

COMMISSION

COMMISSION DECISION

of 16 October 1974

approving aids from the United Kingdom for the financial year 1973/74 for the benefit of undertakings in the coal industry

(Only the English text is authentic)

(74/612/ECSC)

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

in £ 1 000 000

Having regard to the Treaty establishing the European Coal and Steel Community, and in particular Articles 2, 3, 4 and 5 thereof;

Having regard to Commission Decision No 3/71/ECSC ⁽¹⁾ of 22 December 1970 on Community rules for interventions by Member States for the benefit of the coal industry;

Having regard to Decision No 73/287/ECSC ⁽²⁾ of 25 July 1973 on coking coal and coke, and in particular Article 9 (1) thereof;

Having consulted the Council;

Whereas the British Government has informed the Commission, pursuant to Article 2 of Decision No 3/71/ECSC, of the financial measures which it proposed to implement directly or indirectly for the benefit of the coal industry during the 1973/74 coal marketing year ⁽³⁾; whereas of these measures the following aids require approval pursuant to the aforementioned Decision;

Whereas the British Government proposes to grant to the British coal industry the following aids for the 1973/74 coal marketing year:

To cover expenditure on pensions 19.8

For severance payments to redundant miners and/or for the vocational retraining of staff 10.0

To cover the NCB's expenditure resulting from the early retirement of staff 4.5

To cover expenditure on the supply of concessionary coal to redundant miners aged from 55 to 65 years 0.4

For the retraining and retention of staff 3.7

Aid in respect of pithead stocks 3.7

To cover the NCB's estimated operating losses during the 1973/74 coal marketing year 75.0

Aid in respect of coal for power stations ± 15.4

Whereas the aforementioned aids are in accordance with the criteria laid down in Articles 6 to 9 of Decision No 3/71/ECSC for the admissibility of such State assistance;

Whereas aid towards the covering of expenditure on pensions was introduced by the 1973 Coal Industry Act, which makes provision for a maximum payment of £ 60 million for the financial years 1973/74 to 1975/76; for 1973/74 provision has been made for a first instalment of £ 19.8 million;

⁽¹⁾ OJ No L 3, 5. 1. 1971, pp. 7 *et seq.*

⁽²⁾ OJ No L 259, 15. 9. 1973, p. 41.

⁽³⁾ The 1973/74 coal marketing years runs from the beginning of April 1973 to the end of March 1974.

Whereas such aid is granted to retired miners; whereas the pensions granted by the NCB are not related to the production of coal and are covered in part by the aid;

Whereas the purpose and form of the aid show that the measure is in accordance with the criteria set out in Article 6 (1) (1);

Whereas aid towards severance payments for miners about to be made redundant and/or for the vocational retraining of staff was introduced by the 1965 Coal Industry Act; whereas the Coal Industry Act of 1973 continues the aid and makes provision for payment of a maximum of £ 60 million for the financial years 1973/74 to 1975/76; whereas for 1973/74 provision has been made for a first instalment of £ 10 million;

Whereas such aid is granted in respect of miners leaving mining as a result of the closure of pits, and also of those being retrained and/or re-employed in coal mining;

Whereas the purpose and form of the aid show that the measure is in accordance with the criteria set out in Article 6 (1) (1) and 7 (3) of Decision No 3/71/ECSC;

Whereas aid towards the covering of the NCB's expenditure resulting from the early retirement of staff was introduced by the 1967 Coal Industry Act; whereas for 1973/74 provision has been made for a first instalment of £ 4.5 million;

Whereas such aid is granted to miners retired prematurely; whereas such retirement was necessary on account of the drop in production (as a result of marketing difficulties) in 1967/70; whereas the expenditure on pensions incurred by the NCB is not related to the production of coal and is covered in full by the aid;

Whereas the purpose and form of the aid show that the measure is in accordance with the criteria set out in Article 6 (1) of Decision No 3/71/EEC;

Whereas the aid towards the covering of the NCB's expenditure on the supply of concessionary coal to redundant miners is granted in respect of expenditure which is not related to the production of coal; whereas the NCB's expenditure on the supply of concessionary coal to miners between the ages of 55 and 60 made redundant during 1973 is fully reimbursed by the British Government, up to the age of 60, while thereafter, and for miners made redundant between the ages of 60 and 65, the aid is to cover 50 % of the expenditure on the supply

of concessionary coal; whereas the amount of aid provided for 1973/74 is £ 400 000;

Whereas the purpose and form of the aid show that the measure is in accordance with the criteria set out in Article 6 (1) (1) of Decision No 3/71/ECSC;

Whereas the aid towards the retraining and retention of staff is a supplement to be paid by the British Government to help to cover the estimated sum of £ 7.5 million which the NCB will have to spend on the regrouping of staff which will be required as part of the rationalization programme; whereas, in order to ensure that qualified workers are retained, the costs falling on the miners affected by the regroupment schemes must be reimbursed to them by the NCB; whereas such costs include removal costs, resettlement costs, travel expenses and compensation for a temporary loss of income;

Whereas the British Government is to contribute £ 3.7 million towards such costs to be borne by the NCB in respect of 1973/74;

Whereas the purpose and form of the aid show that the measure is in accordance with the criteria set out in Article 7 (3) of Decision No 3/71/ECSC;

Whereas provision is made for aid in respect of pithead stocks in the 1973 coal industry Act; whereas the British Government therefore proposes to grant the NCB a supplement for the years 1973/74 and 1975/76 to cover the cost of maintaining pithead stocks, up to a maximum of £ 40 million; whereas provision has been made for an initial sum of £ 3.9 million to be granted for 1973/74;

Whereas the purpose and form of the aid show that the measure is in accordance with the criteria set out in Article 8 of Decision No 3/71/ECSC;

Whereas the aid, amounting to £ 90.4 million, proposed by the British Government in respect of the period 31 March 1973 to the end of March 1974 to cover losses (including £ 75 million to cover operating losses in the 1973/74 coal marketing year and £ 15.4 million as aid in respect of coal for power stations) can be regarded as compatible with the provisions of Article 9 of Decision No 3/71/ECSC;

Whereas the covering of operating losses for the 1973/74 coal marketing year relates to losses sustained in current production; whereas the Coal Industry Act provides for a maximum of £ 210 million for the coal marketing years 1973/74 and

1975/76; whereas the initial payment already authorized amounts to £ 75 million;

Whereas aid in respect of coal for power stations is granted to the NCB by the 1973 Coal Industry Act and relates to supplementary quantities of coal purchased by British power stations; whereas the 1973 Coal Industry Act provides provisionally for a maximum of £ 50 million of aid to be granted for the period 1973/74 to 1975/76; whereas the initial sum for 1973/74 is £ 15.4 million;

Whereas the increased production in 1973 compared to 1972 (approximately + 20 million metric tons) can be attributed not to the grant of aids to cover losses but to 'catching up', as a sharp decline in production occurred in 1972 as a result of strikes;

Whereas in 1973, 17 small pits with an annual production capacity of approximately 1.3 million metric tons were closed; whereas such closures affected approximately 8 000 employees; whereas if the further 8 000 persons who will probably be made redundant as a result of rationalization are added to this figure, the total number of persons made redundant in 1973 comes to approximately 16 000;

Whereas not only large parts of the coal-mining regions but also other parts of the country have a weak economic structure; whereas a rapid restructuring is not possible at present;

Whereas, in view of this situation it is clear that if the NCB had to cease its activities and dismiss overnight more than 300 000 employees, whose jobs it at present provides, insurmountable regional and social difficulties would arise; whereas in view of these circumstances it follows that the covering of operating losses is in accordance with the provisions of Article 9 (1) (1);

Whereas it must be pointed out, furthermore, that the aid to cover losses on the operation of mines does not exceed the estimated overall operating losses; whereas the aid is therefore in accordance with the provisions of Article 9 (2) of Decision No 3/71/ECSC;

Whereas an examination of the compatibility of the British aid with the proper functioning of the common market (Article 3 (1) of Decision No 3/71/ECSC) must relate not only to the aids provided for in this Decision but also to all other financial measures for the benefit of the British coal industry (Article 3 (2) of Decision No 3/71/ECSC);

Whereas calculations reveal that the total British aids, including those outside the framework of Article 4 of Decision No 3/71/ECSC, will amount to £ 151.8 million (= 303.6 u.a. = 2.33 u.a./metric ton); whereas compared to all other Community countries the proposed aid for the British coal industry is the lowest per metric ton produced;

Whereas the following remarks must be made in respect of the compatibility of the total amount of British aids with the proper functioning of the common market:

- the compatibility of the tonnage forecasts drawn up for the British coal industry for 1973 with the Community's overall supply position in respect of coal and coke is in accordance with the provisions of Article 3 (1) (1) of Decision No 3/71/ECSC;
- the grant of aid does not mean that any restriction of the trade in coal between the United Kingdom and the other Community countries has been made for 1973 (Article 3 (1) (1) of Decision No 3/71/ECSC);
- price alignments to meet those of other producers in the Community have not been notified to the Commission for 1973 in respect of British coal;
- the prices of British coking coal and steam coal do not amount to indirect aid to industrial consumers of coal;
- the closure of unprofitable pits leads to rationalization and the concentration of production on pits where productivity is highest;

Whereas it can therefore be said that the British aids for the benefit of the coal industry are compatible with the proper functioning of the common market;

Whereas this also applies if account is taken of aids granted to the coal industry under Decision No 73/287/ECSC;

Whereas, pursuant to Article 11 (1) of Decision No 3/71/ECSC, the Commission must ensure that the aids authorized are used for the purposes set out in Articles 6 to 9 of that Decision; whereas the Commission must be informed in particular of the amount and apportionment of these aids and the manner in which they are apportioned,

HAS ADOPTED THIS DECISION:

Article 1

The Government of the United Kingdom is hereby authorized to grant the following aids for the benefit of the British coal industry for 1973/74:

1. assumption of responsibility for expenditure on pensions for retired miners (£ 19·8 million);
2. severance payments to miners made redundant as a result of the closure of pits and/or for miners to be retrained or re-employed, up to a maximum of £ 10 million;
3. reimbursement in full of the NCB's expenditure resulting from the early retirement of miners (£ 4·5 million);
4. assumption of responsibility for the costs of supplying concessionary coal to redundant miners aged between 55 and 65 years, up to a maximum of £ 400 000;
5. supplement to cover the NCB's expenditure on the regrouping of staff which will be required as part of the rationalization programme, up to a maximum of £ 3·7 million;
6. supplement to cover the cost of maintaining pithead stocks, up to a maximum of £ 3·7 million;

7. supplement to cover the NCB's estimated losses on mine operations during the 1973/74 coal marketing year, up to a maximum of £ 75 million;
8. payment to the NCB of aid for power station coal in respect of supplementary quantities of coal purchased by the British power stations, up to but not exceeding a maximum of £ 15·4 million.

Article 2

The British Government shall notify the Commission by 30 November 1974 of the details of the aids granted pursuant to this Decision, and in particular as regards the amounts paid and the manner in which they are apportioned.

Article 3

This Decision is addressed to the United Kingdom.

Done at Brussels, 16 October 1974.

For the Commission

The President

François-Xavier ORTOLI