COMMISSION DECISION

of 11 February 1988

approving aid from Belgium to the coal industry during 1988

(Only the French and Dutch texts are authentic)

(88/178/EEC)

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Coal and Steel Community,

Having regard to Commission Decision No 2064/86/ECSC of 30 June 1986 establishing Community rules for State aid to the coal industry [1],

Whereas :

I

In its communications of 12 October and 5 November 1987 the Belgian Government informed the Commission, pursuant to Article 9 (2) of Decision No 2064/86/ECSC, of the financial measures it intends to take during 1988 in order to give direct or indirect support to the coal industry. The following financial aid is submitted for the approval of the Commission under the above Decision :

	(in million Bfrs)
— Aid to cover operating losses :	6 151,6
— Aid to sales of coal and coke to the iron and steel industry of the Community :	1 954,1
— Investment aid :	600,0
— Aid to maintain a qualified work-force of underground staff :	3,0

The aid totalling Bfrs 6 151 600 000 to cover operating losses will be granted to the Campine coalfield for a volume of 2 245 000 tonnes of production in order to cover part of the difference, for each tonne produced, between foreseeable average costs and the foreseeable average returns. The aid will cover 93 % of the anticipated operating losses and hence complies with the conditions of Article 3 (1) of the Decision.

The aid to cover operating losses is aimed at phasing the closure of certain pits. In accordance with the third indent of Article 2 (1) of the Decision this contributes to solving the social and regional problems related to developments in the coal industry.

In accordance with Article 12 of the Decision, coal undertakings shall be authorized, where necessary, to grant rebates on their list prices or production costs, for deliveries of coking coal, blast-furnace coke and coal for injection into blast-furnaces for the iron and steel industry of the Community under long-term contract; these rebates must not cause the delivered prices of Community coal and coke to work out lower than those which would be charged for coal from non-member countries and coke made from non-member country coking coal.

According to the Belgian Government, the aid to sales of coking coal, blast-furnace coke and coal for injection into blast-furnaces for the iron and steel industry of the Community, totalling Bfrs 1 954 100 000, will make up the difference between world market prices and production costs for 675 000 tonnes. The aid therefore conforms to Article 4 of the Decision.

The sales aid for supplies of coal, blast-furnace coke and coal for injection into blast-furnaces for the iron and steel industry of the Community is intended to phase the closure of certain pits. In accordance with the third indent of Article 2 (1) of the Decision, this contributes to solving the social and regional problems related to developments in the coal industry.

The investment aid totalling Bfrs 600 000 000 is intended for the construction of a fluidized-bed power station. It will cover 50 % of the total investment of Bfrs 1 200 000 000. The aid conforms to Article 5 (1) and (2) of the Decision.

Under Article 5 (3) of the Decision the Belgian Government must inform the Commission at least once a year of the objectives of each programme, of the amount of investment expenditure assigned and the amount of aid involved.

The aid granted to maintain a qualified work-force of underground staff is a long-standing specific measure which is conducted separately from the aid pursuant to Articles 3, 4 and 5 of the Decision. The aid therefore conforms to Article 6 of the Decision.

The object of the measure is to maintain a qualified work-force for the purpose of rationalization measures in order to improve the coal industry's competitiveness in accordance with the first indent of Article 2 (1) of the Decision.

[1] OJ No L 177, 1. 7. 1986, p. 1.

II

The following observations should be made on the compatibility of the proposed aid to current production with the proper functioning of the common market:

— there are unlikely to be supply difficulties in 1988 in view of pithead stocks of coal and coke,
— deliveries of Belgian coal to other Community countries are very small,
— price alignment agreements with respect to Community producers are unlikely to arise in 1988,
— Belgian coal prices should not lead to indirect aid to industrial coal users in 1988.

Therefore the aid to be granted to the current production of the Belgian coal industry in 1988 is compatible with the proper functioning of the common market.

III

Pursuant to Article 11 (2) of the Decision, the Commission must ensure that the direct aid to current production which it approves is used exclusively for the purposes set out in Articles 3 to 6 thereof. The Commission must therefore be informed in particular of the amounts of the payments and the manner in which they are apportioned,

HAS ADOPTED THIS DECISION:

Article 1

Belgium is hereby authorized to grant aid totalling Bfrs 8 708 700 000 to the Belgian coal industry with effect from 1 January 1988 for the 1988 calendar year. The total amount shall be made up of the following aid:

1. Aid to cover operating losses not exceeeding Bfrs 6 151 600 000;
2. Aid to sales of coal and coke to the iron and steel industry of the Community not exceeding Bfrs 1 954 100 000;
3. Investment aid not exceeding Bfrs 600 000 000;
4. Aid to maintain a qualified work-force of underground staff not exceeding Bfrs 3 000 000.

Article 2

The Belgian Government shall inform the Commission not later than 30 June 1989 of the actual amounts of aid paid in 1988.

Article 3

This Decision is addressed to the Kingdom of Belgium.

Done at Brussels, 11 February 1988.

For the Commission
Nicolas MOSAR
Member of the Commission