



Press Release

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Winding-up of the European Coal and Steel Community nearly completed as planned, but proceeds from the remaining assets no longer sufficient to fund parallel research programme, say EU Auditors

The process of winding up the European Coal and Steel Community (ECSC) is almost complete, according to a new review by the European Court of Auditors. Meanwhile, however, revenues generated from its assets have become too low, given the current interest rates, to ensure sustained funding for a specific programme for research in the coal and steel sectors, say the auditors.

Following the expiry of the ECSC on 23 July 2002, all its assets and liabilities were transferred to the EU. The European Commission has been responsible for the winding-up of the remaining loan and borrowing operations, as well as for the management of the other assets of the ECSC in liquidation.

“Seventeen years after the end of the ECSC, its liquidation is imminent,” said Alex Brenninkmeijer, the member of the European Court of Auditors responsible for the review. “It is now time for the Commission to turn the page and to mainstream its support of innovative and sustainable projects in the coal and steel sectors into the EU research framework programme.”

The ECSC made long-term commitments before it ceased operations, but its winding-up is drawing to a close, the auditors note. Between 2002 and 2018, the loan portfolio has fallen by over 90 % (from €964 million to €95.2 million), while borrowing and debts have also gradually decreased (from €742 million to €92 million).

Overall, the equity value of the ECSC in liquidation was €1 462 million at the end of 2018. Since 2002, the EU’s Research Fund for Coal and Steel (RFCS) is funded by the revenue generated by the assets of the ECSC in liquidation. It supports projects covering, for instance, production processes, safety at work or environmental protection. The Commission operates the RFCS as a separate programme, in parallel with the EU research framework programme.

The purpose of this press release is to convey the main messages of the European Court of Auditors’ review. The review is available at eca.europa.eu.

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In recent years however, income produced from these assets has become very low, the auditors point out, largely due to the extremely low level of interest rates. Last year, the proceeds of this asset management amounted to only €3 million.

As a consequence, the RFCS budget decreased from €42 million in 2017 to €22 million in 2019, and it is expected to further drop to about €12 million in 2020, when annual funding of at least €40 million will be necessary. Besides, the Fund may also be hit by the consequences of the United Kingdom's proposed withdrawal from the EU. The auditors therefore conclude that the current model, whereby the RFCS is funded solely on the basis of asset management revenue, is not sustainable.

Notes to Editors

The European Coal and Steel Community (ECSC) was established for a period of fifty years by the ECSC Treaty, signed in Paris on 18 April 1951 by Belgium, Germany, France, Italy, Luxembourg and the Netherlands. Having entered into force on 23 July 1952, it expired as scheduled on 23 July 2002.

The ECA's Review 10/2019 "The European Coal and Steel Community: winding-up is according to plan, but funding for research is no longer sustainable" is available on the ECA website (eca.europa.eu) in 23 EU languages. A review presents and establishes the facts surrounding a specific issue; it is not an audit.

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