COMMISSION DECISION

of 7 December 1978

approving aids from the French Republic to the coal-mining industry during 1978

(Only the French text is authentic)

(79/22/ECSC)

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

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,

I

Whereas the French Government has informed the Commission, pursuant to Article 2 of the abovementioned Decision, of the financial measures which it intends to implement directly or indirectly for the benefit of the coal industry during 1978 ; whereas, of these measures, the following may be approved pursuant to that Decision ;

Whereas the French Government intends to grant to Charbonnages de France for 1978 aid amounting to FF 2 229 900 000 in order to permit the economic restructuring of the coalfields to proceed in an appropriate manner ;

Whereas the French Government also proposes to grant to the central administration of Charbonnages de France in 1978 aid amounting to FF 200 000 000 to cover the charges incurred in borrowing transferred from the pits to the central administration of Charbonnages de France under the French Government's financial improvement scheme. Whereas this aid is paid not to the coalfields but only to the central administration of Charbonnages de France ;

Whereas the abovementioned aids meet the criteria laid down in the Decision for the admissibility of such State assistance ;

Whereas the aid of FF 2 429 900 000 proposed by the French Government for 1978 to cover losses (of which FF 2 229 900 000 is to cover the coalfields' losses on mining and FF 200 000 000 is to cover the losses sustained by the central administration of Charbonnages de France) will not be higher than the likely operating losses of Charbonnages de France ;

The following points are relevant in connection with aid to the individual coalfields :

1. In 1978, aid to the Nord/Pas-de-Calais and Centre-Midi coalfields will be calculated in such a way that, as a result of the closure of further pits, there will be a reduction in production, which will mean that some 2 800 fewer persons will be employed in the coal industry. The aids will prevent severe economic and social disruption in areas where there are not yet adequate opportunities for re-employment. The aids to these coalfields therefore comply with the provisions of subparagraph 1 of Article 12 (1) and Article 12 (2) of the Decision.

2. The output planning of the Charbonnages de France in the Lorraine coalfield aims at long-term stabilization, since the coking coal produced in this coalfield is important for supplying the steel industry. The aid granted for this purpose complies with subparagraph 2 of Article 12 (1) and Article 12 (3) of the Decision.

II

Whereas, in accordance with Article 3 (2) of the Decision, the examination of the compatibility of the proposed aids with the proper functioning of the common market must also extend to all other financial measures to support current production in 1978 ;

Whereas the sum of all these aids to support current production by the French coal industry is FF 439 200 000 or 21·98 European units of account per tonne, for 1978 ; whereas this is higher than corresponding German and United Kingdom aids but lower than Belgian aid ;

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

Whereas the following points must be made about the compatibility of the proposed aid with the proper functioning of the common market :

— there will be no supply difficulties on the French coal market in 1978,

— French coal exports to other Community countries will fall in 1978 compared with 1977,

— hardly any price alignment agreements were entered into for French coal in 1977,

— industrial consumers of coal will not receive indirect aid in 1978 as a result of the prices of French coking coal and steam coal,

— the closure of marginal pits in the Nord/Pas-de-Calais and Centre-Midi coalfield will result in rationalization and concentration of production on pits where productivity is highest ;

Whereas it may therefore be concluded that the aids proposed in 1978 for current production in the French coal industry are compatible with the proper functioning of the common market ;

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

III

Whereas, pursuant to Article 14 (1) of the Decision, the Commission must ensure that the aids authorized are 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 these payments and of the manner in which they are apportioned,

HAS ADOPTED THIS DECISION :

Article 1

The French Republic is hereby authorized to grant to the coal industry the following aids for 1978 :

(a) an amount not exceeding FF 2 229 900 000 to cover losses on mining ;

(b) an amount not exceeding FF 200 000 000 to cover the financial losses sustained by the central administration of Charbonnages de France.

The aids referred to in (a) and (b) above shall not exceed actual losses.

Article 2

The French Government shall notify the Commission by 31 March 1979 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 French Republic.

Done at Brussels, 7 December 1978.

For the Commission

Guido BRUNNER

Member of the Commission