COMMISSION

COMMISSION DECISION

of 7 February 1996

concerning additional financial aid by the United Kingdom in respect of the coal industry in the 1995/96 financial year

(Only the English text is authentic)

(96/274/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 Decision 94/995/ECSC of 3 November 1994 ruling on financial measures by the United Kingdom in respect of the coal industry in the 1994/95 and 1995/96 financial years [2],

Whereas:

I

In a letter dated 7 November 1995 the United Kingdom notified the Commission, purusant to Article 9 (1) of Decision No 3632/93/ECSC, of further financial aid which it intends to grant to the coal industry in the 1995/96 financial year in addition to the aid authorized by Decision 94/995/ECSC, and of a technical change concerning the allocation of one of the forms of aid authorized by the same Decision.

The measures which the United Kingdom intends to take in respect of the coal industry fall within the scope of Article 1 (1) of Decision No 3632/93/ECSC. The Commission must therefore give a ruling pursuant to Article 9 (4) of the Decision on whether they comply with the objectives and criteria set out in the Decision and are compatible with the proper functioning of the common market.

II

By Decision 94/995/ECSC the Commission, applying the criteria set out in Decision No 3632/93/ECSC, authorized the United Kingdom to grant various aids for the 1995/96 financial year, notably:

— aid not exceeding £ 130 million to the Coal Authority, a public-sector body, to cover liabilities for environmental and physical damage caused by coal production activities before the privatization of the British Coal Corporation,

— aid not exceeding £ 30 million for the 1995/96 financial year to cover compensation for industrial injury and damage to health suffered by workers and former workers of the British Coal Corporation during that part of their employment in the Corporation between 1947 and the date of privatization of the Corporation,

— aid not exceeding £ 1 million for the 1995/96 financial year for concessionary fuel entitlement to coal or smokeless fuel or, in certain cases, cash-in-lieu to British Coal Corporation workers who have retired or been made redundant as a result of the restructuring, rationalization and modernization of the coal industry in the United Kingdom, and their dependants, for that part of their employment in the Corporation falling between 31 March 1990 and the date of privatization of the Corporation.

III

The notification of 7 November 1995 advised that certain aid authorized by Decision 94/995/ECSC for payment in 1994/95 had been transferred to 1995/96; this transfer requires no further authorization.

[1] OJ No L 329, 30. 12. 1993, p. 12.
[2] OJ No L 379, 31. 12. 1994, p. 6.

The notification also indicated that, in the case of two of the three abovementioned measures, further aid in addition to the aid authorized by Decision 94/995/ECSC was planned in the 1995/96 financial year and that, out of concern for efficient technical management, one of the other forms of aid needed to be reallocated. The Commission must therefore give a ruling on these three changes.

The additional aid for the 1995/96 financial year consists on the one hand of a further £ 16 million, in addition to the £ 30 million already authorized by Decision 94/995/ECSC, to cover compensation for industrial injury and damage to health suffered by former workers of the British Coal Corporation, of which £ 14 million is to be allocated to the British Coal Corporation and £ 2 million directly to employees of the private undertakings in respect of claims arising from the period before privatization, and on the other hand, of a further £ 95 million, in addition to the £ 1 million already authorized by Decision 94/995/ECSC, for concessionary fuel entitlement to coal or smokeless fuel, or, in certain cases, cash-in-lieu to British Coal Corporation workers who have retired or have been made redundant as a result of the modernization, rationalization and restructuring of the coal industry in the United Kingdom, and their dependants, for that part of their employment in the Corporation up to 31 March 1990.

The technical change concerning reallocation for the 1995/96 financial year concerns the aid to cover environmental damage, where the total is to remain limited to £ 110 million, but will no longer all be paid to the Coal Authority. Instead, the Coal Authority will receive only £ 57 million and the British Coal Corporation the remaining £ 53 million.

IV

The additional aid not exceeding £ 16 million to cover compensation for former workers of the British Coal Corporation, in addition to £ 30 million already authorized by Decision 94/995/ECSC, is designed to cover compensation for industrial injury and damage to health during their employement in the Corporation before privatization. The companies succeeding the British Coal Corporation have assumed all the liabilities relating to industrial injury and damage to health suffered by their workers during the part of their employment falling after privatization.

To compensate former workers of the British Coal Corporation for industrial injury and damage to health arising from employment between 1947 and privatization of the Corporation, the United Kingdom proposes to pay aid not exceeding £ 46 million for the 1995/96 financial year instead of £ 30 million initially authorized in Decision 94/995/ECSC. The £ 16 million increase, compared with the amount authorized, can be attributed partly to the fact that the average compensation costs are markedly higher than the amount on which the initial estimates were based due, essentially, to unforeseen claims resulting from the inclusion of claims and insurance previously excluded and partly to the acceptance of the costs for administering the compensation files which were not foreseen.

This additional aid is therefore intended to cover the actual costs arising from the modernization, rationalization or 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, which is explicitly mentioned in the Annex to the Decision, namely residual costs to cover former miners' health insurance, can be considered compatible with the common market in that the amount paid does not exceed the costs.

V

Decision 94/995/ECSC expressly provided that the aid to cover liabilities for the environmental damage caused by underground production activities before privatization of the British Coal Corporation would be granted to the Coal Authority. After privatization the Coal Authority was expected to assume all British Coal Corporation's relevant liabilities. In practice, for technical and efficiency reasons, these functions have been transferred from the British Coal Corporation to the Coal Authority more slowly than originally foreseen. Consequently, in the 1995/96 financial year some of these tasks will still be performed by the remaining departments of the British Coal Corporation. Although the nature of the aid remains unchanged, the amount proposed has been divided between the Coal Authority and the remaining departments of the British Coal Corporation. The notification from the United Kingdom Government indicates that the aid provided to the British Coal Corporation will be used only for the purposes specified. This simple technical change to Article 2 of Decision 94/995/ECSC makes no difference to the compatibility of this measure with the objectives and criteria set out in Decision No 3632/93/ECSC.

VI

Commission Decision 90/634/ECSC [1] authorized aid totalling £ 2 000 million to the British Coal Corporation for the constitution of a provision for concessionary supplies of coal, smokeless fuel or in certain cases a payment in kind to mineworkers on retirement, former mineworkers or their beneficiaries in respect of production activities prior to 1990/91. In March 1995 the liability in respect of former British Coal employees and their beneficiaries was transferred from the British Coal Corpo-

[1] OJ No L 346, 11. 12. 1990, p. 22.

ration to the United Kingdom Government; the corresponding provision within British Coal's accounts was reserved, and the authorization of £ 2 000 million under Decision 90/634/ECSC accordingly lapsed. It is therefore necessary to re-authorize the expenditure expected to be incurred under this heading in 1995/96; this amounts to £ 95 milion, and is in addition to the sum not exceeding £ 1 million authorized to be granted to the coal industry under Article 2 of Decision 94/995/ECSC in respect of the concessionary fuel entitlement to former British Coal Corporation workers and their dependants for that part of their employment in the Corporation running fom 31 March 1990 to the date of privatization of the Corporation.

VII

In the light of the foregoing and based on the information supplied by the United Kingdom Government, the aid measures referred to in this Decision satisfy the requirements of Article 5 of Decision No 3632/93/ECSC since the objective is to cover the costs of modernization, rationalization and restructuring of the coal industry which are not related to current production (inherited liabilities). These measures 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 to the British Coal Corporation for the 1995/96 financial year further aid not exceeding £ 14 million, in addition to the aid authorized by Decision 94/995/ECSC, to cover compensation for former workers for industrial injury and damage to health and to grant additional aid not exceeding £ 2 million to cover the same compensation for the 1995/96 financial year direct to former miners transferred to the private undertakings for claims arising from the period before privatization.

Article 2

The United Kingdom is hereby authorized to grand aid not exceeding £ 53 million for the financial year 1995/96, out of the total amount of aid authorized by Decision 94/995/ECSC, to the British Coal Corporation to cover environmental damage.

Article 3

The United Kingdom is hereby authorized to grant aid for the 1995/96 financial year not exceeding £ 95 million for concessionary fuel entitlement to coal or smokeless fuel, or, in certain cases, cash-in-lieu to British Coal Corporation workers who have retired or have been made redundant as a result of the modernization, rationalization and restructuring of the coal industry in the United Kingdom, and their dependants, for that part of their employment in the Corporation up to 31 March 1990.

Article 4

The United Kingdom shall inform the Commission of the actual payments made for each category of the aid covered by this Decision.

Article 5

This Decision is addressed to the United Kingdom.

Done at Brussels, 7 February 1996.

For the Commission

Christos PAPOUTSIS

Member of the Commission