COMMISSION DECISION

of 23 September 1977

approving aids from the Kingdom of Belgium to the coal-mining industry during the year 1976

(Only the French and Dutch texts are authentic)

(77/624/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 Belgian Government has informed the Commission, pursuant to Article 2 of Decision No 528/76/ECSC, of the financial measures which it intends to take during the year 1976 in order to give direct or indirect support to the coal-mining industry; whereas, of these measures, the following aids qualify for approval pursuant to that Decision;

Whereas in 1976 the Belgian Government intends to grant aids totalling Bfrs 241 300 000 for investment financing, comprising Bfrs 230 000 000 for the Campine coalfield and Bfrs 11 300 000 for the Sud coalfield; whereas the aid for the Campine coalfield is intended to cover depreciation, thereby enabling the coalfield to maintain production of coking coal, which is important to the Belgian steel industry; whereas the investment aid for the Sud coalfield will enable this coalfield to effect only such repairs as are most needed if the technical safety of the pits is not to be endangered;

Whereas the investment aid is therefore compatible with Article 7 (1) of the Decision;

Whereas the Belgian Government has also made provision for stockpiling aid totalling Bfrs 467 500 000 for the Campine coalfield; whereas in 1976 the stocks held by this coalfield reached some 1 300 000 tonnes, of which 800 000 tonnes are to be regarded as qualifying for aid (Article 9 (2) of the Decision); whereas the rate of aid per tonne is therefore Bfrs 584; whereas costs (including depreciation and interest) can be estimated at Bfrs 640 per tonne; whereas the stockpiling aid is therefore in accordance with Article 9 of the Decision;

Whereas, lastly, the Belgian Government intends to grant aid totalling Bfrs 4 979 400 000 to cover the pit operating losses of the Belgian coal-mining industry; whereas the Campine coalfield should receive aid in order to offset part of the difference between costs and returns, coking coal aid of Bfrs 1 606 000 000 having been taken into consideration (Article 12 (5) of the Decision); whereas it is necessary for the difference between costs and returns to be covered almost completely because the coalfield helps to guarantee the supply of coking coal to the Community steel industry and must therefore maintain its production; whereas the purpose and amount of the aid to cover the pit operating losses of the Campine coalfield are therefore in accordance with Article 12 (1) (2) of the Decision;

Whereas, on the other hand, the Sud coalfield should be granted aid in respect of pit operating losses to cover about 80 % of the difference between costs and returns, so that the proposed closure of this coalfield by 1980 can take place without serious economic and social disturbances in the redeployment of the redundant miners; whereas in 1976 two pits were closed in the Sud coalfield, affecting some 1 500 miners; whereas the purpose and type of the aids to cover pit operating losses of the Sud coalfield are therefore compatible with Article 12 (1) (2);

Whereas, pursuant to Article 3 (2) of the Decision, all other measures to assist current production in 1976 must be taken into consideration for an examination of the compatibility of the proposed aids with the proper functioning of the common market;

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

Whereas, on this basis of assessment, the total amount of aid proposed is 177 600 000 European units of account, i.e. 23·68 European units of account per tonne; whereas this figure is exceptionally high compared with that for the other Member States of the Community;

Whereas the following observations can be made on the compatibility of the proposed current production aids with the proper functioning of the common market:

— owing to the large stockpiles, there were no supply difficulties in 1976;
— there was no adverse effect on trade in coal between Belgium and the other Member States in 1976;
— the closure of two unprofitable pits will result in rationalization and the concentration of production on pits where productivity is highest;
— the prices of Belgian boiler coal in 1976 did not result in indirect aid to industrial consumers of coal;
— in the first half of 1976 the prices of Belgian coking coal matched the prices of US coking coal under long-term contracts;

Whereas there was a development in July 1976 which did not reflect the price trend for US coking coal imported under long-term contracts; whereas the rebates on the prices of Belgian coking coal granted to the Belgian steel industry were raised in the summer of 1976, although there had been little change in the prices of US coking coal imported under long-term contracts;

Whereas, as a result of the increase in the price rebates in the summer, in the second half of the year the Belgian steel industry paid prices lower than the guide cif price of Bfrs 2 335 per tonne set by the Commission;

Whereas, an application having been made for the Campine coalfield (coking coal supplier) for 1976 for investment aid totalling Bfrs 230 000 000, stockpiling aid totalling Bfrs 467 500 000 and loss-covering aid totalling Bfrs 2 250 200 000 pursuant to Decision No 528/76/ECSC and for coking coal aid totalling Bfrs 1 606 000 000 pursuant to Decision 73/287/ECSC, the aids applied for pursuant to Decision No 528/76/ECSC can be approved, this in no way prejudging the examination now in progress under Decision 73/287/ECSC of pricing problems concerning coking coal;

Whereas, pursuant to Article 14 (1) of Decision No 528/76/ECSC, the Commission has to ensure that any aid it approves is used exclusively for the purposes set out in Articles 7 to 12 thereof; whereas the Commission must therefore be informed in particular of the amount of the payments and the manner in which they are apportioned,

HAS ADOPTED THIS DECISION:

Article 1

The Government of the Kingdom of Belgium is hereby authorized in respect of the calendar year 1976 to grant the following aids to the Belgian coal-mining industry:

(a) for the financing of investment projects:
Campine coalfield, up to Bfrs 230 000 000,
Sud coalfield, up to Bfrs 11 300 000;

(b) for the covering of costs of stocks of coal and coke:
Campine coalfield, up to Bfrs 467 500 000;

(c) for the covering of pit operating losses:
Campine coalfield, up to Bfrs 2 250 200 000,
Sud coalfield, up to Bfrs 2 729 200 000.

Article 2

The Government of the Kingdom of Belgium shall notify the Commission by 30 November 1977 of details of the aids granted pursuant to this Decision, and in particular of the amount of the payments made and the manner in which they are apportioned.

Article 3

This Decision is addressed to the Kingdom of Belgium.

Done at Brussels, 23 September 1977.

For the Commission

Guido BRUNNER

Member of the Commission