

COMMISSION DECISION

of 16 October 1974

approving additional aid to be granted by the Kingdom of Belgium for the benefit of undertakings in the coal industry in respect of the calendar year 1972 and aid to be granted by the Kingdom of Belgium to that industry in respect of the calendar year 1973

(Only the French and Dutch texts are authentic)

(74/614/ECSC)

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

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 on 14 November 1973 the Commission of the European Communities adopted Decision No 73/395/ECSC ⁽³⁾; whereas this Decision approved the aid proposed by the Belgian Government for the benefit of the coal industry in respect of 1972 to the extent that it had been included, and examined by the Commission, in the 'supplementary report on financial intervention by Member States in 1972 for the benefit of the coal industry' ⁽⁴⁾;

Whereas, as explained in that report ⁽⁵⁾, the Belgian Government had asked the Commission to approve aids amounting to Bfrs 4 808.5 million to cover operating losses, to be granted within the framework of Article 9 of Decision No 3/71/ECSC;

Whereas in a letter of 11 July 1973 the Belgian Government asked the Commission to approve the grant of an additional Bfrs 428.7 million, i.e. an increase of approximately 9% to bring the total

amount of aid to cover operating losses up to Bfrs 5 237.2 million; whereas the total amount can be broken down as follows between the coalfields:

(in Bfrs 1 000 000)			
	Campine	Southern coalfields	Total
Original amounts	1 731.5	3 077.0	4 808.5
Additional amounts	401.5	27.2	428.7
Total	2 133.0	3 104.2	5 237.2
Increase	+23.2 %	+0.9 %	+8.9 %

Whereas the Belgian Government also informed the Commission that the aid towards the cost of pumping underground water out of pits had been reduced by Bfrs 17.6 million from Bfrs 50 million to Bfrs 32.4 million, and the aid for vocational training by Bfrs 8.1 million from Bfrs 12.9 million to Bfrs 4.8 million;

Whereas, considering the total amount of aid for the benefit of the Belgian coal industry, the net increase for 1972 therefore amounts to Bfrs 403 million; whereas the additional Belgian aid is almost exclusively for the benefit of the Campine coalfield as opposed to the southern coalfields; whereas the increase in aid for the southern coalfields amounts to only 0.9%;

Whereas in the case of the Campine coalfield a further 23% increase in the amount of aid was required because the original estimates of the aid to be granted would have been sufficient to cover only 55% of the operating losses; whereas the increase in the amount of aid to be granted means that 66% of the operating losses can now be covered, so that the only productive undertaking in the Campine coalfield (Kempense Steenkolenmijnen) is in a position to meet its current financial commitments;

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

⁽²⁾ OJ No L 259, 15. 9. 1973, p. 41.

⁽³⁾ OJ No L 346, 17. 12. 1973, pp. 11 *et seq.*

⁽⁴⁾ Doc. SEC(73) 2272 fin., pp. 13 *et seq.*

⁽⁵⁾ Doc. SEC(73) 2272 fin., p. 16.

Whereas, although provision was originally made for a total of Bfrs 323 per metric ton (= 6.46 u.a.) in direct aid to be paid in respect of the Campine coalfield ⁽¹⁾, the amount has now been increased to Bfrs 369 per metric ton (= 7.38 u.a.);

Whereas this increase of approximately one unit of account per metric ton does not require further points to be examined in addition to those already examined in Document SEC(73) 2272 final; whereas the regional and social problems in that coalfield remain unchanged; whereas the aid offsets only part of the difference between costs and revenue;

Whereas these findings indicate that the increase in aid to cover operating losses proposed by the Belgian Government in respect of 1972 is not contrary to the provisions of Article 9 of Decision No 3/71/ECSC;

Whereas the additional increase in aid provided for by the Belgian Government for 1972 is not such as to impair the proper functioning of the common market, although the total amount to be calculated in accordance with Articles 6 to 9 of Decision No 3/71/ECSC now yields a figure of Bfrs 533 (10.68 u.a.) per metric ton produced and is thus the highest in comparison with the other Community coal producers;

Whereas these conclusions are based on the following findings:

Whereas an investigation carried out by the Commission revealed that the level of prices for Belgian coal for domestic use is determined primarily by the prices of Russian anthracite, and for Belgian coking coal by the equivalent US prices; whereas light heating oil plays no significant role in the formation of prices of domestic coal; whereas Russian anthracite plays an important part in the formation of prices in northern France, Belgium and the Netherlands; whereas the annual quantities sold in those areas are based on the coal import policies implemented by the governments concerned; whereas the problems in this connection therefore fall within the scope of the general energy and coal policy and can be dealt with only within that framework; whereas on account of the import of cheap Russian anthracite and low-price Australian and American coking coal, Belgian producers are obliged to adjust their prices; whereas the Commission has not observed any cases of Belgian producers undercutting the prices of imported products;

Whereas the Commission is therefore of the opinion that the proposed increase in aids for the benefit of the Belgian coal industry to cover losses in respect of 1972 can be regarded as compatible with the proper functioning of the common market;

Whereas, furthermore, the Belgian Government has informed the Commission, pursuant to Article 2 of Decision No 3/71/ECSC, of the direct and indirect aid which it proposes to grant for the benefit of the coal industry for 1973; whereas the aids listed below require authorization pursuant to the aforementioned Decision;

Whereas the Belgian Government proposes to grant aid amounting to Bfrs 218.1 million towards the financing of investments for 1973; whereas this amount should enable those undertakings not due for closure in 1973 to make the necessary investments;

Whereas the Belgian Government also proposes to grant the undertaking *Espérance et Bonne Fortune* aid amounting to Bfrs 50 million; whereas that undertaking has been involved in additional expenditure for the removal of underground water which entered their mine as a result of the closure of shaft 2 of the Gosson-Kessales mining company in Montegnee and of the Bure-aux-Femmes shaft of the Patience at Beaujone undertaking;

Whereas the Belgian Government has also made provision for payments amounting to Bfrs 7.6 million to enable the undertakings in the coal industry to be reimbursed in respect of their expenditure on the vocational training of miners; whereas this aid will enable approximately 19% of the expenditure by the Belgian coal industry in this connection in 1973 to be covered;

Whereas the Belgian Government has also made provision for payments amounting to Bfrs 5 158.7 million in order to ensure that the closure programme is executed at what the Belgian Government considers to be a suitable rate; whereas that amount is designed to cover the operating losses set out in a standard book of charges relating to all subsidized pits;

Whereas the aforementioned aids are in accordance with the criteria laid down in Articles 6, 7 and 9 of Decision No 3/71/ECSC for the admissibility of such state aid;

⁽¹⁾ Doc. SEC(73) 2272 fin., p. 24.

Whereas the purpose of the aid to finance investment projects in the undertakings benefiting from the aid is in accordance with the provisions of Article 7 (2) of Decision No 3/71/ECSC; whereas such aid is to be used to cover part of the expenditure on concentration, mechanization and automation of mine workings, in order to enable the coal to be more intensively upgraded and better cleaned; whereas the information given to the Commission also reveals that the undertakings benefiting from the aid will not be applying for loans at a reduced rate of interest under Article 54 of the ECSC Treaty;

Whereas the reimbursement of the cost of pumping underground water out of the closed pits is a measure of the type described in Article 6 (1) (2) of Decision No 3/71/ECSC; whereas the removal of the underground water was necessitated by the closure of the Gosson-Kessales and Bure-aux-Femmes pits; whereas the amount of the aid does not exceed the actual pumping costs incurred by the additional operations to remove underground water;

Whereas the aids to undertakings in the coal industry for the vocational training of miners are in accordance with the criteria laid down in Article 7 (3) of Decision No 3/71/ECSC; whereas that aid is designed to contribute towards covering expenditure on the training of miners;

Whereas the other aids amounting to Bfrs 5 158.7 million for which provision has been made by the Belgian Government for 1973 can be regarded as being in accordance with the provisions of Article 9 of Decision No 3/71/ECSC; whereas the Belgian coal industry's financial situation deteriorated in 1972 compared to 1971; whereas in 1972 revenue covered 63.7% of the pits' total costs; whereas a further deterioration of the revenue situation can be expected in 1973;

Whereas the Belgian Government has decided to close four pits in the southern coalfield so that only 12 pits would still be in operation by the end of 1973; whereas approximately 4 000 persons have been affected by those closures; whereas, compared to previous years in which an annual reduction of 2 000 to 3 000 in the number of staff had been achieved, the closures made in the southern coalfield for 1973 involve a larger number of redundancies, which seems both expedient and necessary in view of the very high amount of aid required by that coalfield;

Whereas, in the case of the Campine coalfield, the Belgian Government has pointed out that five large undertakings are still operating in that coalfield; whereas, since those undertakings cannot be closed down gradually, large numbers of employees will have to be made redundant at one time; whereas production was reduced by one million metric tons in 1973, so that approximately 2 000 underground workers were made redundant; whereas, according to the Belgian Government, suitable conditions do not yet exist to cope with larger numbers of redundancies; whereas regional and social difficulties must be avoided at all costs;

Whereas, in view of these social conditions in the regions of Belgium in which the coalfields are situated, the aid to be granted in respect of 1973 to cover operating costs can be considered, from a purely formal point of view, as being in accordance with the provisions of Article 9 (1) (1) of Decision No 3/71/ECSC;

Whereas it must be pointed out, furthermore, that the amounts of aid to cover losses on mine operation do not exceed the estimated actual operating losses; whereas they are therefore in accordance with the provisions of Article 9 (2) of Decision No 3/71/ECSC;

Whereas the aid proposed by the Belgian Government for 1973 is not such as to impair the proper functioning of the common market, although the total amount of aid as calculated in accordance with Articles 6, 7 and 9 of Decision No 3/71/ECSC yields a figure of Bfrs 615 (12.54 u.a.) per metric ton produced and is thus the highest in comparison with the other Community coal producers;

Whereas these conclusions are based on the following findings:

- the amount of the aid is consistent with the tonnage forecasts drawn up for 1973 for each Belgian coalfield or undertaking, having regard to the Community's overall supply position in respect of coke and coal, so that the requirements of the first subparagraph of Article 3 (1) of Decision No 3/71/ECSC are satisfied;
- no adverse effect on trade in coal between Belgium and the other Member States was observed in 1973;
- in the formation of prices for Belgian coal, no prices were aligned to equal those of cheaper coal produced in the Community in 1972 and no such price adjustments are expected to have been made in 1973;
- industrial consumers of boiler coal receive no indirect aid as a result of artificially low prices for Belgian coal;

— the closure of unprofitable pits will lead to rationalization and the concentration of production on pits where productivity is highest;

Whereas it may therefore be concluded that the aid proposed by the Belgian Government for 1973 will not impair the proper functioning of the common market;

Whereas this also applies if account is taken of the aids granted to the coal mines pursuant to Decision No 72/287/ECSC;

Whereas, pursuant to Article 11 (1) of Decision No 3/71/ECSC, the Commission must satisfy itself that the approved aid is used for the purposes set out in Articles 6 to 9 of that Decision; whereas in order to do so the Commission must be informed in particular of the amount of the aid of the manner in which it is apportioned,

HAS ADOPTED THIS DECISION:

Article 1

The Government of the Kingdom of Belgium is hereby authorized to grant to the Belgian coal industry additional aid in respect of the calendar year 1972 in an amount of Bfrs 428.7 million.

The amount of Bfrs 428.7 million provided for 1972 shall be for the purpose of covering losses on mine operation.

The amount of Bfrs 5 434.4 million provided for 1973 shall include Bfrs 218.1 million to finance investment projects, Bfrs 7.6 million for the vocational training of mines and Bfrs 50 million for the removal of underground water which has entered the Esperance, Bonne Fortune pit.

Article 2

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

Article 3

This Decision is addressed to the Kingdom of Belgium.

Done at Brussels, 16 October 1974.

For the Commission

The President

François-Xavier ORTOLI