COMMISSION DECISION

of 14 November 1973

approving additional aid from the Republic of France for the benefit of the coal industry in 1972

(Only the French text is authentic)

(73/396/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 [2] of 19 December 1969 on coking coal and coke, and in particular Article 9 (1) thereof;

Having consulted the Council;

Having considered the following grounds;

Whereas the Commission of the European Communities adopted Decision No 72/374/ECSC on 19 October 1972 [3]; whereas this Decision approved the aid intended by the French Government to be granted for the benefit of the coal industry in respect of 1972 to the extent that it 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 by Member States for the benefit of the coal industry, the representative of the Commission was informed by the French 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 French 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 grant additional aid to the amount of FF 150 000 000 to the French coal industry for 1972, which in the opinion of the French Government guarantees that the economic reorganization of the coalfields will proceed on appropriate lines; whereas the total amount consists of the aids granted to the individual coalfields: Nord/Pas-de-Calais — FF 25 000 000; Lorraine — FF 23 000 000; and Centre-Midi — FF 102 000 000; whereas in comparison with the aids already approved for 1972, the increase amounts to approximately 8 % in the case of the Nord/Pas-de-Calais coalfield and 15 % in the case of the Lorraine coalfield; whereas in the case of the Centre-Midi coalfield there is an considerable increase of almost 65 %;

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 the increase in aid is that the estimate of the trend of costs and revenue proved too optimistic;

Whereas the decline in fuel oil prices in 1972 resulted in a loss in revenue in the Nord/Pas-de-Calais and Centre-Midi coalfields, since the main products of these coalfields are steam-raising coal and domestic coal; whereas in the Lorraine coalfield, the chief product of which is coking coal, the revenue of the collieries in 1972 was more or less stable in comparison with 1971. Production costs, on the other hand, rose more rapidly in 1972 than had been anticipated by the French Government, this being attributed in particular to the fact that production dropped more rapidly (by approximately 2 000 000 metric tons) than had been allowed for in production planning;

Whereas in spite of the increase requested, the aggregate of the aids for 1972 is less than that for 1971; whereas the Commission consequently believes that the attention of the French Government should be directed to developments of the Centre-Midi coalfield, in respect of which the aids granted in order to cover losses in 1972 will amount to the relatively high figure of almost 42 FF/t; whereas in view the relatively small increase in aids there seems to be no need for a fresh scrutiny of the relevant provisions of Commission Decision No 72/374/

[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. 19 *et seq.*
[4] Doc. No XVII/52/2/72.

ECSC (1) of 19 October 1972 (prevention of severe economic and social disturbances in regions where there are still insufficient opportunities for re-employment); whereas the French Government has not communicated any new aspects to the Commission;

Whereas the requested increase in aids in respect of 1972 to cover operating losses is therefore in accordance with the provisions of point 1, Article 9 (1) of Decision No 3/71/ECSC;

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; 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 French 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 yields a figure of FF 34·24 (6·16 u.a.) per metric ton produced and is thus relatively high in comparison with the aids for the German coal industry;

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

— an adverse effect on coal trade between France and the other Member States as a result of increase in aid to cover operating losses in the coal mining industry is not discernible;

— industrial consumers of coking coal and steam-raising coal receive no indirect aid as a result of the formation of artificially low prices for French coal. The revenue from the Nord/Pas-de-Calais coalfield and the Centre-Midi coalfield, of which the main products are steam-raising coal and domestic coal shows a drop of 6 to 7 % for 1972 in comparison with 1971, which is in line with the downward tendency in fuel oil prices;

Whereas in respect of the other criteria for the proper functioning of the common market, the provisions of Commission Decision No 72/374/ECSC (2) of 19 October 1972 do not give rise to any new aspects through the increasing of French aid to cover operating losses in the mining industry;

Whereas it can therefore be established that the increase in French aid is not such as to impair the proper functioning of the common market referred to the 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 Republic of France is hereby empowered to grant in respect of 1972 additional aid to the total amount of FF 150 000 000 to the coal mining industry to cover operating losses, and to distribute this amount among the individual coalfields as follows:

Nord/Pas-de-Calais	FF 25 000 000
Lorraine	FF 23 000 000
Centre-Midi	FF 102 000 000

Article 2

The Government of the Republic of France shall communicate to the Commission not later than 31 December 1973 full particulars of aids granted pursuant to this Decision, and in particular the amount and distribution of the relevant payments, as well as of the progress of the economic reorganization of the coalfields.

Article 3

This Decision is addressed to the Republic of France.

Done at Brussels, 14 November 1973.

For the Commission

The President

François-Xavier ORTOLI

(1) OJ No L 256, 14. 11. 1972, p. 20.
(2) OJ No L 256, 14. 11. 1972, p. 20.