COMMISSION DECISION

of 10 July 1975

authorizing the Kingdom of Belgium to grant aids to coal mining undertakings in 1974

(Only the French and Dutch texts are authentic)

(75/545/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 the Belgian Government has informed the Commission in accordance with Article 2 of Decision No 3/71/ECSC of financial measures, both direct and indirect, which it intends to take for the benefit of the coal industry during 1974; whereas the aids listed below, which are included in such measures, require authorization in accordance with the Decision referred to above;

Whereas the Belgian Government proposes to grant aids in 1974 for investment financing amounting to Bfrs 150 million;

Whereas this sum is to enable the necessary investments to be made by undertakings whose closure is not planned in 1974;

Whereas the Belgian Government also proposes to grant aids amounting to Bfrs 50 million to the undertaking 'Espérance et Bonne Fortune'; whereas as a result of the closure of shaft 2 of the Gosson-Kessales mining company in Montegnée and the closure of the 'Bure-aux-Femmes' shaft of Patience and Beaujonc, that undertaking has incurred additional expenditure on pumping out underground water seeping from the closed pits;

Whereas the Belgian Government also proposes paying Bfrs 4 453 million to ensure that the closure programme is carried out at what the Belgian Government considers to be a suitable rate; whereas this sum is designed to cover the operating losses, which are defined in a standard book of charges in respect of all subsidized pits;

Whereas the aids referred to above fulfil the criteria laid down in Articles 6, 7 and 9 of Decision No 3/71/ECSC for the admissibility of such State aid measures;

Whereas the object of the aids for the financing of investment projects in the undertakings benefiting from the aid meets the requirements of Article 7 (2) of Decision No 3/71/ECSC; whereas these aids are to be used to cover part of the expenditure on the concentration, mechanization and automation of mine workings; to enable the coal to be more intensively up-graded and better cleaned; whereas the information submitted to the Commission also reveals that the undertakings benefiting from the aid will not apply for any loans at a reduced rate of interest within the meaning of Article 54 of the ECSC Treaty in respect of such investment projects;

Whereas intervention under Article 6 (1) (2) of Decision No 3/71/ECSC may take the form of reimbursement of the cost of pumping out underground water seeping from the workings of closed pits; whereas removal of the underground water is necessitated by the closure of the Gosson-Kessales and Bure-aux-Femmes pits; whereas the aid does not exceed the actual pumping costs for the additional removal of underground water;

Whereas the other aids provided for by the Belgian Government for 1974 amounting to Bfrs 4 453 million can be regarded as being compatible with the provisions of Article 9 of Decision No 3/71/ECSC;

Whereas, although production costs rose by about 20 % compared with 1973, the Belgian coal mining industry succeeded by means of a relatively more severe increase in coal prices in reducing operating costs in 1974 and therefore aids, by about 16 % compared with the previous year.

Whereas in the southern coalfield, revenue from production in 1974 covered barely 50 % of total operating costs; whereas in 1974, three pits in the southern coalfield were closed, so that by the end of

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[1] OJ No L 3, 5. 1. 1971, p. 7.
[2] OJ No L 259, 15. 9. 1973, p. 41.

1974 only nine pits were in operation ; whereas about 1 800 persons have been affected by these closures ;

Whereas, in view of the social factors obtaining in the Belgian southern coalfield, the aid to be granted for 1974 to cover operating losses can be regarded as being compatible with the provisions of Article 9 (1) (1) of Decision No 3/71/ECSC ;

Whereas it should be noted that the Campine coalfield is of extreme importance to the Belgian steel industry for the supply of coking coal ; whereas, as a result of the high level of activity in the steel industry in 1974, demand for coking coal and coke was great ; whereas, because of the tight supply situation with regard to coking coal throughout the world, it was very difficult for the Belgian steel industry to increase even more sharply its purchases of coking coal from other Community countries and third countries in 1974 ; whereas for this reason, the stabilization of output in the Campine coalfield contributed to the avoidance of temporary supply bottlenecks in coking coal ; whereas the aid is therefore compatible with Article 9 (1) (2) of Decision No 3/71/ECSC ;

Whereas it should be noted, moreover, that the aids to cover operating losses are not higher than the expected operating losses ; whereas they are therefore also in accordance with the provisions of Article 9 (2) of Decision No 3/71/ECSC ;

Whereas the aids proposed by the Belgian Government for 1974 are not such as to impair the proper functioning of the common market ;

Whereas this view is supported by the following findings :

— no adverse effects on trade in coal between Belgium and the other Community countries were discernible in 1974,
— in 1973, no price alignments on lower Community coal prices were effected in the formation of prices for Belgian coal,
— industrial users of boiler coal receive no indirect aids as a result of artificially low prices for Belgian coal,
— the closure of unprofitable pits leads to rationalization and concentration of production in pits where productivity is highest ;

Whereas it may therefore be concluded that the aids proposed by the Belgian Government for 1974 will not impair the proper functioning of the common market ;

Whereas this view also applies if account is taken of the aids granted to the coal mining undertakings pursuant to Decision No 72/287/ECSC ;

Whereas according to Article 11 (1) of Decision No 3/71/ECSC, the Commission must satisfy itself that the aids authorized are used for the purposes laid down in Articles 6 to 9 of that Decision ; whereas to this end it must be informed in particular of the amount and apportionment of the payments,

HAS ADOPTED THIS DECISION :

Article 1

The Government of the Kingdom of Belgium is hereby authorized to grant the Belgian coal mining industry aids totalling Bfrs 4 653 million for the 1974 calendar year.

Bfrs 150 million of this amount are intended for the financing of investment projects, Bfrs 50 million for the removal of underground water which has entered the Espérance and Bonne Fortune pit and Bfrs 4 453 million to cover operating losses.

Article 2

The Government of the Kingdom of Belgium shall notify the Commission in full detail by 15 November 1975 of the aids granted pursuant to this Decision, and in particular the amounts paid and the manner in which they are apportioned.

Article 3

This Decision is addressed to the Kingdom of Belgium.

Done at Brussels, 10 July 1975.

For the Commission

The President

François-Xavier ORTOLI