COMMISSION DECISION

of 17 December 1975

approving aids to be granted by the French Republic for the benefit of undertakings in the coal industry in respect of 1975

(Only the French text is authentic)

(76/214/ESCS)

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 3/71/ECSC of 22 December 1970 on Community rules for interventions by Member States for the benefit of the coal industry [1],

Having regard to Decision 73/287/ECSC of 25 July 1973 on coking coal and coke [2], and in particular Article 9 (1) thereof,

Having consulted the Council,

Whereas the French Government has informed the Commission, pursuant to Article 2 of Decision 3/71/ECSC, of the financial measures which it proposes to implement directly or indirectly for the benefit of the coal industry in respect of 1975; whereas the following measures should be authorized pursuant to the aforementioned Decision;

Whereas the French Government proposes to grant to Charbonnages de France in respect of the year 1975 aid amounting to FF 278 million to cover exceptional costs of reconversion; whereas the aid represents a reimbursement of the cost of social measures implemented by Charbonnages de France for the benefit of redundant or prematurely retired miners;

Whereas the French Government also proposes to grant to Charbonnages de France in respect of 1975 aid amounting to FF 682 400 000 which should, in its opinion, permit the economic restructuring of the coalfields to be carrid out at an appropriate rate;

Whereas the French Government also proposes to grant to Charbonnages de France additional aid in respect of 1975 amounting to FF 123 million to cover outstanding or newly-arising financial losses; whereas this aid is paid not to the coalfields but only to the central administration of Charbonnages de France to cover outstanding losses incurred by the central administration and/or to prevent such losses increasing as a result of expenditure on interest on new loans; whereas the central administration of Charbonnages de France has been obliged to take out loans as its financial means were insufficient to meet its current obligations, even after the grant of aid;

Whereas the aforementioned aids are in accordance with the criteria laid down in Articles 6 and 9 of Decision 3/71/ECSC for the admissibility of such State assistance;

Whereas the aid to cover exceptional cost of conversion represents a reimbursement of non-operating expenditure borne by Charbonnages de France on behalf of the French Government to enable social measures for the benefit of reduction or prematurely retired miners to be implemented in a more rational way; whereas the following expenditure is proposed for 1970 in respect of miners made redundant because of pit closures: FF 43 million; in respect of prematurely retired miners: FF 169 million; in respect of compensation to retired miners under the CAN scheme: FF 60 million; and in respect of the reimbursement of heating costs of prematurely retired miners: FF 6 million;

Whereas these social measures relate to persons no longer engaged in mining; whereas the aid is designed to cover expenditure not directly connected with the production and marketing of coal; whereas the aid is therefore in accordance with the provisions of Article 6 (1) (1) of Decision 3/71/ECSC;

Whereas the aid, amounting to FF 805 400 000, proposed by the French Government for 1975 to cover losses (of which FF 682 400 000 is to cover the coalfields' operating losses and FF 123 million to cover the losses sustained by the central administration of Charbonnages de France) will be lower than the operating losses that are expected to be incurred by Charbonnages de France; whereas the

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[1] OJ No L 3, 5. 1. 1971, p. 7.
[2] OJ No L 259, 15. 9. 1973, p. 36.

aid should be correspondingly reduced if the operating losses decrease in 1975 as a result of further price increases for French coal; whereas, according to these criteria, the aid complies with the provisions of Article 9 (2) of Decision 3/71/ECSC;

Whereas no basic improvements are expected to occur in the economic and social conditions of the French coalfields between 1974 and 1975; whereas a temporary maintenance of production will also help to avoid transitory supply bottlenecks in view of the general energy supply problems; whereas the aid to cover operating losses is therefore also in accordance with Article 9 (1) of Decision 3/71/ECSC;

Whereas the aid proposed by the French Government for 1975 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 and 9 of Decision 3/71/ECSC yields a figure of FF 46·69 (7·75 u.a.) per metric ton produced and is thus relatively high in comparison with the aids for the German and British coal industries;

Whereas these conclusions are based on the following findings:

— no adverse effect on trade in coal between France and the other Member States is expected;

— no price alignment agreements are expected for French coal in 1975;

— industrial consumers of coal will receive no indirect aid in 1975 as a result of the prices of French coking coal and boiler coal;

— the closure of two unprofitable pits will lead to rationalization and the concentration of production on pits where productivity is highest;

Whereas it may be concluded from the trends described above that the competitive position of the French coal industry will not change in 1975, either as regards the relative positions of the individual French coalfields or as regards their position *vis-à-vis* the other Community coalfields;

Whereas this applies even when account is taken of those aids paid to the coal mines under Decision 73/287/ECSC;

Whereas, pursuant to Article 11 (1) of Decision 3/71/ECSC, the Commission must satisfy itself that the approved aids are employed for the purposes set out in Articles 6 and 9 of that Decision; whereas in order to do so the Commission must be notified in particular of the amount of the aid and of the manner in which it is apportioned,

HAS ADOPTED THIS DECISION:

Article 1

The Government of the French Republic is hereby authorized to grant to the coal industry in respect of the calendar year 1975, the following aids:

(a) FF 278 million to cover exceptional costs of reconversion;

(b) FF 682 400 000 to cover operating losses;

(c) FF 123 million to cover the losses sustained by the central administration of Charbonnages de France.

The aids mentioned under (b) and (c) should not be greater than the effective production losses.

Article 2

The French Republic shall notify the Commission by 30 April 1976 of details of the aids granted pursuant to this Decision, in particular as regards the amounts paid and the manner in which such amounts are apportioned.

Article 3

This Decision is addressed to the French Republic.

Done at Brussels, 17 December 1975.

For the Commission

Henri SIMONET

Vice-President