COMMISSION DECISION

of 7 November 1980

approving aids from the French Republic to the coal-mining industry during 1979 and approving additional aids from the French Republic to the coal-mining industry during 1978

(Only the French text is authentic)

(80/1280/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 above Decision, of the financial measures which it intends to implement directly or indirectly for the benefit of the coal industry during 1979; 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 1979 aid amounting to FF 2 418 000 000 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 1979 aid amounting to FF 317 000 000 to cover the charges incurred in borrowing and 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 2 735 000 000 proposed by the French Government for 1979 to cover losses (of which FF 2 418 000 000, is to cover the coalfields' losses on mining and FF 317 000 000 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;

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

1. In 1979, 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 2 700 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 the first subparagraph 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 the second subparagraph of Article 12 (1) and Article 12 (3) of the Decision.

II

Whereas, under Article 3 (2) of the Decision, an 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 1979;

Whereas the sum of all these aids to support current production by the French coal industry is FF 477 300 000, or 25·66 European units of account per tonne, for 1979; whereas this is higher than

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

corresponding German and United Kingdom aids but lower than Belgian aid;

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

— there were no supply difficulties on the French coal market in 1979,

— French coal exports to other Community countries rose in 1979 compared with 1978,

— hardly any price alignment agreements were entered into for French coal in 1979,

— industrial consumers of coal did not directly receive aid in 1979 through the prices of French coking coal and steam coal,

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

Whereas it may accordingly be concluded that the aids proposed in 1979 for current production by the French coal industry are compatible with the proper functioning of the common market;

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

III

Whereas on 7 December 1978 the Commission of the European Communities adopted Decision 79/22/ECSC [1]; whereas that Decision authorized the aids which the French Government proposed to grant to the coal industry for 1978 provided they had been dealt with and examined by the Commission in the 'Memorandum on the financial aid awarded by the Member States to the coal industry in 1978' [2];

Whereas, as was stated in that memorandum, the French Government proposed to grant FF 2 429·9 million of aid under Decision No 528/76/ECSC to Charbonnages de France;

Whereas, in addition, the French Government in a written application dated 27 April 1979 requested permission to alter or to increase the aids originally proposed as follows:

(FF million)

	Original amount	Additional amount	Total
Cover for the losses by the central administration of Charbonnages de France	200·0	+ 117·0	317·0
Cover for coalfields' operating losses	2 229·9	+ 100·1	2 330·0
Total	2 429·9	+ 217·1	2 647·0
Coking coal aid	9·8	+ 1·2	11·0
Total	2 439·7	+ 218·3	2 658·0

Whereas Charbonnages de France must be viewed as a single undertaking for the purpose of assessing aid to its central administration, i.e. aids to the central administration and to the coalfields are classed together. According to the final balance sheet for 1978, total aid (FF 2 647 million) is FF 18 million less than Charbonnages de France's total losses;

(1) OJ No L 9, 13. 1. 1979, p. 31.
(2) Doc. COM(78)367 final p. A/12 ff.

Whereas aid to cover coalfields' losses can be broken as follows by coalfield:

(FF million)

	Nord/ Pas-de-Calais	Lorraine	Centre-Midi	Total
Original amounts	1 056·9	574·5	598·5	2 229·9
Additional amounts	− 63·9	+ 163·1	+ 0·9	+ 100·1
Total	993·0	737·6	599·4	2 330·0
Aid to cover interest paid by the central administration of Charbonnages de France				317·0
Total aid to cover operating losses				2 647·0
per tonne of production in FF				135·05

Whereas the overall amount of aid to current production in the French coal industry in 1978 is thus increased by FF 218·3 million.

Whereas the increase in French aid to cover coalfields' operating losses concerns the Lorraine coalfield only; whereas it was necessary for the following reasons:

— production costs per tonne rose more steeply in 1978 than originally forecast,

— returns per tonne increased only slightly in 1978 over 1977;

Whereas, for the above reasons, operating losses increased. The increase in aid covers only part of the operating losses in 1978 and is hence compatible with the second subparagraph of Article 12 (2) of the Decision;

Whereas it should also be noted that coking coal from this coalfield is essential to the steel industry's supply and hence complies with the second subparagraph of Article 12 (1) and Article 12 (3) of the Decision.

IV

Whereas the following remarks must be made in respect of the compatibility of the total amount of French aids to support current production with the proper functioning of the common market:

— there has been no decline in trade in coal between France and the other Community countries,

— industrial users of coking coal and steam coal did not receive indirect aids as a result of artificially low prices of French coal;

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

V

Whereas, pursuant to Article 14 (1) of the Decision, the Commission must satisfy itself that the approved aids are used exclusively for the purposes set out in Articles 7 to 12 of that Decision; whereas, consequently, the Commission is to be notified in particular of the amount of the aid and the manner in which it is apportioned,

HAS ADOPTED THIS DECISION:

Article 1

The French Republic is hereby authorized to grant to the coal industry the following aids for 1979:

(a) an amount not exceeding FF 2 418 000 000 to cover losses on mining;

(b) an amount not exceeding FF 317 000 000 to cover the financial losses sustained by the central administration of Charbonnages de France.

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

(a) an amount not exceeding FF 117 000 000 to cover the financial losses sustained by the central administration of Charbonnages de France;

(b) an amount not exceeding FF 100 100 000 to cover losses on mining.

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

Article 2

The Government of the French Republic shall notify the Commission by 31 December 1980 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 November 1980.

For the Commission

Guido BRUNNER

Member of the Commission