COMMISSION

COMMISSION DECISION

of 19 July 1995

authorizing additional aid by Germany to the coal industry for 1994

(Only the German text is authentic)

(Text with EEA relevance)

(95/499/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],

Having regard to Commission Decision 94/1070/ECSC [2] which delivered a positive opinion on the plan for the modernization, rationalization and restructuring of the German coal industry,

Whereas :

I

In a letter dated 4 April 1995, the German Government informed the Commission, pursuant to the second indent of Article 3 (1) of Decision No 3632/93/ECSC, of an additional financial measure totalling DM 379 million which it intends to apply retroactively for 1994 in order to support the coal industry, concerning deliveries of coal and coke to the Community's steel industry.

By Commission Decision 94/1070/ECSC, Germany was authorized to grant aid to the coal industry for 1994.

According to that Decision, Germany intended to grant in 1994, pursuant to Decision No 3632/93/ECSC, a total of DM 2 853 million under the system of aid to deliveries of coking coal, coke and coal for use in blast furnaces in the Community's steel industry.

In its Decision 94/1070/ECSC, the Commission stated that any plan for a change to the amount approved would have to be notified to it in accordance with Article 3 (1) of the Decision.

In a letter dated 4 April 1995, the German Government informed the Commission that the amount of aid for the supply of coal and coke to the Community's steel industry was insufficient. The increase necessary for 1994 over the amount authorized is DM 379 million, which brings the total aid to DM 3 232 million. This compares with a total of DM 3 248 million approved by the Commission for 1993 in its Decisions 93/151/ECSC [3] and 94/332/ECSC [4].

The reason for the increase in aid is that the gap between the world market price for coking coal and German coal production costs has proved wider than originally foreseen, on account of the development of the US dollar-German mark exchange rate.

The new figure of DM 3 232 million for this aid does not bridge the gap, for each production unit, between the production costs and the revenue from the delivery of 18 million tonnes of coal assumed in this Decision for the coal industry's financial year.

The incorporation of the intended measure in the plan for the modernization, restructuring and rationalization of the German coal industry, the reduction of quantities and the capping of aid for the period 1992, 1993 and 1994 are in line with the objective set in the first indent of Article

[1] OJ No L 329, 30. 12. 1993, p. 12.
[2] OJ No L 385, 31. 12. 1994, p. 18.
[3] OJ No L 59, 12. 3. 1993, p. 33.
[4] OJ No L 147, 14. 6. 1994, p. 9.

2 (1) of the Decision of making further progress towards profitability, i. e. reducing costs, in the light of coal prices on the world market.

In its assessment of the aid the Commission, in accordance with the second indent of Article 2 (1), also took account of the essential need to cushion as far as possible the social and regional consequences of restructuring.

In accordance with Article 3 of the Decision, the procedures for granting aid help to improve the profitability of the undertakings concerned by reducing production costs.

Germany must ensure that this aid does not result in any discrimination between producers, between purchasers or between consumers, in accordance with Article 4 (b) of the ECSC Treaty.

II

For the above reasons and on the basis of the information supplied by the German Government, the aid envisaged for 1994 is compatible with the aims of Decision No 3632/93/ECSC and with the proper functioning of the common market,

HAVE ADOPTED THIS DECISION:

Article 1

Germany is hereby authorized to grant, for 1994, additional aid amounting to DM 379 million for the supply of coking coal, coke and coal for injection into blast furnaces in the Community's steel industry, which brings the total aid for this purpose in 1994 to DM 3 232 million.

Article 2

This Decision is addressed to the Federal Republic of Germany.

Done at Brussels, 19 July 1995.

For the Commission

Hans VAN DEN BROEK

Member of the Commission