COMMISSION DECISION

of 14 October 1988

approving aid from Portugal to the coal industry during 1988

(Only the Portuguese text is authentic)

(88/558/ECSC)

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

By letters of 29 April, 16 May and 1 August 1988 the Portuguese 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 to give direct or indirect support to the coal industry. Aid to cover operating losses totalling Esc 279 965 000 is submitted for the approval of the Commission under the above Decision.

This aid will cover the difference between projected average costs and projected average revenue for each tonne produced. The aid will not exceed expected operating losses and hence complies with the conditions of Article 3 (1) of the Decision.

The purpose of the aid is to prevent premature pit closures and forms part of a regional industrial diversification policy. It hence contributes to solving the social and regional problems related to developments in the coal industry, in accordance with the third indent of Article 2 (1).

II

The following observations should be made on the compatibility of the proposed aid to current production in 1988 with the proper functioning of the common market :

— there are unlikely to be supply difficulties in 1988,

— Portuguese coal prices should not, in principle, lead to indirect aid to coal users in 1988.

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

III

Pursuant to Article 11 (2) of Decision No 2064/86/ECSC, the Commission must ensure that the direct aid to current production which it authorizes is used exclusively for the purposes set out in Articles 3 to 6 thereof. The Commission must therefore be informed of the amounts of payments and the manner in which they are apportioned.

HAS ADOPTED THIS DECISION :

Article 1

Portugal is hereby authorized to grant aid to cover operating losses totalling Esc 279 965 000 to the coal industry with effect from 1 January 1988 for the 1988 calendar year.

Article 2

The Portuguese Government shall inform the Commission by 30 June 1989 of the actual amounts of aid paid in 1988.

Article 3

This Decision is addressed to the Portuguese Republic.

Done at Brussels, 14 October 1988.

For the Commission

Nicolas MOSAR

Member of the Commission

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