COMMISSION DECISION

of 10 July 1975

authorizing the United Kingdom to grant additional aids to coal mining undertakings in respect of the 1973/74 coal year and authorizing the United Kingdom to grant aids to coal mining undertakings in respect of the 1974/75 coal year

(Only the English text is authentic)

(75/544/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 interventions by Member States for the benefit of the coal industry;

Having regard to Decision No 73/287/ECSC (2) of 25 July 1973 concerning coking coal and coke for the iron and steel industry in the Community, and in particular Article 9 (1) thereof;

Having consulted the Council;

Whereas on 16 October 1974 the Commission of the European Communities issued Decision No 74/612/ECSC (3); whereas that Decision authorized the aids which the United Kingdom Government proposed to grant to the coal industry for the 1973/74 coal year in so far as they had been dealt with and examined in the 'Memorandum on additional financial aid awarded by Member States in 1973' (4);

Whereas, as was stated in the Memorandum (5), the United Kingdom Government proposed to grant aids of £ 130·2 million to the coal industry under Decision No 3/71/ECSC;

Whereas in a written application dated 20 March 1974 the United Kingdom Government requested permission to increase the aids by £ 150 million in order to make up the operating losses caused by strikes in the 1973/74 coal year;

Whereas from 12 November 1973 to 11 February 1974 the British miners refused to do overtime, which led to a fall in output of approximately 10 million metric tons; whereas at the same time this considerably impeded general operations in the pits, since the maintenance work on machinery and the general clearance work which were usually carried out in overtime were not being done;

Whereas following the end of the overtime ban there was a total strike lasting until 11 March 1974 which caused a further loss in output of 10 million metric tons; whereas after the strike the NCB installations had to be brought into working order again at considerable expense;

Whereas the figure of £ 150 million by which the United Kingdom Government requested permission to increase the aid was only a provisional estimate; whereas the actual additional losses which the aid is designed to cover amount to only £ 130·7 million according to the annual report of the NCB which has now been published; whereas the Commission can therefore authorize aid of only £ 130·7 million to cover the operating losses; whereas, subject to the above, the measure is compatible with the provisions of Article 9 of Decision No 3/71/ECSC;

Whereas an increase in the aid for the 1973/74 coal year, as requested by the United Kingdom Government, is not likely to hinder the proper functioning of the common market;

Whereas this view is supported by the following findings:

— the granting of aid did not impede trade in coal between the United Kingdom and the other Community countries in 1973. Because of the coal miners' strike British industry itself risked running short of fuel. The uncertainties in the general energy supply situation caused by the oil crisis and the miners' strike meant that the British market was supplied mainly with domestic fuels and that the NCB's pithead stocks could be reduced,

— in 1973 the prices of coking coal and steam coal in the United Kingdom did not lead to indirect aids for industrial users of coal;

(1) OJ No L 3, 5. 1. 1971, p. 7.
(2) OJ No L 259, 15. 9. 1973, p. 41.
(3) OJ No L 335, 14. 12. 1974, p. 26.
(4) Doc. SEC (74) 1377 fin., p. II/85.
(5) Doc. SEC (74) 1377 fin., p. II/95.

Whereas the Commission therefore considers that the proposed raising of the aid to the British coal mining industry for the 1973/74 coal year to cover operating losses may be regarded as compatible with the proper functioning of the common market;

Whereas, in addition, the United Kingdom Government has informed the Commission under Article 2 of Decision No 3/71/ECSC of financial measures, both direct and indirect, which it intends to take during the 1974/75 coal year (1) for the benefit of the coal industry; whereas of those measures the aids listed below require authorization under the abovementioned Decision;

Whereas the United Kingdom Government proposes to grant the following aids to the British coal industry in the course of the 1974/75 coal year:

	in £ million
to cover expenditure resulting from the retirement of staff	13·8
for severance payments to redundant miners and/or for the vocational retraining of staff	5·8
to cover the NCB's expenditure resulting from the early retirement of staff	3·7
to cover expenditure on the supply of concessionary coal to redundant miners aged from 55 to 65	0·65
for the adaptation and retention of staff	2·7
aid in respect of pithead stocks	2·0
to cover the NCB's estimated operating losses during the coal year 1973/74	45·0

Whereas the abovementioned aids meet the criteria laid down in Articles 6 to 9 of Decision No 3/71/ ECSC in respect of the admissibility of such State assistance;

Whereas aid towards covering the expenditure resulting from the retirement of staff was introduced by the Coal Industry Act 1973 and makes provision for payment of a maximum of £ 60 million for the years 1973/74 to 1975/76; whereas for 1974/75 provision has been made for a sum of £ 13·8 million;

Whereas such aid is granted in respect of miners who have retired; whereas the expenditure on pensions incurred by the NCB is no longer related to coal production and is covered partly by the aid;

Whereas aid towards severance payments for miners about to be made redundant or for the vocational retraining of staff was introduced by the Coal Industry Act 1965; whereas the Coal Industry Act 1973 continues the aid and makes provision for payment of a maximum of £ 60 million for the years 1973/74 to 1975/76; whereas for 1974/75 provision has been made for a sum of £ 5·8 million;

Whereas such aid is granted in respect of miners leaving mining as a result of pit closures and of those being retrained and/or re-employed in coal mining;

Whereas the purpose and form of the aid show that the measure meets the criteria laid down in Articles 6 (1) (1) and 7 (3) of Decision No 3/71/ECSC;

Whereas aid towards covering the NCB's expenditure resulting from the early retirement of staff was introduced by the Coal Industry Act 1967; whereas for 1974/75 provision has been made for an amount of £ 3·7 million;

Whereas such aid is granted in respect of miners retired prematurely; whereas such retirement was necessary on account of the fall in production (as a result of marketing difficulties) during the years 1967 to 1970; whereas the expenditure on pensions incurred by the NCB is no longer related to coal production and is covered in full by the aid;

Whereas the purpose and form of the aid show that the measure meets the criteria laid down in Article 6 (1) of Decision No 3/71/ECSC;

Whereas the aid towards covering the NCB's expenditure on the supply of concessionary coal is in respect of expenditure which is no longer related to coal production; whereas the NCB's expenditure on the supply of concessionary coal to miners between the ages of 55 and 60 made redundant during 1974 is reimbursed in full by the United Kingdom Government, while for miners made redundant between the ages of 60 and 65 the aid will cover 50 % of the expenditure on the supply of concessionary coal; whereas for 1974/75 the amount of aid provided for is £ 650 000;

Whereas the purpose and form of the aid show that the measure meets the criteria laid down in Article 6 (1) (1) of Decision No 3/71/ECSC;

(1) The 1974/75 coal year runs from the beginning of April 1974 to the end of March 1975.

Whereas the aid towards the adaptation and retention of staff is a subsidy to be paid by the United Kingdom Government towards the estimated sum of £ 7·5 million which the NCB will have to spend in 1974/75 on the regrouping of staff under the rationalization programme ; whereas, in order to ensure that qualified personnel are retained, the costs incurred by the miners affected by the regroupment schemes must be reimbursed by the NCB ; whereas such costs include removal and resettlement costs, travel expenses and temporary loss of income ;

Whereas in 1974/75 the United Kingdom is to contribute £ 2·7 million towards such expenditure incurred by the NCB ;

Whereas the purpose and form of the aid show that the measure meets the criteria laid down in Article 7 (3) of Decision No 3/71/ECSC ;

Whereas provision is made in the Coal Industry Act for aid in respect of pithead stocks ; whereas pursuant to that Act the United Kingdom Government proposes to grant the NCB over the years 1973/74 to 1975/76 a subsidy of up to a maximum of £ 40 million towards the cost of maintaining pithead stocks ; whereas provision has been made for £ 2·0 million to be granted in 1974/75 ; whereas according to UK Government estimates the NCB's pithead stocks of coal and coke will by the end of March 1975 exceed the limit laid down in Article 8 of Decision No 3/71/ECSC ; whereas the aid would thus meet the criteria laid down in that Article ;

Whereas the aid, amounting to £ 45·0 million, proposed by the UK Government in respect of the period from 1 January 1974 to the end of March 1975 to cover losses may be regarded as fulfilling the conditions laid down in Article 9 of Decision No 3/71/ ECSC ;

Whereas the covering of operating losses for the 1974/75 coal year relates to losses sustained in current production ; whereas the Coal Industry Act provides for a maximum of £ 210 million for this purpose for the coal years 1973/74 to 1975/76 ; whereas the sum of £ 45·0 million has been made available for the 1974/75 coal year ;

Whereas in view of oil supply difficulties the United Kingdom's overall energy supply situation is far from clear ; whereas a sharp increase in coal imports is not possible ; whereas the NCB is therefore concerned to maintain production and thus avoid the risk of an energy shortage ;

Whereas in 1974 several small unprofitable pits were closed down ; whereas not only large parts of the coal mining regions but also other parts of the country have a weak economic structure ; whereas the overall unemployment figure is relatively high (about 4 %) ; whereas for these reasons account must be taken of regional and social difficulties when pits are closed down ;

Whereas it follows from the foregoing that the aid proposed for covering the NCB's operating losses in the 1974/75 financial year is in accordance with the provisions of Article 9 (1) (1) and (2) of Decision No 3/71/ECSC ;

Whereas it must be pointed out, in addition, that the £ 45·0 million aid applied for is to be paid out only to the extent of the actual operating losses of the NCB ; whereas the aid is therefore in accordance with the provisions of Article 9 (2) of Decision No 3/71/ECSC ;

Whereas the following remarks must be made in respect of the compatibility of the total amount of United Kingdom aids with the proper functioning of the common market :

— in 1974 there was no restriction of trade in coal between the United Kingdom and the other Community countries (Article 3 (1) (1) of Decision No 3/71/ECSC),

— no alignments on the prices of other Community producers were notified in respect of British coal in 1974,

— the prices of coking coal and steam coal in the United Kingdom did not lead to indirect aids for industrial users of coal in 1974,

— the closure of unprofitable pits leads to rationalization and the concentration of production in pits where productivity is highest ;

Whereas it can therefore be said that United Kingdom aids to the coal industry are compatible with the proper functioning of the common market ;

Whereas this also applies if account is taken of aids granted to the coal industry under Decision No 73/287/ECSC ;

Whereas, under Article 11 (1) of Decision No 3/71/ ECSC the Commission must ensure that the aids authorized are used for the purposes set out in Articles 6 to 9 of that Decision ; whereas to this end it must be informed in particular of the amount and apportionment of such aids,

HAS ADOPTED THIS DECISION :

Article 1

The Government of the United Kingdom is hereby authorized to grant to the British coal industry additional aid totalling £ 130 700 000 for the 1973/74 coal year and aids totalling £ 73 650 000 for the 1974/75 coal year.

The amount of £ 130 700 000 for the 1973/74 coal year is intended to cover operating losses.

The amount of £ 73 650 000 for the 1974/75 coal year is made up as follows :

1. To cover expenditure resulting from the retirement of staff (£ 13 800 000) ;
2. Severance payments to miners made redundant as a result of pit closures or to miners who are retrained and/or re-employed in the coal industry, up to a maximum of £ 5 800 000 ;
3. Reimbursement in full of the NCB's expenditure resulting from the premature retirement of miners (£ 3 700 000) ;
4. Assumption of responsibility for the costs of supplying concessionary coal to redundant miners aged between 55 and 65, up to a maximum of £ 650 000 ;
5. Subsidy towards the NCB's expenditure on the regrouping of staff under the rationalization programme, up to a maximum of £ 2 700 000 ;
6. Aids in respect of pithead stocks (£ 2 000 000) ;
7. Subsidy towards the NCB's estimated operating losses in the 1974/75 coal year, up to a maximum of £ 45 000 000.

Article 2

The United Kingdom Government shall supply the Commission by 15 November 1975 with particulars regarding the aids granted pursuant to this Decision, in particular the amounts paid and the manner in which they were apportioned.

Article 3

This Decision is addressed to the United Kingdom.

Done at Brussels, 10 July 1975.

For the Commission

The President

François-Xavier ORTOLI