COMMISSION DECISION

of 24 January 1989

approving aid from Spain to the coal industry during 1989

(Only the Spanish text is authentic)

(89/102/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 22 September and 13 October 1988, the Spanish Government informed the Commission, pursuant to Article 9 (2) of Decision No 2064/86/ECSC, of the financial measures it intends to take during 1989 in order to give direct of indirect support to the coal industry. The following aid is submitted for the approval of the Commission pursuant to the abovementioned Decision :

	(Pta, million)
— aid to cover operating losses	48 358,9
— aid to sales of coal and coke to the Community iron and steel industry	2 585,0
— aid to promote innovation	615,0
— aid to the mining environment	125,0.

Aid totalling Pta 48 358 900 000 to cover operating losses has been granted to the Hunosa, Figaredo, Hullasa and La Camocha undertakings in respect of total production of 4 284 000 tonnes to cover the difference for each tonne produced between projected average costs and projected average revenue. This aid will not exceed expected operating losses and hence complies with Article 3 (1) of the Decision.

The aid to cover operating losses is intended to facilitate the process of rationalization in the coal industry by staggering pit closures under a regional industrial conversion policy. It thereby helps solve the social and regional problems related to developments in the coal industry in accordance with the third indent of Article 2 (1) of the Decision.

Pursuant to Article 12 of the Decision, coal undertakings are authorized to grant rebates on their list prices or production costs for deliveries of coking coal, coke and coal for injection into blast furnaces in the Community iron and steel industry under long-term contract. These rebates must not cause the delivered prices of Community coke and coal to work out lower than those which would be charged for coal from non-member countries and coke manufactured from coal from non-member countries.

The aid totalling Pta 2 585 000 000 for supplying coking coal, coke and coal for injection into blast furnaces in the Community iron and steel industry covers the difference between world market prices and production costs for an output of 397 000 tonnes. This aid is hence compatible with Article 4 of the Decision.

The aid for supplying coking coal, coke and coal for injection in blast furnaces in the Community iron and steel industry is intended to facilitate the process of rationalization in the coal industry by staggering pit closures under a regional industrial conversion policy. It thus helps solve the social and regional problems related to developments in the coal industry, in accordance with the third indent of Article 2 (1).

The Spanish Government plans to grant aid to promote innovation in the coal industry in 1989. This aid amounting to Pta 615 million, will be divided among the following coal fields : Central Asturiana, Bierzo-Villablino, Narcea, León-Este, Palencia, Aragón, Catalonia and the Balearic Islands.

This aid is intended to ensure that research results find practical applications in production as quickly as possible.

The aid has to be notified to the Commission pursuant to Article 9 (2) and Annex 2 (b) of the Decision as 'other' measures. Such measures have to be assessed in accordance with Article 10 (2) of the Decision.

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

The Commission has made the examination provided for in Article 67 of the ECSC Treaty and has reached the conclusion that the aid to promote innovation does not confer on the Spanish coal industry any particular competitive advantage which is incompatible with the common market.

This measure will help improve the competitiveness of the coal industry, in accordance with the first indent of Article 2 (1) of the Decision.

The Spanish Government plans to grant aid of Pta 125 000 000 to improve the environment in the coal industry in 1989. This aid concerns restoration of spoil heaps and water purification. The aid to the mining environment is intended to enhance the quality of the environment in the areas concerned.

This aid has to be notified to the Commission pursuant to Article 9 (2) and Annex 2 (b) of the Decision as 'other' measures. Such measures have to be assessed in accordance with Article 10 (2) of the Decision.

The Commission has made the examination provided for in Article 67 of the ECSC Treaty and has reached the conclusion that the aid to the mining environment does not confer on the Spanish coal industry any particular competitive advantage which is incompatible with the common market.

This measure will contribute to the implementation of the environment policy objectives laid down by the Commission of the European Communities.

II

Pursuant to Article 11 (2) of Decision No 2064/86/ECSC, 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 of the amounts of payments and the manner in which they are apportioned,

HAS ADOPTED THIS DECISION:

Article 1

Spain is hereby authorized to grant aid totalling Pta 51 683 900 000 to the Spanish coal industry with effect from 1 January 1989 for the 1989 calendar year.

The total amount shall be made up of the following items:

1. an amount not exceeding Pta 48 358 900 000 in aid to cover operating losses;
2. an amount not exceeding Pta 2 585 000 000 in aid for the sale of coal and coke to the Community iron and steel industry;
3. an amount not exceeding Pta 615 000 000 in aid to promote innovation;
4. an amount not exceeding Pta 125 000 000 in aid to the mining environment.

Article 2

The Spanish Government shall inform the Commission at the latest by 30 June 1990 of the actual amounts of aid paid in 1989.

Article 3

This Decision is addressed to the Kingdom of Spain.

Done at Brussels, 24 January 1989.

For the Commission

António CARDOSO E CUNHA

Member of the Commission