COMMISSION DECISION

of 14 November 1973

approving additional aid from the Kingdom of Belgium for the benefit of undertakings in the coal industry

(Only the French and Dutch texts are authentic)

(73/395/ECSC)

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Coal and Steel Community, and in particular Articles 2, 3, 4 and 5 thereof;

Having regard to Commission Decision No 3/71/ECSC (1) of 22 December 1970 on Community rules for intervention by Member States for the benefit of the coal industry;

Having regard to Decision No 70/1/ECSC of 19 December 1969 on coking coal and coke, and in particular Article 9 (1) (2) thereof;

Having consulted the Council;

Having considered the following grounds;

Whereas the Commission of the European Communities adopted Decision No 72/373/ECSC (3) on 19 October 1972; whereas this Decision approved the aid intended by the Belgian Government to be granted for the benefit of the Coal Industry in respect of 1972 to the extent that in had been included and examined by the Commission in the 'Memorandum on financial interventions by Member States for the benefit of the Coal Industry 1972' (4);

Whereas during the preparations for consultations with the Council on 6 September 1972 concerning the memorandum on financial interventions in respect of 1972 by Member States for the benefit of the coal industry, the representative of the Commission was informed by the Belgian government of the intention to effect an increase for 1972 in the originally planned aid, in order to cover the remaining operating losses; whereas all other aid originally planned for 1972 and approved by the Commission remains unchanged;

Whereas, in accordance with Article 2 of Decision No 3/71/ECSC, the Belgian government communicated to the Commission the additional amounts it intended to pay in respect of 1972 for the benefit of the coal industry; whereas it is planned to increase for 1972 the aid intended to cover operating losses of the mining industry by Bfrs 2 198 700 000, making an increase of Bfrs 211 per ton of coal extracted compared with the amounts already approved;

Whereas the aforementioned aid is in accordance with the criteria laid down in Article 9 of Decision No 3/71/ECSC for the admissibility of such state aid;

Whereas the reason for such a drastic increase in aid was the result of the very unfavourable development of the financial position of the Belgian mining industry; whereas the Belgian government states that some factors that had served as a basis for the estimates made by it in the autumn of 1971 in respect of operating losses liable to be incurred by the mining industry have not developed as had been presumed;

Whereas at the end of 1971 it was assumed that the output per manshift in the Belgian coal industry would rise by 8 to 9 % in 1972 in comparison with 1971, the actual trend to date indicates that an increase in the output per manshift for 1972 is hardly to be expected;

Whereas the basic costs, in particular wages and other labour costs, have risen considerably through the application of the social programmes in the mining industry and in line with the rise in the consumer price index; whereas initially a rise of 14 % in wages was expected, the trend to date indicates a rise of 18 % (including a 5-point rise in consumer price index);

Whereas instead of the estimated stability of revenue in the collieries, a decline is discernible in view of developments in 1972; in the Midi coalfield this will amount to approximately 10 to 15 % and in the Kempen coalfield to approximately 2 to 3 %; whereas the steam-raising coal (lowgrade) of the Midi coalfield must henceforth be sold at prices in line with those of heavy fuel oil, the price of which dropped by 15 to 20 % in 1972 in comparison with 1971;

(1) OJ No L 3, 5. 1. 1971, p. 7.
(2) OJ No L 2, 6. 1. 1970, p. 10.
(3) OJ No L 256, 14. 11. 1972, p. 16 *et seq.*
(4) Doc. No XVII/52/2/72.

Whereas the fundamental factor in the decline in revenue was the devaluation of the US dollar in December 1971, a factor which could not be foreseen in the autumn of 1971;

Whereas the discontinuance of aid payments would result in the immediate closure of all pits and the redundancy of approximately 30 000 employees; whereas the Belgian mining industry will able to cover from its revenue for 1972 only 64 % of the full cost of production in the case of the Kempen coalfield and only 43 % in the case of the Midi coalfield;

Whereas the Commission acknowledges that the Belgian Government must take account of compelling economic and social circumstances of regional order in the areas in which the two Belgian coalfields are situated, and that for this reason the additional aid applied for in respect of 1972 to cover operating losses is compatible with the provisions of point 1, Article 9 (1) of Decision No 3/71 (ECSC), since it is intended to prevent severe social and economic disturbances in regions where there are not as yet sufficient opportunities for re-employment;

Whereas, furthermore, it must be pointed out that the increase in aid to cover operating losses in the mining industry must not exceed the estimated operating losses for the mining industry; whereas the increase is thus also in accordance with the provisions of Article 9 (2) of Decision No 3/71 (ECSC);

Whereas the increase in aid planned by the Belgian Government for 1972 is not such as to impair the proper functioning of the Common Market, although the total amount of aid to be calculated in accordance with Articles 6 to 9 of Decision No 3/71/ECSC now yields a figure of 499 Bfrs/t (10 u.a./t) produced and is thus the highest in comparison with the other Community coal producers;

Whereas these findings are based on the following results of investigations:

— the consistency of the quantitative estimates determined for 1972 by the individual Belgian coalfields or undertakings within the framework of the total overall supply position in respect of coal and coke is not impaired by the increase in aid;

— an adverse effect on coal trade between Belgium and the other Member States in 1972 is not discernible;

— industrial consumers receive no indirect aid as a result of artifically low price formation for Belgian coal;

Whereas it can be assumed, in view of these findings that the increase planned by the Belgian Government in aid for 1972 in order to cover operating losses will not impair the proper functioning of the common market (points 1 and 2, Article 3 (1) of Decision No 3/71 (ECSC));

Whereas in accordance with Article 11 (1) of Decision No 3/71/ECSC the Commission must satisfy itself that the approved aid is used for the purpose stated in Article 9 of this Decision; whereas to this end it must be informed in particular of the amount and distribution of the relevant payments,

HAS ADOPTED THIS DECISION:

Article 1

The Government of the Kingdom of Belgium is hereby empowered to pay in respect of 1972 an additional aid to the total amount of Bfrs 2 198 700 000 to the Belgian coal mining industry to cover operating losses.

Article 2

The Government of the Kingdom of Belgium shall communicate to the Commission not later than 31 December 1973 full particulars of aid granted pursuant to this Decision, and in particular of the amount and distribution of the relevant payments.

Article 3

This Decision is addressed to the Kingdom of Belgium.

Done at Brussels, 14 November 1973.

For the Commission

The President

François-Xavier ORTOLI