	310,2	6. Special reserve and former ECSC Pension fund	293	310,2
	15	15		15	15

(1) Allowing for the Commission's forecast outturn at 19 August 1983.

(2) The figure of 10,9 million ECU represents total receipts in 1983; the 88,4 million ECU outstanding at 31 December 1983 is not taken into account.

FORECAST OUTTURN OF ECSC OPERATING BUDGET FOR 1984

ANNEX B

(million ECU)

REQUIREMENTS	BUDGET FIGURE	FORECAST OUTTURN	RESOURCES	BUDGET FIGURE	FORECAST OUTTURN
OPERATIONS TO BE FINANCED FROM CURRENT RESOURCES (NON-REPAYABLE)			RESOURCES FOR THE FINANCIAL YEAR		
1. Administrative expenditure	5	5	1. Current resources	131	141
2. Aid for redeployment (Art. 56)	140	148	1.1 Yield from levy at 0.31%		
			1.2 Interest on investments and on loans from non-borrowed funds	.70	70
3. Aid for research (Art. 55)	62	51	1.3 Fines and surcharges for late payment	5	5
3.1 Steel	28,5	24	1.4 Miscellaneous	p.m.	p.m.
3.2 Coal	21	19	2. Cancellation of commitments unlikely to be implemented	3	3
3.3 Social	12,5	8	3. Revaluation of assets and liabilities	p.m.	p.m.
4. Interest subsidies	56	70	4. Unused resources carried over from 1982	p.m.	13,2
4.1 Investment (Art. 54)	9	9	5. Exceptional revenue		
4.2 Conversion (Art. 56)	47	61	5.1. Measures connected with restructuring of the steel industry	62,5	62,5
5. Aid for coking coal and metallurgical coke (Art. 95)	6	6	5.2 Measures connected with restructuring of the coal industry	60	60
6. Measures connected with restructuring of the steel industry	62,5	62,5	6. Drawings on contingency reserve	-	29,8
7. Measures connected with restructuring of the coal industry	-	60			
BUDGET TOTAL	331,5	384,5	BUDGET TOTAL	331,5	384,5
OPERATIONS FINANCED BY LOANS FROM NON-BORROWED FUNDS			ORIGIN OF NON-BORROWED FUNDS		
8. Subsidized housing	12	10	7. Special reserve and former ECSC Pension Fund	12	10

Information relating to levies

The latest available information on production and the levy yield for the current financial year is given below:

Levy yield for the period from January to March 1984 (provisional estimate)

Product	Production serving as a basis for the calculation of the levy (million tonnes)	Yield per tonne at 0.31% levy rate	Levy yield (million ECU)
	(1)	(2)	(3)
Brown-coal briquettes and semi-coke	1,04	0,15587	0,2
All types of hard coal	42,6	0,22754	9,7
COAL - TOTAL			9,9
Pig-iron other than that required for the manufacture of ingots	0,6	0,38923	0,2
Steel ingots	29,7	0,65825	19,6
Finished products	22,7	0,30438	6,9
STEEL - TOTAL			26,7
GRAND TOTAL			36,6

3 = (1) x (2)

## ANNEX C

## ECSC BALANCE SHEET AT 31 DECEMBER 1983

(million ECU)

ASSETS		LIABILITIES	
1. Cash in hand and balances with central banks	39,0	1. Bonds and coupons due but not yet presented for payment	37,5
2. Claims on credit institutions - repayable on demand - with agreed maturity dates or periods of notice	918,1	2. Long-term and medium-term debts	6.548,4
3. Debt securities held in portfolio	437,6	3. Other liabilities	74,4
4. Loans outstanding	6.646,2	4. Accruals and deferred income	327,4
5. Recoverable issuing costs and redemption premiums	41,3	5. Commitments for ECSC operating budget	878,0
6. Bank deposits for bonds and coupons due but not yet presented for payment	37,5	6. Reserves	587,7
7. Land and buildings	0,5	- Guarantee fund	380,0
8. Other assets	129,4	- Special reserve	163,0
9. Accruals and deferred income	203,9	- Former pension fund	44,7
	<u>8.453,5</u>	7. Surplus not allocated	0,1
	=====		
			<u>8.453,5</u>
			=====





ANALYSIS OF REQUIREMENTS REPORTED AND RESOURCES AVAILABLE FOR THE  
FINANCIAL YEAR 1985

In response to the wishes expressed by Parliament in its Resolution of 14 December 1982 (1), the presentation of requirements reported and foreseeable resources which follows is modelled on the systematic analysis of the data for the various budget headings in the general budget. As with the general budget this presentation lists the main features of each heading (references and description of the operation, type of expenditure and explanation). Two categories of expenditure take priority in that they derive from decisions already taken (administrative expenditure) or from framework agreements with the Member States (aid for redeployment).

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(1) OJ No C 13, 17 January 1983, p. 36.

1. ORDINARY REQUIREMENTS

REQUIREMENTS

Art.	Heading	1985 Approps proposed	1984 Approps authorized	Outturn 1983
	<u>CHAPTER 10 - ADMINISTRATIVE EXPENDITURE</u>	5	5	5
	<u>CHAPTER 10 - TOTAL</u>	5	5	5
	<u>CHAPTER 20 - AID FOR REDEPLOYMENT</u> <u>(Article 56 ECSC)</u>	145	145	125

REQUIREMENTS

Art.	Remarks
10	<p>1. <u>References and description</u></p> <ul style="list-style-type: none"><li>- Article 50 of the ECSC Treaty;</li><li>- Article 20 of the Merger Treaty;</li><li>- Council Decision of 21 November 1977 (OJ L 306, 30 November 1977, p. 28);</li><li>- ECSC contribution to the Commission's administrative expenditure.</li></ul> <p>2. <u>Type of expenditure</u></p> <p>Annual payment in four equal quarterly instalments.</p> <p>3. <u>Method of calculation and explanation of change</u></p> <p>The Council has set the annual amount of the payment at 5 million ECU.</p> <p>Percentage change 1984-85: 0%.</p>
20	<p>1. <u>References and description</u></p> <ul style="list-style-type: none"><li>- Articles 50 and 56 of the ECSC Treaty;</li><li>- Bilateral agreements concluded between the High Authority/Commission and the Governments of the Member States.</li></ul> <p>The High Authority/Commission provides non-repayable aid towards:</p> <ul style="list-style-type: none"><li>(i) the payment of tideover allowances to workers;</li><li>(ii) the payment of resettlement allowances to workers;</li><li>(iii) the financing of vocational retraining for workers having to change their employment.</li></ul> <p>The grant of the aid is conditional upon payment by the State concerned of a special contribution of not less than the amount of that aid, unless an exception is authorized by the Council, acting by a two-thirds majority.</p>

REQUIREMENTS

Art.	Heading	1985 Approps proposed	1984 Approps authorized	Outturn 1983
20	Aid for redeployment (cont'd)			

REQUIREMENTS

Art.	Remarks
	<p>2. <u>Type of expenditure</u> Provision to subsidize the expenditure on redeployment incurred by the Member States according to the procedure set out in the agreement signed.</p> <p>3. <u>Method of calculation and explanation of change</u> Over the past two years, the coal industry's requirements have increased considerably (to 34,3 million ECU and 43,3 million ECU respectively), after being lower than 15 million ECU in the previous period. The coal industry restructuring programme and the closure of several pits from 1984 will lead to increased expenditure this year and even higher expenditure in future financial years. More redundancies will increase the number of people receiving ECSC aid. Some Member States are planning more generous financial assistance than in the past for workers losing their jobs.</p> <p>These Member States have asked the Commission to cover its due share of additional expenditure under Article 56(2)(b). Given the current procedure for granting existing aids and requested improvements in the system, the coal industry's requirements for 1985 can be set at around 105 million ECU. Of this 45 million ECU will have to be entered in the budget item for conventional redeployment aid and 60 million ECU for measures specifically connected with the restructuring of the coal industry (to be covered by exceptional revenue).</p> <p>The gradual closure of iron ore mines will continue as long-term supply contracts expire. In relative terms, however, the requirements of this sector are small.</p>

REQUIREMENTS

Art.	Heading	1985 Approps proposed	1984 Approps authorized	Outturn 1983
20	<u>Aid for redeployment</u> (cont'd)			
	<u>CHAPTER 20 - TOTAL</u>	145	140	125

REQUIREMENTS

Art.	Remarks
	<p>For the steel industry, expenditure on redeployment will remain very high, as a result of the major job losses to be expected (at least 150.000 over the period 1983-86). In 1984 there was a marked change in the proportion of aid granted to the various Member States, largely as a result of the drop in the number of applications from the United Kingdom. The considerable number of applications already submitted by the Federal Republic of Germany or announced for 1984 will make the total even higher in 1985. In addition, there will be applications from Belgium and, above all, Italy.</p> <p>For the Community as a whole, 82 million ECU was committed for conventional redeployment aid for steelworkers in 1983 and a similar amount will be committed in 1984. It is probable that the 1985 total will be at least 80 million ECU. Additional aid will also be necessary for measures specifically connected with the restructuring of the steel industry (to be covered by exceptional revenue).</p> <p>All in all then total requirements for traditional aids under Article 56(2)(b) can be estimated at 125 million ECU for 1985. The additional requirements resulting from the restructuring measures in the coal and steel industry total 122,5 million ECU and will make it impossible to balance the budget at the present levy rate. Provision must therefore be made for a temporary subsidy from the general budget (see B.7 and R.5.2 below) to fund some redeployment aids in the coal industry.</p> <p>Percentage change 1984-85: - 11%.</p>



REQUIREMENTS

Art.	Heading	1985 Approps proposed	1984 Approps authorized	Outturn 1983
	<u>CHAPTER 30 - AID FOR RESEARCH</u>			
310	<u>STEEL RESEARCH</u>	24	28,5	23

REQUIREMENTS

Art.	Remarks
30	<p>1. <u>References and description</u> <u>Articles 50 and 55 of the ECSC Treaty</u></p> <p>The High Authority/Commission is required to encourage technical and economic research into the production and increased use of coal and steel and occupational safety in the coal and steel industries. To this end it grants aid to finance research after receiving the Council's assent.</p> <p>2. <u>Type of expenditure</u></p> <p>Provision to cover part-subsidies which take the form of the repayment of a proportion of the actual costs of research projects approved by the High Authority/Commission in accordance with the procedures provided for in the Treaty (consultation of the ECSC Consultative Committee and the receipt of the Council's assent).</p> <p>In most cases, the aid granted amounts to 60% of the estimated and substantiated costs.</p> <p>3. <u>Method of calculation and explanation of change</u></p> <p>The 51 million ECU proposed in total aid for research is 18% lower than the appropriations authorized in 1984. The grounds for the aid proposed for each of the research categories (steel, coal and social) are explained in the following paragraphs.</p>
310	<p>The General Objectives for Steel 1985 (1) describe the essential contribution that research and technological progress must make towards improving the competitiveness and ensuring the future development of the steel industry in the Community and also highlight the effects of the present financial situation on the industry's ability to sustain an adequate level of research and development.</p> <p>_____ (1) COM(83)239.</p>

REQUIREMENTS

Art.	Heading	1985 Approps proposed	1984 Approps authorized	Outturn 1983
310	<u>STEEL RESEARCH</u> (cont'd)			

REQUIREMENTS

Art.	Remarks
	<p>It is clear that the European steel industry is undergoing a new period of development typified by slower economic growth, a change in consumer demand, intense competition for sales and changes in international trade flows.</p> <p>In order to adapt to this changing environment, it is becoming essential to increase competitiveness and, in order to achieve this, the development and marketing of improved technologies and products is of increasing importance.</p> <p>The framework programme 1984-87 for a European scientific and technical strategy drawn up by the Commission (1) stressed the need to promote industrial competitiveness by boosting research efforts and increasing the number of pilot and demonstration projects.</p> <p>The current research programme which the Commission is supporting continues to play a major and acknowledged role in meeting common requirements in the steel sector, in accordance with the medium-term orientation for the period 1981-85 (2).</p> <p>In order to continue incentives towards technological progress and to supplement these efforts, a new parallel programme of pilot and demonstration projects (3) has been implemented in order to meet the increasing need to boost and speed up the transfer of the results of laboratory research to the industrial and/or commercial stage.</p> <p>The two programmes share the following overall objectives:</p> <ul style="list-style-type: none"><li>- reduction in production and operating costs</li><li>- higher product quality</li><li>- improvement of product performance and increase in the range of product applications.</li></ul> <p>In 1985, the two programmes will cover the following technical fields:</p> <ul style="list-style-type: none"><li>- sintering and pelletizing,</li><li>- use of coal and its by-products in the steel industry,</li><li>- blast furnace and direct reduction technology,</li></ul> <p>(1) COM(82)865 final, December 1982. (2) OJ C 99, 2 May 1981. (3) OJ C 81, 24 March 1983.</p>

REQUIREMENTS

Art.	Heading	1985 Approps proposed	1984 Approps authorized	Outturn 1983
310	<u>STEEL RESEARCH</u> (cont'd)			
320	<u>COAL RESEARCH</u>	19	21	19,5

REQUIREMENTS

Art.	Remarks
320	<p data-bbox="336 315 815 483">- oxygen and electric steelmaking, - casting and solidification, - processing and treatment of steel, - properties and utilization of steel.</p> <p data-bbox="336 546 762 577">Percentage change 1984-85: - 16%.</p> <p data-bbox="336 640 1326 1039">The Commission has stressed on a number of occasions the importance of coal research as one of the ways of achieving the Community's energy goals and, in particular, reducing its dependence on oil. In its communication "The role for coal in Community energy strategy" (1) the Commission urged increased coal research and emphasized the active role which the Community should play as a promoter of R&amp;D activities (production, beneficiation and mining safety) which the Community should play. Furthermore, the Community should attempt to maintain and, if possible, increase research aids to raise mine productivity and upgrade the products of the coal industry.</p> <p data-bbox="336 1102 1315 1456">The Commission considers that R&amp;D on the production and beneficiation of coal should remain part of the present ECSC programme and be integrated in a coherent way into the Commission's framework programme (1984-87) (2). At their meeting in Copenhagen on 16 December 1982, Community energy ministers considered the role of solid fuels in a Community energy strategy from the point of view of promoting diversification of energy supply and the rational utilization of energy and stressed the importance of developing joint R&amp;D programmes on the production, beneficiation and utilization of solid fuels.</p> <p data-bbox="336 1518 1246 1594">That is why, in the working programme on solid fuels (3) it sent to the Council, the Commission also laid emphasis on R&amp;D in coal.</p> <p data-bbox="336 1749 852 1839"><hr/><small>(1) OJ C 105, 26 April 1982. (2) COM(82)865 final, 21 December 1982. (3) COM(83)54 final.</small></p>

REQUIREMENTS

Art.	Heading	1985 Approps proposed	1984 Approps authorized	Outturn 1983
320	<u>COAL RESEARCH</u> (cont'd)			

REQUIREMENTS

Art.	Remarks
	<p>The Medium-term Guidelines for Technical Coal Research (1981-85) (1), which are still fully relevant, set out priorities and the criteria for selecting projects.</p> <p>The increasingly high level of investment in mining techniques means that technologies and procedures designed to increase the utilization rate of machines remain the centre of gravity in all sectors. Modern techniques of managing workings are increasingly important and the use of microprocessors and sophisticated electronic techniques is spreading. The fight against mining accidents is still important in view of the increasing depth of workings.</p> <p>Mechanical coal preparation should enable the industry to maintain and improve the quality of its products, which will contain increasing quantities of water and fines as the result of mechanization.</p> <p>Research into new techniques of utilization and in particular conversion and combustion will enable coal increasingly to replace other fuels in industry.</p> <p>The coking of coal remains one of the main ways in which coal can be upgraded. The importance of research in this sector rests mainly on the fact that the cost and quality of blast furnace coke are factors of the first importance for the production of pig-iron and hence for the competitiveness of the steel industry.</p> <p>The coal research programme for 1985 will concentrate on the following fields:</p> <p><u>Mining engineering</u> Development work Ventilation, firedamp, mine climate Rock pressure and supports Coal-getting techniques Outbye operations underground Modern management techniques</p> <p>_____</p> <p>(1) OJ C 94, 17 April 1980.</p>



REQUIREMENTS

Art.	Heading	1985 Approps proposed	1984 Approps authorized	Outturn 1983
320	<u>COAL RESEARCH</u> (cont'd)			
330	<u>SOCIAL RESEARCH</u>	8	12,5	10,5
CHAPTER 30 - TOTAL		51	62	53

REQUIREMENTS

Art.	Remarks
330	<p><u>Utilization and beneficiation</u></p> <p>Coal preparation Coking Combustion Beneficiation and new products</p> <p>Percentage change 1984-85: - 10%.</p> <p>The success of previous programmes justifies the continuation of the current programmes.</p> <p>The various sectors of the industries concerned, management and workers and the research institutes are all concerned to see the development of research projects aimed at improving working conditions.</p> <p>Clearly, the most important subjects must be identified and selected for coordination at Community level, with care being taken to avoid duplication of work being done at national level.</p> <p>For these reasons Community research is of benefit to all those concerned with health and safety at work. Since the ECSC social research programme is the only one at Community level concerned with health and safety at work, the various sectors covered by multiannual research programmes are:</p> <ul style="list-style-type: none"><li>- the effect on workers' health of occupational hazards and physical conditions at their place of work</li><li>- ergonomics (the fifth five-year programme will be drawn up in 1984)</li><li>- mine safety: the second programme was adopted by the Commission in July 1982</li><li>- industrial health in coal mines (measures against dust and harmful gases in mines) (the fifth programme will be drawn up in 1984)</li><li>- technical measures to combat pollution at the place of work and near to steel works</li><li>- safety in the steel industry (a new programme will be drawn up in 1984).</li></ul> <p>Percentage change 1984-85: - 36%.</p>

REQUIREMENTS

Art.	Heading	1985 Approps proposed	1984 Approps authorized	Outturn 1983
	<u>CHAPTER 40 AIDS IN THE FORM OF INTEREST SUBSIDIES</u>			
410	<u>INVESTMENTS</u>	6	9	13,6

REQUIREMENTS

Art.	Remarks
40	<p>1. <u>References and description</u></p> <p>Articles 54 (investment) and 56 (conversion) of the ECSC Treaty, and Decisions of the High Authority/Commission.</p> <p>The ECSC may use its own resources to provide interest relief on certain types of loan. The subsidy is calculated in ECU at a rate and for a term fixed by the Commission. It currently stands at 3% for five years, or 5% for global loans.</p> <p>2. <u>Type of expenditure</u></p> <p>Provision for offsetting part of the interest due on loans disbursed by the ECSC, in accordance with the contracts drawn up between the Commission and the beneficiaries.</p> <p>3. <u>Method of calculation and explanation of change</u></p> <p>ECSC loans with interest subsidies are the principal financial instrument for promoting priority investments to meet the requirements for the coal and steel industries and to create jobs for former ECSC workers.</p> <p>The grounds for the aids proposed for each category of loan (investment and conversion) are explained in the following paragraphs.</p>
410	<p>In the investment field, the aim of interest subsidies is to encourage certain types of investment in the ECSC industries. The Commission's current criteria for granting subsidies are as follows:</p> <ul style="list-style-type: none"><li>- research and training centres, and the elimination of bottlenecks (OJ C 73, 18 June 1970);</li><li>- stabilization of coal production: subsidies are limited to investment in shafts, underground workings and haulage and winding equipment (OJ C 79, 29 March 1980);</li><li>- promoting the consumption of Community coal (OJ C 343, 31 December 1982).</li></ul>

REQUIREMENTS

Art.	Heading	1985 Approps proposed	1984 Approps authorized	Outturn 1983
410	<u>Investments</u> (cont'd)			
420	<u>CONVERSION</u>	44	47	44

REQUIREMENTS

Art.	Remarks
420	<p>The Commission reserves the right to apply and adapt these criteria in the light both of its assessment of current priorities and of the appropriations available.</p> <p>On the other hand, apart from certain cases where interest subsidies are already being given, it confirms that it is not planning to give this form of support for steel restructuring.</p> <p>Percentage change 1984-85: -33%.</p> <p>Conversion loans with interest subsidies are granted to firms or public bodies which encourage investments creating new jobs in regions hit by declining economic activity in the coal and steel industries.</p> <p>The guidelines drawn up by the Commission for granting conversion loans are published in OJ C 178, 27 July 1977. They have since been changed slightly (OJ C 191, 16 July 1983) to improve and clarify the terms of global loans, which have proved a very effective instrument for creating new jobs in small and medium-sized undertakings.</p> <p>The maximum loan eligible for interest relief at the rate of 3% for 5 years - 5% for global loans - at the moment is 20.000 ECU per new job, equivalent to maximum non-repayable aid of 3.000 to 5.000 ECU per job. When recruiting, the recipients undertake to give priority to former ECSC workers.</p>

REQUIREMENTS

Art.	Heading	1985 Approps proposed	1984 Approps authorized	Outturn 1983
420	<u>Conversion</u> (cont'd)			
	CHAPTER 40 - TOTAL	50	56	57,6
	<u>CHAPTER 50 AIDS UNDER ARTICLE 95 OF THE ECSC TREATY (COKING COAL AND COKE FOR THE STEEL INDUSTRY)</u>	6	6	6

REQUIREMENTS

Art.	Remarks
50	<p>Apart from the continuing conversion requirements in the steel industry, there are additional requirements in 1985 resulting from redundancies in the coal industry, sometimes in the same areas, due to the restructuring programme.</p> <p>Apart from the 25 million ECU entered in the current heading (B.4.2), additional funds will be allocated to these interest subsidies and will be financed by means of a transfer from the EEC budget for measures in connection with the restructuring of the coal industry (see items B.7 and 5.5.2).</p> <p>It should also be noted that both the non-quota and quota sections of the European Regional Development Fund help to create jobs in regions hit by the steel crisis.</p> <p>Percentage change 1984-85: - 6%.</p> <p><u>1. References and description</u></p> <p>(i) Article 95 of the ECSC Treaty</p> <p>(ii) High Authority/Commission Decision 73/287/ECSC of 15 July 1973 (OJ L 259, 15 September 1973), as last amended and extended by Decision 759/84/ECSC of 23 March 1984 (OJ L 80, 23 March 1984) and applicable until 31 December 1986.</p> <p>The ECSC makes a lump-sum contribution to the special fund for easing intra-Community trade, the rest of the finance being provided by the Member States and the steel industry.</p> <p><u>2. Type of expenditure</u></p> <p>Provision for a lump-sum contribution of 6 million ECU to the fund (the ECSC annual contribution).</p>



REQUIREMENTS

Art.	Heading	1985 Approps proposed	1984 Approps authorized	Outturn 1983
50	<u>AIDS UNDER ARTICLE 95 OF THE ECSC TREATY (COOKING COAL AND COKE FOR THE STEEL INDUSTRY) (cont'd)</u>			
	CHAPTER 50 - TOTAL	6	6	6
	<u>CHAPTER 60 - SOCIAL MEASURES IN CONNECTION WITH THE RESTRUCTURING OF THE STEEL INDUSTRY</u>	62,5	62,5	50

REQUIREMENTS

Art.	Remarks
60	<p>Community aid may be granted in respect of a maximum amount of 36 million ECU, corresponding to 10 million tonnes of coking coal per annum. If trade drops below these limits, the reduced subsidies will be drawn first from the Community's contribution (6 million ECU) and the 6 million ECU contributed by the steel industry and then from the 24 million ECU paid in by the Member States.</p> <p><u>3. Method of calculation and explanation of change</u></p> <p>The aim of the special system of aid to coking coal and coke is to help maintain production of blast-furnace coal for the Community's iron and steel industry, and also to enable the coal and the coke derived therefrom to be sold at prices reflecting world market prices.</p> <p>Apart from Community aid the system lays down pricing rules for the products concerned and authorizes the producing countries to grant production and sales aid to their collieries.</p> <p>Percentage change 1984-85: 0%.</p> <p><u>1. References and description</u></p> <p>On 13 April 1983 the Commission transmitted proposals to the Council on a financial contribution by the ECSC under Article 56(2)(b) of the Treaty towards the implementation of the social support scheme for restructuring in the steel areas of the Community in the period 1983-86 (COM(83)158 final).</p> <p>The measures recommended in the action programme are aimed at:</p> <ul style="list-style-type: none"><li>- continuing the aid to early retirement and short-time working which was approved in the 1981 social measures;</li><li>- financing the maintenance of jobs through reductions in working time;</li></ul>

REQUIREMENTS

Art.	Heading	1985 Approps proposed	1984 Approps authorized	Outturn 1983
60	<u>SOCIAL MEASURES IN CONNECTION WITH THE RESTRUCTURING OF THE STEEL INDUSTRY (cont'd)</u>  CHAPTER 60 - TOTAL	62,5	62,5	50

REQUIREMENTS

Art.	Remarks
	<p>- introducing a new aid to facilitate the integration of former steelworkers in other sectors of activity;</p> <p>- providing support for local or regional efforts to improve forward-looking labour market management.</p> <p>These measures supplement the traditional aids for resettlement authorized under Article 56(2)(b). The appropriations will be committed in instalments. The Community contribution is estimated at 330 million ECU for the four years in question.</p> <p>2. <u>Type of expenditure</u></p> <p>Aids in the form of partial reimbursement of the expenditure incurred by the Member States. The conditions for granting aid are laid down for each Member State in accordance with common criteria drawn up applicable to the Community as a whole.</p> <p>3. <u>Method of calculation and explanation of change</u></p> <p>The Commission estimates that 330 million ECU is needed to supplement the social support scheme for restructuring the steel industry in the context of the general objectives for steel.</p> <p>This estimate is based on the hypothesis that a further 150 000 jobs will be lost over the period 1983-86. It is likely that roughly half of the workers affected will take early retirement or be kept in work thanks to measures involving adjustments in working time, while the remainder will have to find jobs in other sectors of the economy.</p> <p>The cost of measures relating to early retirement and aids for short-time working is put at 195 million ECU. Measures designed to facilitate a return to the labour market will cost an estimated 135 million ECU, giving a total of 330 million ECU.</p> <p>Percentage change 1984-85: 0%.</p>

REQUIREMENTS

Art.	Heading	1985 Approps proposed	1984 Approps authorized	Outturn 1983
	<u>CHAPTER 70 - SOCIAL MEASURES IN CONNECTION WITH THE RESTRUCTURING OF THE COAL INDUSTRY</u>	60		
	<u>CHAPTER 70 - TOTAL</u>	60	-	-
	<u>TOTAL REQUIREMENTS</u>	359,5	331,5	297 (1)

(1) Including 0.4 million ECU under the revaluation of assets and liabilities.

REQUIREMENTS

Art.	Remarks
70	<p>1. <u>References and description</u> The Commission has transmitted a proposal to the Council on the ECSC's financial contribution to the implementation of measures in connection with the restructuring of the coal industry in the period 1984-86 (COM(83)583 final of 6 October 1983). The Community's contribution for the three years is estimated at 180 million ECU. Following the discussions in the Council it is thought that 60 million ECU will have to be devoted to redeployment aid in 1984.</p> <p>2. <u>Type of expenditure</u> Aids in the form of partial reimbursement of the expenditure incurred by the Member States. The conditions for granting aid are laid down pursuant to Article 56(2)(b) of the ECSC Treaty.</p> <p>3. <u>Method of calculation and explanation of changes</u> Given the comparative stagnation of the market for energy-generating products, the substantial stocks of coal held in the Community and the heavy losses incurred by certain coalmines, there is a clear need to step up efforts to restructure this industry and, in particular, to close the least profitable pits. Several coal-producing Member States have already made public in part at least their plans for multiannual restructuring programmes, and the Commission envisages the loss of over 20 000, and even as many as 25 000, jobs a year over the period 1984-86. Bearing in mind that the appropriations to cover the Community contributions towards readaptation expenditure have been running at around 40-45 million ECU per year in recent years, it is therefore difficult to see how the ECSC budget can meet the additional requirements in this field without additional resources.</p> <p>Percentage change 1984-85: 0%.</p>

## 2. REQUIREMENTS NOT ENTERED IN THE BUDGET: LOANS FOR FINANCING SUBSIDIZED HOUSING

In addition to the requirements to be financed by non-repayable grants from the year's resources, there is the ECSC housing subsidy scheme, which has been in operation since 1955. Forecasts for this programme are included in this aide-mémoire to complete the picture of all ECSC operations for Parliament and the Consultative Committee.

### 1. References and description

Article 54 and Decisions of the High Authority/Commission assigning to the housing programmes the funds from the "special reserve" constituted by interest from investments and from loans against own funds.

ECSC intervention takes the form of reduced-interest loans, and eases the cost of financing housing by adding the funds lent by the Community to resources provided nationally.

### 2. Type of expenditure

Grant of long-term loans at 1% interest to the responsible national bodies or other financial institutions.

A tenth programme covering a five-year period (1984-88) should be introduced.

A proposal will be presented to the Commission within the next few months. The first part of the programme will cover 1984/85 for which 22 million ECU will be required.

### 3. Explanation

This scheme has the twin aim of:

- complementing Community policy in the coal and steel industries; and
- improving living conditions for workers in these industries.

The criteria for the granting of the loans are described in detail on pages 2 and 3 of OJ C 299, 30 November 1979. They will be revised in line with the experience gained in implementing the previous programme when the 10th programme is drawn up.

The scheme is both in the interest of workers, since it alleviates the effects of price increases and high interest rates, and of benefit to the industry, since it facilitates reorganization.

The number of dwellings subsidized by means of ECSC loans at 1 January 1984 stood at 182 010.

The loans granted are broken down by country on page 24.





1. RESOURCES FOR THE FINANCIAL YEAR

RESOURCES

Art.	Heading	1985 Approps proposed	1984 Approps authorized	Outturn 1983
110	<u>CHAPTER 10 GENERAL RESOURCES</u> <u>LEVIES</u>	147 (1)	131	136,8

(1) Assuming that the current 0,31% rate is renewed.

RESOURCES

Art.	Remarks
110	<p>1. <u>References and description</u></p> <ul style="list-style-type: none"><li>- Articles 49 and 50 of the ECSC Treaty</li><li>- Decisions 2/52 and 3/52 of 23 December 1952.</li></ul> <p>The levies are calculated on the basis of a fixed scale per tonne which is decided each financial year by the Commission and published in the Official Journal.</p> <p>In its Decision of 11 April 1983 (1) the Commission brought forward the reference period used for calculating the average values for calculating the levy base. For 1985 this period will be the 1983 calendar year. The aim of this change is to harmonize the date for presenting the draft ECSC operating budget with that for the general budget of the European Communities.</p> <p>2. <u>Type of resource</u></p> <p>Levy resources are duly established entitlements in the form of levies payable on output in the 1985 financial year and calculated on the basis of the production declarations made by the undertakings.</p> <p>3. <u>Method of calculation and explanation of changes</u></p> <p>The latest estimates of the average values which serve as the basis for calculating the levies suggest that the figures for the 1985 financial year, which relate to the reference period from 1 January to 31 December 1983, will be some 3,8% higher for coal and 2% higher for steel than the figures for 1984.</p> <p>It should be noted that there is an appreciable margin of uncertainty in these figures; this is because all the requisite data are not yet available, and forecasting production in present economic conditions is a very uncertain exercise.</p> <p>Levy rate: 0,31%.</p> <p>Percentage change 1984-85: + 12%</p> <p>(1) OJ C 101, 14 April 1983, page 4.</p>

RESOURCES

Art.	Heading	1985 Approps proposed	1984 Approps authorized	Outturn 1983
110	Levies (cont'd)			
120	<u>INTEREST ON INVESTMENTS AND LOANS AGAINST NON-BORROWED FUNDS</u>	70	70	80

RESOURCES

Art.	Remarks																													
	<u>Tonnage subject to the levy and yield from a levy rate of 0,01%</u>																													
	<table border="1"> <thead> <tr> <th data-bbox="341 551 733 667">Product</th> <th data-bbox="738 551 1047 667">Production forecasts on which the levy is calculated (million tonnes)</th> <th data-bbox="1047 551 1361 667">Yield from levy rate of 0,01% (million ECU)</th> </tr> </thead> <tbody> <tr> <td data-bbox="341 689 733 768">Brown coal briquettes and semi-coke derived from brown coal</td> <td data-bbox="738 689 1047 768">3,6</td> <td data-bbox="1047 689 1361 768">0,02</td> </tr> <tr> <td data-bbox="341 779 733 813">Hard coal of all categories</td> <td data-bbox="738 779 1047 813">178,1</td> <td data-bbox="1047 779 1361 813"><u>1,40</u></td> </tr> <tr> <td data-bbox="341 824 733 857">Coal - total</td> <td></td> <td data-bbox="1047 824 1361 857"><u>1,42</u></td> </tr> <tr> <td data-bbox="341 880 733 936">Pig iron other than that used for making ingots</td> <td data-bbox="738 880 1047 936">2,8</td> <td data-bbox="1047 880 1361 936">0,03</td> </tr> <tr> <td data-bbox="341 947 733 981">Steel in ingots</td> <td data-bbox="738 947 1047 981">113 (1)</td> <td data-bbox="1047 947 1361 981">2,43</td> </tr> <tr> <td data-bbox="341 992 733 1025">Finished products</td> <td data-bbox="738 992 1047 1025">88,1</td> <td data-bbox="1047 992 1361 1025"><u>0,86</u></td> </tr> <tr> <td data-bbox="341 1037 733 1070">Steel - total</td> <td></td> <td data-bbox="1047 1037 1361 1070"><u>3,32</u></td> </tr> <tr> <td data-bbox="341 1104 733 1137">GRAND TOTAL</td> <td></td> <td data-bbox="1047 1104 1361 1137"><u>4,74</u></td> </tr> </tbody> </table>	Product	Production forecasts on which the levy is calculated (million tonnes)	Yield from levy rate of 0,01% (million ECU)	Brown coal briquettes and semi-coke derived from brown coal	3,6	0,02	Hard coal of all categories	178,1	<u>1,40</u>	Coal - total		<u>1,42</u>	Pig iron other than that used for making ingots	2,8	0,03	Steel in ingots	113 (1)	2,43	Finished products	88,1	<u>0,86</u>	Steel - total		<u>3,32</u>	GRAND TOTAL		<u>4,74</u>		
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120	<p>1. <u>References and description</u></p> <p>Under its Decision of 30 April 1975, the Commission enters in the budget the interest available from the previous financial year.</p> <p>2. <u>Type of resource</u></p> <p>Resources deriving from income on investments and on loans against non-borrowed funds will be determined when the Commission adopts the balance sheet at 31 December 1984.</p> <p>3. <u>Method of calculation and explanation of change</u></p> <p>The figure for interest revenue is based on an estimate of the resources which the Commission will be in a position to release when it adopts the balance sheet at 31 December 1984.</p> <p>Percentage change 1984-85: 0%</p> <p>(1) Cautious estimate in view of the uncertainty currently surrounding the steel industry.</p>																													

RESOURCES

Art.	Heading	1985 Approps proposed	1984 Approps authorized	Outturn 1983
130	<u>FINES AND SURCHARGES FOR LATE PAYMENT</u>	17	5	10,9
CHAPTER 10 - TOTAL		234	206	227,9 (1)
<u>CHAPTER 20 - CANCELLATION OF COMMITMENTS UNLIKELY TO BE IMPLEMENTED</u>		3	3	7,3

(1) Including 0,2 million ECU in miscellaneous revenue.

RESOURCES

Art.	Remarks
130	<p>1. <u>References and description</u></p> <p>Articles 47, 58 and 60 of the ECSC Treaty (mainly). The Commission may impose fines on undertakings contravening the current price and quota systems.</p> <p>2. <u>Type of resource</u></p> <p>From an accounting point of view, revenue from the fines imposed by the Commission under Article 58 of the ECSC Treaty should be regarded to a certain extent as deferred resources, in view of the appeals made to the Court of Justice.</p> <p>3. <u>Method of calculation and explanation of change</u></p> <p>It is very difficult to forecast the amount which will be collected in 1985, especially since the legal proceedings in disputed cases are likely to go on for one or two years. It is proposed that only those cases where recovery is in progress should be taken into consideration. On the basis of the information currently available, it is proposed that 17 million ECU be entered under this heading.</p> <p>Percentage change 1984-85: + 340%</p>
200	<p>1. <u>References and description</u></p> <p>Provisions based on Commission aid decisions must be given tangible form within a reasonable period of time by the contracting of legal commitments.</p> <p>The Commission's Internal Rules for the drawing up and implementation of the ECSC operating budget therefore provide that in the exceptional event of undue delay at this stage the provisions will be cancelled.</p> <p>The Rules also provide that once all parties have discharged their obligations under the legal commitment, any remaining part of the provision will likewise be cancelled.</p> <p>The amounts thus released become available again as resources for the current financial year.</p>

RESOURCES

Art.	Heading	1985 Approps proposed	1984 Approps authorized	Outturn 1983
	CHAPTER 20 - TOTAL	3	3	7,3
	<u>CHAPTER 30 REVALUATION OF ASSETS AND LIABILITIES</u>	p.m.	p.m.	-
	CHAPTER 30 - TOTAL	p.m.	p.m.	-
	<u>CHAPTER 40 UNUSED RESOURCES FROM THE FINANCIAL YEAR 1984</u>	p.m.	p.m.	0
	CHAPTER 40 - TOTAL	p.m.	p.m.	0
	<u>CHAPTER 50 EXCEPTIONAL REVENUE</u>			
510	<u>SOCIAL MEASURES IN CONNECTION WITH THE RESTRUCTURING OF THE STEEL INDUSTRY</u>	62,5	62,5	50

RESOURCES

Art.	Remarks
	<p data-bbox="383 510 654 544"><u>2. Type of resource</u></p> <p data-bbox="383 567 1388 714">Save in the exceptional cases where decisions constituting provisions are not followed up within a reasonable period of time by legal commitments, any cancellation of provisions normally indicates complete discharge of the contract, agreed with the other contracting party.</p> <p data-bbox="383 748 1388 929">The estimate of 3 million ECU shown in this chapter relates, in essence, to cancellations of allocations for conversion and resettlement aid. Only a token entry would be needed for the other items which might be involved (cancellations of balances remaining in respect of contracts which have been performed in full, delayed legal commitments, etc.).</p> <p data-bbox="383 975 1029 1009"><u>3. Method of calculation and explanation of change</u></p> <p data-bbox="383 1031 1356 1134">It is difficult to estimate the rate of cancellation as it depends on several factors such as negotiations with the governments concerned. The estimated figure of 3 million ECU for 1985 is based on an average rate.</p> <p data-bbox="383 1168 805 1202">Percentage change 1984-85: 0%</p>
30	<p data-bbox="383 1247 1388 1326">This chapter, carrying a token entry, is to record the net effect of changes in exchange rates during the financial year.</p>
40	<p data-bbox="383 1451 1388 1519">This chapter, carrying a token entry, records any balance remaining from the previous financial year as resources for the current financial year.</p>
510	<p data-bbox="383 1700 790 1735"><u>1. References and description</u></p> <ul data-bbox="383 1757 1348 1871" style="list-style-type: none"> <li>- Conclusions of the 717th Council meeting of 24 June 1981,</li> <li>- Article 235 of the EEC Treaty,</li> <li>- Commission proposal to the Council of 13 April 1983 (COM(83)158 final).</li> </ul>



RESOURCES

Art.	Heading	1985 Approps proposed	1984 Approps authorized	Outturn 1983
510	<u>SOCIAL MEASURES IN CONNECTION WITH THE RESTRUCTURING OF THE STEEL INDUSTRY (cont'd)</u>			
520	<u>SOCIAL MEASURES IN CONNECTION WITH THE RESTRUCTURING OF THE COAL INDUSTRY</u>	60	60	0
	CHAPTER 50 - TOTAL	122,5	122,5	50

RESOURCES

Art.	Remarks
	<p>2. <u>Type of resource</u></p> <p>This chapter records the additional resources intended solely for financing social measures in connection with the restructuring of the steel industry (Article B.6). The Commission proposes that this temporary measure should be continued by means of a transfer from the general budget to the ECSC budget on the basis of a decision to be taken pursuant to Article 235 EEC.</p> <p>3. <u>Method of calculation and explanation of change</u></p> <p>In its preliminary draft budget for 1985 (Article 650) the Commission has proposed a transfer of 62,5 million ECU.</p> <p>Percentage change 1984-85: 0%</p>
520	<p>1. <u>References and description</u></p> <ul style="list-style-type: none"><li>- Article 235 of the EEC Treaty,</li><li>- Commission proposal to the Council of 6 October 1983 (COM(83)583 final).</li></ul> <p>2. <u>Type of resource</u></p> <p>This chapter records the additional resources intended solely for financing social measures in connection with the restructuring of the coal industry. The Commission proposes that these measures should be financed by means of a transfer from Article 651 of the general budget on the basis of a decision to be taken pursuant to Article 235 EEC.</p> <p>3. <u>Method of calculation and explanation of change</u></p> <p>In its preliminary draft budget for 1985 the Commission has proposed a transfer of 60 million ECU;</p> <p>Percentage change 1984-85: 0% .</p>

RESOURCES

Art.	Heading	1985 Approps proposed	1984 Approps authorized	Outturn 1983
600	<u>CHAPTER 60 CONTINGENCY RESERVE</u>	p.m.	p.m.	25
	CHAPTER 60 - TOTAL	p.m.	p.m.	25
	TOTAL RESOURCES	359,5	331,5	310,2

RESOURCES

Art.	Remarks
60	This chapter has been given a token entry so that an appropriate amount may be entered if necessary to cover any deficit arising in 1985. The amount available for the contingency reserve will be fixed when the Commission adopts the balance sheet at 31 December 1984.

2. COVERING OF REQUIREMENTS NOT ENTERED IN THE BUDGET

Funds to cover requirements for the construction of subsidized housing are obtained from:

- the resources made available for this in the former ECSC pension fund;
- the resources in the special reserve.

These resources are made up of the repayments of loans already made and fresh appropriations allocated to the special reserve.

The decision on the allocation to the special reserve of the additional resources required will be taken when the Commission adopts the balance sheet at 31 December 1984.

3. SUMMARY OF RESOURCES AVAILABLE FOR 1985

The estimates of traditional resources other than levies amount to 90 million ECU (interest available: 70 million ECU; fines: 17 million ECU; cancellations: 3 million ECU). As the yield from a levy rate of 0,01% has been estimated at 4,74 million ECU, the yield obtained from levies can be estimated at 147 million ECU, assuming that the current rate of 0,31% is maintained. The total ordinary resources available for 1985, assuming that the levy rate remains unchanged, is thus estimated at 359,5 million ECU.

DRAFT ECSC OPERATING BUDGET FOR 1985

ANNEX E

SUMMARY TABLE

(million ECU)

REQUIREMENTS	PROPOSALS	RESOURCES	PROPOSALS
OPERATIONS TO BE FINANCED FROM CURRENT RESOURCES (NON-REPAYABLE)		RESOURCES FOR THE FINANCIAL YEAR	
1. Administrative expenditure	5	1. Current resources	147
2. Aid for redeployment (Art. 56)	125	1.1 Yield from 0,31% levy	70
		1.2 Interest on investments and on loans from non-borrowed funds	17 p.m.
3. Aid for research (Art. 55)	51	1.3 Fines and surcharges for late payment	3
3.1 Steel	24	1.4 Miscellaneous	p.m.
3.2 Coal	19	2. Cancellation of commitments unlikely to be implemented	
3.3 Social	8	3. Revaluation of assets and liabilities	
4. Interest subsidies (1)	50	4. Unused resources carried over from 1984	
4.1 Investment (Art. 54)	6	5. Exceptional revenue	
4.2 Conversion (Art. 56)	44	5.1 Social measures connected with restructuring of steel industry	62,5
5. Aid to coking coal and coal for the steel industry (Art. 95)	6	5.2 Social measures connected with restructuring of coal industry	60
6. Social measures connected with restructuring of the steel industry (2)	62,5	6. Contingency reserve	p.m.
7. Social measures connected with restructuring of the coal industry (2)	60		359,5
OPERATIONS FINANCED BY LOANS FROM NON-BORROWED FUNDS		ORIGIN OF NON-BORROWED FUNDS	
8. Subsidized housing	12	7. Special reserve and former ECSC Pension Fund	12

(1) Any supplementary resources will be used for interest subsidies.

(2) Additional redeployment aid.