II

(Acts whose publication is not obligatory)

COMMISSION

COMMISSION DECISION

of 30 November 1994

authorizing the grant by the United Kingdom of aid to the coal industry for the year 1994

(Only the English text is authentic)

(Text with EEA relevance)

(94/999/EC)

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

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

Having regard to Commission Decision No 3632/93/ECSC of 28 December 1993 establishing Community rules for State aid to the coal industry [1], and in particular Articles 2 (1) and 9 thereof,

Whereas:

I

The United Kingdom notified the Commission by letter of 13 July 1994 of the financial support which it intends to grant to the coal industry in 1994, in accordance with Article 9 (1) of Decision No 3632/93/ECSC. By letter of 12 September 1994, the United Kingdom also submitted further information in response to the Commission's request of 9 August 1994.

In accordance with Decision No 3632/93/ECSC the Commission is required to take a decision on a specific financial measure, namely aid for the year 1994 totalling £ 230 000 granted to Monktonhall Mineworkers Ltd to cover operating losses.

The financial support, proposed by Lothian Regional Council, falls within the scope of Article 1 (1) of Decision No 3632/93/ECSC.

The Commission is therefore required to decide, in accordance with Article 9 of the Decision, whether the support is in conformity with the objectives and criteria of the Decision and is compatible with the proper functioning of the common market.

II

By Decision 94/574/ECSC [2], the Commission gave a favourable opinion on the conformity of the modernization, rationalization and restructuring plan notified by the United Kingdom with the general and specific objectives of Decision No 3632/93/ECSC.

In accordance with that same Decision, the Commission authorized the United Kingdom to carry over to the final

[1] OJ No L 329, 30. 12. 1994, p. 12.

[2] OJ No L 220, 25. 8. 1994, p. 12.

quarter of the 1993/94 financial year and to the 1994/95 financial year the provision authorized until 31 December 1993 for sums totalling respectively 2 187 759,71 and £ 116 354 577,43 so that the operating aid may cover the operating losses of underground coalmining undertakings, which include Monktonhall Mineworkers Ltd.

By notification of 13 July 1994, the United Kingdom submitted to the Commission the refinancing plan of Monktonhall Mineworkers Ltd. This plan aims to refinance the company and to open a second work face which should improve productivity and lead to a reduction in the cost of production per tonne.

By letter of 12 September 1994, the United Kingdom informed the Commission that Monktonhall Mineworkers Ltd forecast a negative result in its operating account of £ 1 115 554 for an estimated amount of 520 000 tonnes of coal produced. This loss can be explained by the poor results in the first half of the year before the technical and financial measures of the aforementioned plan had been implemented.

Operating aid totalling £ 230 000 aimed at covering operating losses must be evaluated in accordance with the aims of Decision No 3632/93/ECSC and particularly with those set out in Article 2 (1). Given coal prices on the international markets, this support will enable Monktonhall Mineworkers Ltd to make new progress towards economic viability and thus to stabilize in the future. The support will also help to solve social and regional problems created by reductions in the activity of production units in the Lothian area.

The proposed aid, together with that approved pursuant to Decision 94/574/ECSC, does not exceed, for each tonne produced, the difference between production costs and the average foreseeable revenue for the year 1994. It is therefore in compliance with the first indent of Article 3 (1) of Decision No 3632/93/ECSC.

The coal produced by Monktonhall Mineworkers Ltd will be largely bought by Scottish Power plc, under a contract covering the period 1 April 1993 to 31 March 1998. The amount of operating aid per tonne will not cause delivered prices for Community coal to be lower than those for coal of a similar quality from third countries. The aid must not entail distortions of competition between coal users. The United Kingdom supplied to the Commission the information required to calculate the forecast costs of production and receipts per tonne. The information notified by the United Kingdom Government has therefore allowed verification that the conditions of the third, fourth and fifth indents of Article 3 (1) of Decision No 3632/93/ECSC are met in full.

Aid to cover operating losses at Monktonhall Mineworkers Ltd aims to facilitate the modernization, rationalization and restructuring plan of the British coalmining industry.

In the light of the foregoing and on the basis of the information supplied by the United Kingdom, the proposed aid for current production at Monktonhall Mineworkers Ltd is compatible with the objectives of Decision No 3632/93/ECSC and with the proper functioning of the common market.

III

In accordance with the second indent of Article 3 (1) and Article 9 (2) and (3) of Decision No 3632/93/ECSC, the Commission will ensure that the aid authorized for current production complies with the aims set out in Articles 3 and 4 of the Decision. To this end, it must be informed of the amount paid and how it is distributed,

HAS ADOPTED THIS DECISION:

Article 1

The United Kingdom is hereby authorized to grant Monktonhall Mineworkers Ltd the sum of £ 230 000.

Article 2

The United Kingdom shall inform the Commission, before 30 September 1995 of the amount actually paid as a result of this Decision.

Article 3

This Decision is addressed to the United Kingdom of Great Britain and Northern Ireland.

Done at Brussels, 30 November 1994.

For the Commission

Marcelino OREJA

Member of the Commission