COMMISSION DECISION

of 23 September 1977

approving aids from the Federal Republic of Germany to the coal-mining industry during the year 1976

(Only the German text is authentic)

(77/623/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 528/76/ECSC of 25 February 1976 regarding the Community system of measures taken by the Member States to assist the coal-mining industry [1],

Having consulted the Council,

Whereas the Government of the Federal Republic of Germany has informed the Commission, pursuant to Article 2 of the Decision, of the financial measures which it intends to implement directly or indirectly for the benefit of the coal industry in 1976; whereas of these measures the following may be approved pursuant to that Decision:

	million DM
Investment aids to individual projects under an investment programme	273·0
Premiums to shift-paid workers and piece workers for each shift worked underground	115·0
Aid for development and innovation (testing and trial of new equipment) in the coal-mining industry	32·8
Aid for the building of long-term stockpiles	80·0
Payment of the instalments owed by RAG in respect of State-guaranteed compensation to the former mine-owning companies	67·2

Whereas these aids meet the criteria laid down in the Decision for the admissibility of such state assistance;

Whereas the investment of DM 273 000 000 is proposed for investment projects for mines, coking plants, briquette works and pit-head power stations; whereas the percentage of all investment covered by investment aid is between 25 and 30 %;

Whereas the investment aid can be assessed favourably in the framework of the Community's new coal-policy, for it promotes the long-term stabilization of production in German coalfields; whereas the aid is in accordance with Article 7 (1) of the Decision;

Whereas, having regard to the purpose and amount of the aid in question, it is clear that, pursuant to Article 7 (5) of the Decision, the Federal Government must notify the Commission at least once a year, in respect of each project in the programme which it has decided to carry out, of the aims pursued, the sums invested and the amounts of the aid;

Whereas the aid towards the payment of the coal-winning premium helps the coal industry to secure a stable skilled workforce, which is imperative if its productivity is to increase; whereas the undertakings moreover incur expenditure on the necessary recruitment, training, retraining and retention of workers which is several times the amount of aid in the form of this premium;

Whereas the purpose and amount of the coal-winning premium show that this measure is compatible with Article 8 of the Decision;

Whereas the aid of DM 32 800 000 to encourage innovation should ensure that research results are used in the production process as soon as possible; whereas the aid covers just half of the costs incurred by the undertakings and is granted for individual projects which promise to be of tangible economic benefit to the coal-mining industry in the medium term; whereas the purpose and amount of the aid show that this measure is compatible with Article 7 (2) of the Decision;

[1] OJ No L 63, 11. 3. 1976, p. 1.

Whereas the aid of DM 80 000 000 for the build-up of long-term stockpiles of coal and coke is a new measure by the Federal Government; whereas the Government has decided that a coke and coal reserve of 10 million tonnes is to be built up to increase the long-term security of energy supply; whereas, to this end, the emergency association of German mining industries has purchased 10 million tonnes of coal and coke; whereas the aid proposed by the German Government for this purpose only covers storage and depreciation costs up to a maximum of 30 %;

Whereas the purpose and amount of the aid show that this measure is compatible with Article 10 of the Decision;

Whereas provision has been made for 1976 for the public authorities to pay DM 67 200 000 in instalments as compensation to the former pit owners, who have a State-guaranteed claim to compensation against Ruhrkohle AG (RAG); whereas the public authorities have been called upon to meet this guarantee, as the financial position of RAG precludes its paying of DM 67 200 000; whereas statistics on the costs and revenue in respect of RAG mining operations in 1976 show that costs were slightly higher than revenue after adding in depreciation and interest on own invested capital; whereas the resulting operating losses are higher than the amount of aid;

Whereas, in Community terms, the Ruhr coalfield may be considered highly productive; whereas the aid, which is intended to prevent production losses reaching a level which could endanger undertakings, accordingly meets the criteria laid down in Article 12 (1) (2) of the Decision;

Whereas, in accordance with Article 3 (2) of the Decision the examination of the compatibility of the above-mentioned aids with the proper functioning of the common market must also extend to all other financial measures to support current production in 1976;

Whereas on this basis the total cost of the proposed measures amounts to 223 500 000 European units of account i.e. 2·38 European units of account per tonne produced; whereas, compared with other Member States, current production in the Federal Republic of Germany is more heavily subsidized (per tonne) than in the United Kingdom and substantially less than in France and Belgium;

Whereas the following remarks can be made on the compatibility of these aids for current production with the proper functioning of the common market:

— owing to the large stocks of coal and coke on hand there have been no supply difficulties;

— exports of German coal to the other Member States fell slightly compared with 1975, as cyclic conditions in the steel industry improved only marginally;

— no price alignment agreements were entered into in 1976;

— industrial consumers of coal received no indirect aid in 1976 as a result of the prices of German coking coal and steam coal;

— rationalization of production in 1976 took the form of heavy investment and the closure of two unprofitable pits;

Whereas, it may therefore be concluded that the German aids for current production in the coal industry are compatible with the proper functioning of the common market;

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

Whereas, pursuant to Article 14 (1) of the Decision, the Commission must ensure that the aids authorized are used for the purposes set out in Articles 7 to 12 of that Decision; whereas the Commission must be informed in particular of the amount of the aids and of the manner in which they are apportioned,

HAS ADOPTED THIS DECISION:

Article 1

The Government of the Federal Republic of Germany is hereby given approval for the following aids to the coal industry during the calendar year 1976:

1. grant of investment aid in an amount not exceeding DM 273 000 000 to undertakings in the coal industry in order to increase investment;

2. payment of premiums to shift-paid workers and piece workers for each shift worked underground, up to a maximum of DM 115 000 000;

3. promotion of development and innovation up to a maximum of DM 32 800 000;

4. assumption of responsibility for instalments owed by RAG in respect of State-guaranteed compensation to the former mine-owning companies, up to a maximum of 67 200 000 DM;

5. aid in an amount not exceeding DM 80 000 000 for the build-up of long-term stockpiles.

Article 2

The Federal Government shall notify the Commission by 30 November 1977 of details of the aids granted pursuant to this Decision, and in particular of the amounts paid and the manner in which they are apportioned.

Article 3

This Decision is addressed to the Federal Republic of Germany.

Done at Brussels, 23 September 1977.

For the Commission

Guido BRUNNER

Member of the Commission