COMMISSION DECISION

of 19 July 1995

authorizing France to grant aid to the coal industry for 1994

(Only the French text is authentic)

(Text with EEA relevance)

(95/465/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 3632/93/ECSC of 28 December 1993 establishing Community rules for State aid to the coal industry [1], and particular Articles 2 (1) and 9 thereof,

Whereas :

I

In accordance with Article 9 (1) of Decision No 3632/93/ECSC, France notified the Commission by letter of 2 May 1994 of the financial aid which it proposed to grant to the coal industry for 1994.

France informed the Commission in its notification that it was not however in a position to communicate the activity-reduction plans referred to in Article 8 of the Decision, as the future of the French coal industry was still discussed within Charbonnages de France and by representatives from both sides of industry before being approved by the public authorities.

On 9 December 1994, France notifted the Commission of the board outlines of its plan to reduce activity in its coal industry.

In its letter dated 25 April 1995, France provided supplementary information.

Pursuant to Decision No 3632/93/ECSC, the Commission :

— is to give its opinion on the conformity of the coal industry's activity-reduction plan with the general and specific objectives of the Decision,

— is to give a ruling, for 1994, on the following financial measures :

  — aid aid to reduce activity, amounting to FF 1 962 million, to cover operating losses,

  — aid for research and development amounting to FF 15 million ;

  — aid to cover exceptional costs amounting to FF 4 032 million.

The financial measures envisaged by France in favour of its coal industry are in line with Article 1 of Decision No 3632/93/ECSC and pursuant to Article 9 have to be approved by the Commission which is to give a ruling in particular on the basis of the general objectives and criteria laid down in Article 2 and the specific criteria set out in Articles 4, 5 and 6 of the Decision. When it studies the measures with the plans that have been communicated.

II

The coal industry activity-reduction plan notified by France has to be examined in the light of the general objectives and criteria set out in Article 2 (1) and the specific criteria and objectives laid down in Article 4 of Decision No 3632/93/ECSC.

Aware of the economic and social impact of implementing Decision No 3632/93/ECSC, the French authorities, motivated by the desire for transparency and consultation embarked on a wide general debate with all sides involved in the coalmining sector.

This consultation process made it possible to reduce a common vision of the French coal industry's future and resulted in the drawing up and signing of a national pact for coal between Charbonnages de France and the trade union organizations.

This pact provides for the progressive cessation of coalmining by 2005. The acute nature of the social and regional problems did not enable the French authorities to adhere to the deadline of 2002 provided for in Decision No 3632/93/ECSC as the deadline for the closure plan.

Staggering the closures over a 10-year period should help to reduce the particularly sensitive social and regional problems in regions which have been affected by the restructuring of the coal industry for a number of years. By staggering the closures, it will be possible to enable a maximum number of workers to benefit from measures based on age between now and the year 2005.

[1] OJ No L 329, 30. 12. 1993, p. 12.

The precise ways in which these measures will be deployed are still being discussed by the various signatories of the pact.

The activity-reduction plan has been broken down between the two areas which are still active nowadays, namely the Lorraine and the Centre-Midi coalfields.

The closure of the Lorraine coalfield is planned for 2005, by which time the Decision will have expired. Given the economic and social situation of the eastern Moselle region, it appears necessary to carry on mining until that date. In accordance with the specific objectives of Article 4, aid aimed at covering production costs for the period 1994-95 will be part of a plan to progressively and continuously reduce activity and bring production down from 7,2 million tonnes in 1994 to approximately 3,5 million tonnes in 2002, while about 6 000 jobs will be shed during the same period.

As for the Centre-Midi coalfield, where the social and regional problems are just as acute, production should drop from 1 million tonnes in 1994 to less than 500 000 tonnes in 2002.

Given the above considerations, the activity-reduction plans notified by France satisfy the provisions of the second indent of Article 2 (1) of the Decision, namely, they contribute to solving the social and regional problems associated with the total or partial reduction of activity production units.

In the light of the above, the plans submitted by France are in conformity with the objectives and criteria set out in the Decision.

III

The sum of FF 1 962 million which France is proposing to grant the coal industry pursuant to Article 4 of Decision No 3632/93/ECSC is aimed at partially compensating Charbonnages de France for operating losses. This aid is part of the undertaking's activity-reduction plan, total cessation of activities being planned for 2005.

Given the exceptional social and regional consequences which the reduction of activity by this undertaking will entail, the French Government, in agreement with the social partners, has decided to phase the closures up to the year 2005. In accordance with Article 3 (1) of the Decision, the Commission has checked that, for 1994, the aid notified per tonne does not exceed, for each production unit, the difference between production costs and foreseeable revenue.

In accordance with the second indent of Article 2 (1), this aid contributes to solving the social and regional problems created by total or partial reductions in the activity of production units.

In the light of the above and on the basis of information provided by France, the aid planned for 1994 is compatible with the objectives of Decision No 3632/93/ECSC and with the proper functioning of the common market.

IV

The sum of FF 15 million which France is planning to grant Charbonnages de France pursuant to Article 6 of the Decision is aimed at supporting the undertaking's research and development efforts. This aid, which represents 16 % of all expenditure earmarked by the undertaking for mining research and development, is focused mainly on pursuing an improvement in performance both in face workings and drivages. It also relates to the improvement of safety and working conditions (especially research activities in the ergonomic field, ventilation and fire damp safety), the extension of remote control, monitoring and data transmission methods, and environment. Where the utilization of coal is concerned, there are projects regarding the behaviour of coal, upgrading of ash, the analysis of gaseous pollutants and the development of fluidized bed combustion.

This aid, which contributes to an improvement of mining technology and hence to a reduction in production costs, enables the aid to be degressive to a certain extent. In its examination of the aid, the Commission made sure that the aid respected the Community rules on State aid for research and development.

In the light of the above and on the baisis of the information provided by France, the aid planned for 1994 is compatible with the objectives of Decision No 3632/93/ECSC and with the proper functioning of the common market.

V

The aid of FF 4 032 million which France is proposing to grant its coal industry is aimed at covering exceptional costs arising from the modernization, rationalization and restructuring of the coal industry which are not related to current production (inherited liabilities).

In accordance with Article 5 of Decision No 3632/93/ECSC, this aid covers costs which are explicitly mentioned in the Annex to the Decision, namely:

— FF 636 million towards the costs of paying social-welfare benefits resulting from the pensioning-off of workers before they reach statutory retirement age,

— FF 252 million as exceptional expenditure on workers who lose their jobs as a result of restructuring and rationalization,

— FF 64 million as payment towards residual costs resulting from administrative, legal or tax provisions,

— FF 147 million towards additional work resulting from restructuring,

— FF 22 million towards mining damage caused by pits previously by service,

— FF 44 million towards exceptional intrinsic depreciation resulting from the restructuring of the industry,

— FF 2 867 million towards the increase in the contibutions, outside the statutory system, to cover social security costs as a result of the drop, following restructuring, in the number of contributors.

This aid may be regarded as compatible with the common market if the total amount does not exceed costs. Having checked the data communicated, the Commission concludes that this condition has been fulfilled. Given the above and on the basis of information provided by France, the aid planned for 1994 is compatible with the objectives of Decision No 3632/93/ECSC and with the proper functioning of the common market.

In accordance with the second indent of Article 3 (1) and with Article 9 (2) and (3) of Decision No 3632/93/ECSC, the Commission has to check that the aid authorized for current production corresponds only to the purposes stipulated in Articles 4 and 6 of the Decision. To this end, it must be informed of the amounts of such payments and the way in which they are broken down,

HAS ADOPTED THIS DECISION:

Article 1

France is authorized to apply the following measures in favour of its coal industry for the year 1994:

— aid for the reduction of activity, amounting to FF 1 962 million, aimed at covering operating losses,

— aid for research and development amounting to FF 15 million,

— aid to cover exceptional costs amounting to FF 4 032 million.

Article 2

France shall communicate the amounts of aid actually paid under this Decision for the year 1994 by 30 September 1995 at the latest.

Article 3

This Decision is addressed to the French Republic.

Done at Brussels, 19 July 1995.

For the Commission

Hans VAN DEN BROEK

Member of the Commission