COMMISSION DECISION

of 13 December 1994

authorizing the grant by the United Kingdom of aid to the coal industry

(Only the English text is authentic)

(Text with EEA relevance)

(94/1042/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 26 September 1994 and of 15 November 1994, the United Kingdom notified the Commission, in conformity with Article 9 (2) of Decision No 2064/86/ECSC, of financial measures it has taken in respect of the coal industry during the period 1986 to 1993.

The following aid is submitted for the approval of the Commission pursuant to Decision No 2064/86/ECSC:

— 1 390 000 pounds sterling to the private coal mining industry in the form of investment grants for the development of mines for the period 1986 to 1993.

Since the decision to grant the investment aid was taken prior to the 1 January 1994, the measure planned by the United Kingdom to support the coal industry complies with Article 1 (1) of Decision No 2064/86/ECSC. Consequently, pursuant to Article 10 thereof the Commission must determine whether the measure is compatible with the objectives and criteria laid down in that Decision and the proper functioning of the common market.

II

Under the terms of the Coal Industry Nationalization Act 1946, coal mining in the United Kingdom has been the responsibility of the State-owned National Coal Board and of its successor, the British Coal Corporation. Nevertheless, under Section 36 of the abovementioned Act, coal mining was permitted by the private sector under strict licensing arrangements with the British Coal Corporation.

The private coal mining sector in the United Kingdom has therefore been relatively restricted, consisting of very small drift mines or opencast sites generally situated in regions with economic difficulties and with high levels of unemployment. Total private sector coal production has historically been of the order of 3 % of the total UK output.

In 1984 the United Kingdom notified to the Commission amendments to the Regional Selective Assistance Scheme, which were approved by the Commission on 26 December 1984. This regional aid scheme is designed to enable projects to go ahead where these have good prospects of commercial viability, but where certain financial assistance, in the form of grants, is necessary for the project to proceed. It covers a wide range of activities, including projects and ventures in the coal sector.

In approving the Regional Selective Assistance Scheme, the Commission reminded the United Kingdom Government that the Community legislation and codes applicable to certain sectors of industry had to be observed in the implementation of the regional aid system. Any financial assistance which gives coal industry undertakings an economic advantage has to be assessed within the context of the ECSC Treaty and, in particular, under the provisions of Decision No 2064/86/ECSC.

The United Kingdom Government recognizes its oversight in not having previously sought Commission approval before committing itself to provide assistance to coal industry undertakings. Since all the measures were decided upon, and the budgetary commitments made, by the United Kingdom Government during the period 1986 to 1993, they will have to be evaluated under the provisions of the Decision then in force, namely Decision No 2064/86/ECSC.

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

III

The following aid has therefore been submitted for the approval of the Commission pursuant to Decision No 2064/86/ECSC:

— an investment grant of up to 70 000 pounds sterling to Caledon Coal Limited towards the reopening of a coal mine at Skares, near Cumnock, Ayrshire,

— an investment grant of up to 30 000 pounds sterling to Signal Fern Limited towards the development of a new coal mine at Cwmhwnt, Rhigos, Mid Glamorgan,

— an investment grant of up to 20 000 pounds sterling to New Parc Fuels Limited towards the development of a coal mine at Bryn Newydd, Port Talbot, West Glamorgan,

— an investment grant of up to 98 000 pounds sterling to Ffyonau Duon Mines Limited towards the development of a drift coal mine at Blaentillery, Blaenavon, Gwent,

— an investment grant of up to 75 000 pounds sterling to Cavendish Coal Company Limited towards the further development of the coal mine and the construction of a new coal preparation plant at Viaduct Mine, Glenbuck, near Muirkirk, Ayrshire,

— an investment grant of up to 75 000 pounds sterling to Coleston Mining Limited towards the further development and coalwashing facility at Craigman Mine, near Burnstone Cottage, Dalgig, New Cumnock, Ayrshire,

— an investment grant of up to 750 000 pounds sterling to Ryan Mining Limited towards the development of a drift coal mine at Pentreclwydau, Resolven, West Glamorgan,

— an investment grant of up to 20 000 pounds sterling to Perfect Skills Limited towards an expansion of mining activities at Rithan Colliery, Blanenau Gwent, Gwent,

— an investment grant of up to 12 000 pounds sterling to Venture Coal Limited towards reopening Pentre Colliery, Llanon, Dyfed,

— an investment grant of up to 100 000 pounds sterling to Ammanford Development Company Limited towards the development of a drift coal mine, washery and bagging plant at Glanaman, Dyfed,

— an investment grant of up to 60 000 pounds sterling to Blwch Ton Mining Company Limited towards plant, machinery and equipment to enable the reopening of the Blwch Ton coal mine at Resolven, West Glamorgan,

— an investment grant of up to 80 000 pounds sterling to Thomas Merthyr Limited towards the development of the Nant Melyn coal mine at Seven Sisters, Neath, West Glamorgan.

Aid for investment must be considered with regard to the objectives of Decision No 2064/86/ECSC, in particular those specified in Article 2 (1). The fact that the aid is a one-off payment for production sites which will then be economically competitive, without any further State aid, means that the measures contribute to creating new capacities that are economically viable. They are therefore compatible with the second indent of Article 2 (1) of Decision No 2064/86/ECSC.

The geographical location of these sites, in regions which are economically and socially disadvantaged, with high levels of unemployment, means that the measures contribute to solving the social and regional problems related to developments in the coal industry. They are therefore compatible with the third indent of Article 2 (1) of Decision No 2064/86/ECSC.

The aid measures will not, according to the United Kingdom's notification, exceed more than 50 % of the costs of the investment for each of the coal undertakings concerned nor do they exceed the minimum amounts of capital investment requiring prior notification provided for in High Authority Decision No 22/66 [1], as amended by Decision No 2237/73/ECSC [2]. They therefore comply with the provisions of the first and second indents of Article 5 (1) of Decision No 2064/76/ECSC.

The United Kingdom will ensure that the Regional Selective Assistance Scheme, in so far as it concerns the coal sector, does not lead to any discrimination, within the meaning of Article 4 (b) of the ECSC Treaty, between producers, between purchasers or between consumers.

IV

The aid measures covered by this Decision are therefore compatible with the proper functioning of the common market,

HAS ADOPTED THIS DECISION:

Article 1

The United Kingdom is hereby authorized to grant aid totalling 390 000 pounds sterling to the coal industry for the period 1986 to 1993.

— an investment grant of up to 70 000 pounds sterling to Caledon Coal Limited towards the reopening of a coal mine at Skares, near Cumnock, Ayrshire,

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[1] OJ No 219, 29. 11. 1966, p. 3728/66.
[2] OJ No L 229, 17. 8. 1973, p. 28.

— an investment grant of up to 30 000 pounds sterling to Signal Fern Limited towards the development of a new coal mine at Cwmhwnt, Rhigos, Mid Glamorgan,

— an investment grant of up to 20 000 pounds sterling to New Parc Fuels Limited towards the development of a coal mine at Bryn Newydd, Port Talbot, West Glamorgan,

— an investment grant of up to 98 000 pounds sterling to Ffyonau Duon Mines Limited towards the development of a drift coal mine at Blaentillery, Blaenavon, Gwent,

— an investment grant of up to 75 000 pounds sterling to Cavendish Coal Company Limited towards the further development of the coal mine and the construction of a new coal preparation plant at Viaduct Mine, Glenbuck, near Muirkirk, Ayrshire,

— an investment grant of up to 75 000 pounds sterling to Coleston Mining Limited towards the further development and coalwashing facility at Craigman Mine, near Burnstone Cottage, Dalgig, New Cumnock, Ayrshire,

— an investment grant of up to 750 000 pounds sterling to Ryan Mining Limited towards the development of a drift coal mine at Pentreclwydau, Resolven, West Glamorgan,

— an investment grant of up to 20 000 pounds sterling to Perfect Skills Limited towards an expansion of mining activities at Rithan Colliery, Blanenau Gwent, Gwent,

— an investment grant of up to 12 000 pounds sterling to Venture Coal Limited towards reopening Pentre Colliery, Llanon, Dyfed,

— an investment grant of up to 100 000 pounds sterling to Ammanford Development Company Limited towards the development of a drift coal mine, washery and bagging plant at Glanaman, Dyfed,

— an investment grant of up to 60 000 pounds sterling to Blwch Ton Mining Company Limited towards plant, machinery and equipment to enable the reopening of the Blwch Ton coal mine at Resolven, West Glamorgan.

— an investment grant of up to 80 000 pounds sterling to Thomas Merthyr Limited towards the development of the Nant Melyn coal mine at Seven Sisters, Neath, West Glamorgan.

Article 2

The United Kingdom shall inform the Commission annually of the payments made to the beneficiaries authorized pursuant to Article 1 of this Decision.

The United Kingdom shall also inform the Commission annually of the amount of investment expenditure assigned to each of the projects under consideration for aid, in conformity with Article 5 (3) of Decision No 2064/86/ECSC.

Article 3

This Decision is addressed to the United Kingdom.

Done at Brussels, 13 December 1994.

For the Commission

Marcelino OREJA

Member of the Commission