COMMISSION DECISION

of 19 December 1980

authorizing the Chamber of Coal Traders of the United Kingdom and the National Coal Board to establish an equalization fund to reduce the price of anthracite and anthracite briquettes originating from within the Community and from third countries

(Only the English text is authentic)

(80/1252/ECSC)

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Coal and Steel Community, and in particular the first paragraph of Articles 53 (a) and 65 (2) thereof,

Having regard to the joint application made by the Chamber of Coal Traders and the National Coal Board on 29 April 1980 for approval of a financial arrangement,

Having consulted the Consultative Committee and the Council,

Whereas :

I

Annual output of smokeless fuels for the domestic market in Great Britain is in the region of 4·5 million tonnes : there is nevertheless a shortfall of approximately 233 000 tonnes per annum of anthracite and anthracite briquettes. This is because, on the one hand, the National Coal Board, the leading United Kingdom coal producer, is unable, for internal technical and economic reasons, to meet demand and, on the other hand, certain consumers in the United Kingdom are showing greater interest in solid fuels as a result of the rise in the price of fuel oil. The National Coal Board has taken steps to fill the gap by increasing its output, but the additional extraction capacity needed for this purpose can become fully operational only after a few years.

Consequently the abovementioned supply deficiency can only be covered by solid fuels coming from the Community or from third countries. Their free-at-UK-port price, however, in the current year is on average £ 15 per tonne higher than that for comparable solid fuels produced in the United Kingdom. Consequently, those concerned have reason to believe that, if the shortfall or the price differential continues consumers will switch over to other forms of energy.

Were they to do so, the investments undertaken by the NCB would lose their value and the coal traders would lose part of their supply capacity. Those concerned are consequently planning to set up a joint financial arrangement to cover the market shortfall by making possible the supply of the fuels required and their sale in the United Kingdom. The plan will be implemented by means of a series of complementary measures :

1. United Kingdom importers are to be given an incentive to buy 158 000 tonnes of anthracite and anthracite briquettes for the United Kingdom market from Community and third countries by 31 March 1981.

2. The National Coal Board is, likewise by 31 March 1981, to have 75 000 tonnes of anthracite, unsuitable for household use, from its South Wales coalfields processed into briquettes in a Community country and is to reimport the marketable end-product (Fireglo) for sale to United Kingdom merchants outside South Wales. Buyers of these reimported products will refrain from asking the NCB to supply them with anthracite products up to the limit of their Fireglo purchases, leaving the former available for other dealers.

The aggregate 233 000 tonnes will be sold at prices corresponding at the ports of arrival to the prices for comparable fuels produced by the National Coal Board. The excess cost entailed by obtaining extra fuel under the plan is estimated at approximately £ 3 200 000, to be financed by a pool fed by a levy of 90 pence per tonne on the approximately 3 550 000 tonnes of smokeless fuel sold by the NCB up to 31 March 1981.

The fireglo is to be distributed under supply and purchase commitments entered into in advance by the National Coal Board and the merchants concerned, while the remaining 158 000 tonnes will be offered to all United Kingdom merchants outside South Wales by the Import Committee referred to below, in proportion to their Welsh anthracite supply agreements with the NCB.

These measures will be largely organized and implemented on its own responsibility by the Import Committee set up by those concerned, consisting of eight members appointed by the Chamber of Coal Traders and three members appointed by the NCB.

The Import Committee will, however, delegate to the NCB responsibility for dealing with matters such as generation of the necessary finance by means of surcharges on list prices, information to importers on the distribution of the fuels obtained under the scheme and reimbursement of extra costs incurred by importers in obtaining and reselling fuels at the lower prices.

Those concerned do not exclude the possibility that this financial arrangement may have to continue after 31 March 1981, in a form adjusted to the circumstances then prevailing.

II

The scheme improves the Community anthracite supply situation and will help to maintain and extend the necessary production capacity. The proposed measures are accordingly regarded as necessary for attaining the objectives set out in Article 3 of the Treaty. The agreements made for this purpose between those concerned satisfy the conditions for granting authorization laid down in Article 65 (2) of the Treaty. They may accordingly be authorized. Authorization should be granted on condition that the Commission is given an opportunity to monitor the practical implementation of the agreement,

HAS ADOPTED THIS DECISION :

Article 1

The agreements between the National Coal Board and the Chamber of Coal Traders, both in London, concerning the procurement of 233 000 tonnes of anthracite and anthracite briquettes for the distribution of those products and the financial arrangements to cover the difference between the price of the imported product and the price of the corresponding United Kingdom product are hereby approved for the period between 1 April 1980 and 31 March 1981.

Article 2

Authorization is granted on condition that the National Coal Board, the importers concerned and the Import Committee permit the Commission to carry out any investigations it deems necessary with regard to proper implementation of the agreements.

Article 3

This Decision is addressed to the Chamber of Coal Traders of the United Kingdom and the National Coal Board.

Done at Brussels, 19 December 1980.

For the Commission

Raymond VOUEL

Member of the Commission