COMMISSION DECISION

of 7 December 1978

approving aids from the Federal Republic of Germany to the coal-mining industry during 1978

(Only the German text is authentic)

(79/25/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 Government of the Federal Republic of Germany 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 in 1978; whereas, of these measures, the following may be approved pursuant to that Decision:

	million DM
— investment aids to individual projects under an investment programme	732·0
— aid for development and innovation (testing and trial of new equipment) in the coal-mining industry	99·8
— premiums to shift-paid workers and piece workers for each shift worked underground	112·0
— aid for the building of long-term security stocks	124·8

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

Whereas the investment of DM 732 000 000 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 more than 90 %;

Whereas in relation to the Community's new policy for coal, this 1978 investment aid, which increased sharply *vis-à-vis* 1977, is to be regarded as beneficial since it will promote the long-term stabilization of production in the German coalfields. The aid complies with the provisions of Article 7 (1) of the Decision;

Whereas the purpose and amount of the aid in question are such 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;

The sum of DM 99 800 000 to promote innovation is intended to ensure that research results are applied to production as quickly as possible. The aid is lower than the costs borne by the undertakings and is granted in respect of individual projects which, when completed, are likely to prove their economic worth to coal-mining in the medium term. The purpose and amount of this aid show that it is compatible with Article 7 (2) and (3) of the Decision;

Whereas the aid of DM 112 000 000 towards the payment of the coal-mining 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 124 800 000 for the build-up of long-term security stocks is a measure by the Federal Government 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 Federal Government for this purpose only covers part of the actual current cost of maintaining these stocks;

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

II

Whereas, in accordance with Article 3 (2) of the Decision the examination of the compatibility of the above-

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

mentioned aids with the proper functioning of the common market must also extend to all other financial measures to support current production in 1978 ;

Whereas on this basis the total cost of the proposed measures amounts to 752 400 000 European units of account i.e. 8·56 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 will be no supply difficulties in 1978,
— the level of exports of German coal to the other Member States will rise in 1978 compared with 1977,
— no price alignment agreements were entered into in 1977,
— industrial consumers of coal will not receive indirect aid in 1978 as a result of the prices of German coking coal and steam coal,
— rationalization of production in 1978 was achieved by heavy investment ;

Whereas it may therefore be concluded that the aids proposed in 1978 for current production in the German 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 Federal Republic of Germany is hereby authorized for the following aids to the coal industry during the calendar year 1978 :

1. grant of investment aid not exceeding DM 732 000 000 to undertakings in the coal industry in order to increase investment ;
2. promotion of development and innovation not exceeding DM 99 800 000 ;
3. payment of premiums to shift-paid workers and piece workers for each shift worked underground, not exceeding DM 112 000 000 ;
4. aid not exceeding DM 124 800 000 for the build-up of long-term security stocks.

Article 2

The Federal 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 Federal Republic of Germany.

Done at Brussels, 7 December 1978.

For the Commission

Guido BRUNNER

Member of the Commission