II

(Acts whose publication is not obligatory)

COMMISSION

COMMISSION DECISION

of 28 March 1990

approving aid from France to the coal industry

(Only the French text is authentic)

(91/419/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

In its letter of 15 December 1989 the French Government informed the Commission, pursuant to Article 9 (2) of Decision No 2064/86/ECSC, of a financial measure it intends to take to give direct support to current production in the coal industry in 1990.

The following aid is submitted for the approval of the Commission pursuant to the abovementioned Decision :

— FF 1 149 000 000 to cover operating losses pursuant to Article 3 of the Decision.

According to the notification from the French Government, the purpose of the aid is to contribute towards solving social and regional problems and thereby facilitate the restructuring of the coal industry in France.

The measure which the French Government intends to take to support the coal industry complies with Article 1 (1) of the abovementioned Decision. Consequently, pursuant to Article 10 of the Decision, the Commission must determine whether the measures are compatible with the objectives and criteria laid down in the Decision and with the proper functioning of the common market.

II

The rationalizing and restructuring plan implemented in the French coal industry, necessitated by the long-term unprofitability of a number of pits, has brought about a 32 % reduction in coal production since 1986 and a marked improvement in productivity and production costs. This plan will lead to concentrate production in Lorraine in the mines which are most likely to be profitable and gradually to close down pits in Nord/Pas-de-Calais by end 1991 and subsequently the underground mines in Centre-Midi.

Over the last few years the amount of aid granted to the French coal industry has been reduced appreciably. The aid covered by this Decision is almost 70 % down on 1986.

III

Aid to cover operating losses allows the coal industry restructuring programme to continue and helps to improve the industry's competitiveness in the long term.

The proposed aid will cover only 41 % of the cost of each tonne produced, the difference between forseeable average costs and foreseeable average returns, and thereby meets the criteria set out in Article 3 (1) of the Decision.

(1) OJ No L 177, 1. 7. 1986, p. 1.

Since the measure is on a declining scale and contributes to the restructuring of the industry, it satisfies the objectives and conditions laid down in Article 2 of the Decision.

In the light of the foregoing, the aid which the French Government plans to grant to the French coal industry, pursuant to Article 3 of Decision No 2064/86/ECSC, for current production in 1990 is compatible with the proper functioning of the common market.

This Decision applies without prejudice to the compatibility with the Treaties of arrangements or agreements governing sales of coal mined in France to electricity producers.

IV

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 of the amounts of the payments,

HAS ADOPTED THIS DECISION:

Article 1

The French Government is hereby authorized to grant to the coal industry for 1990 aid totalling FF 1 149 000 000 to cover operating losses.

Article 2

The French Government shall inform the Commission by 30 June 1991 of the amounts actually paid in the 1990 financial year.

Article 3

This Decision is addressed to the French Republic.

Done at Brussels, 28 March 1990.

For the Commission

António CARDOSO E CUNHA

Member of the Commission