

COMMISSION DECISION

of 16 October 1974

approving aids to be granted by the Republic of France for the benefit of undertakings
in the coal industry in respect of the calendar year 1973

(Only the French text is authentic)

(74/615/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 par-
ticular Article 9 (1) thereof;

Having consulted the Council;

Whereas the French Government has informed the
Commission pursuant to Article 2 of Decision No
3/71/ECSC of the financial measures which it
proposes to implement, directly or indirectly, for the
benefit of the coal industry in respect of 1973;
whereas the following measures require approval
pursuant to the aforementioned Decision;

Whereas the French Government proposes to grant
to Charbonnages de France in respect of the year 1973
aid amounting to FF 155 million to cover exceptional
costs of reconversion; whereas the total amount is to
be distributed among the individual coalfields as
follows: Nord/Pas-de-Calais: FF 93 million, Lorraine:
FF 17 million, Centre-Midi: FF 45 million; whereas
the aid represents a reimbursement of the cost of
social measures implemented by Charbonnages de
France for the benefit of redundant or prematurely
retired miners;

Whereas the French Government also proposes to
grant to Charbonnages de France in respect of 1973
aid amounting to FF 1 043 million for the purpose
of enabling the economic restructuring of the coal-
fields to be carried out at a suitable rate; whereas
that amount is to be distributed among the individual
coalfields as follows: Nord/Pas-de-Calais: FF
488 000 000, Lorraine: FF 270·4 million and Centre-
Midi: FF 284·6 million.

Whereas the French Government also proposes to
grant to Charbonnages de France additional aid in
respect of 1973 amounting to FF 125 million to cover
outstanding losses incurred by the central adminis-
tration and/or to prevent such losses incurred by the
central administration and/or to prevent such losses
increasing in the future as a result of further loans
taken out by the administration; whereas the admin-
istration has already been obliged to take out loans,
even after the grant of aid, in order to meet its
current obligations;

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

Whereas the aid to cover exceptional costs of
conversion represents a reimbursement of non-oper-
ating expenditure borne by Charbonnages de France
on behalf of the French Government to enable social
measures for the benefit of redundant or prematurely
retired miners to be implemented in a more rational
way; whereas the following expenditure is proposed
for 1973: in respect of miners made redundant
because of pit closures: FF 54 million; in respect of
prematurely retired miners: FF 69 million; in respect
of compensation to retired miners under the C.A.N.
scheme: FF 31 million; and in respect of the reim-
bursement of heating costs of prematurely retired
miners: FF 1 million;

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

⁽²⁾ OJ No L 259, 15. 9. 1973, p. 41.

Whereas these social measures relate to persons no longer engaged in mining; whereas the expenditure Charbonnages de France in this connection is not regarded as operating expenditure and can therefore not be included in the cost of production; whereas the aid is designed to cover expenditure not directly connected with the production and marketing of coal; whereas the aid is therefore in accordance with the provisions of Article 6 (1) (1) of Decision No 3/71/ECSC;

Whereas the aid, amounting to FF 1 168 million, proposed by the French Government for 1973 to cover losses (of which FF 1 043 million to cover the coalfields' operating losses and FF 125 million to cover the losses sustained by the central administration of Charbonnages de France) can be regarded as being in accordance with the provisions of Article 9 of Decision No 3/71/ECSC; whereas in 1973 the revenue from production will on average probably cover only approximately 60 to 65% of the total production costs incurred by the French pits;

Whereas France's coal production fell by four million metric tons in 1973, i.e. by 14% compared to 1972; whereas in 1973 pit closures and rationalization led to a reduction of 8 000 to 9 000 (i.e. approximately 8.5% in the number of persons employed in the French coal industry; whereas, in addition to total figures in respect of developments in the employment situation in the coal industry, the French Government has also given the Commission details of the pit closures proposed for 1973; whereas according to that information six pits were to be closed and 3 578 miners made redundant in the Nord/Pas-de-Calais and Centre-Midi coalfields in 1973; whereas of those miners made redundant 2 716 persons are to be re-employed in the coal industry and 236 in other industries; whereas the information also showed that the number of persons employed in the coal industry, which fell by approximately 8 000 to 9 000 in 1973, was reduced not only because of pit closures but also because an increase in output per man-shift in the existing pits meant that not so many workers were needed, i.e. that a certain number became redundant;

Whereas it is agreeable that, in view of the size of the reduction in the total labour force, a greater reduction could give rise to difficulties of the type described in Article 9 (1) (1) of Decision No 3/71/ECSC; whereas the aid proposed for 1973 to cover operating losses is therefore in accordance with Article 9 (1) (1) of Decision No 3/71/ECSC;

Whereas it must be pointed out, furthermore, that the amount of the aid to cover losses on mine

operation and losses sustained by the central administration of Charbonnages de France does not exceed the estimated actual operating losses and is therefore in accordance with the provisions of Article 9 (2) of Decision No 3/71/ECSC;

Whereas the aid proposed by the French Government for 1973 is not such as to impair the proper functioning of the common market, although the total amount of aid to be calculated in accordance with Articles 6 to 9 of Decision No 3/71/ECSC yields a figure of FF 47.42 (8.54 u.a.) per metric ton produced and is thus relatively high in comparison with the aids for the German and British coal industries;

Whereas these conclusions are based on the following findings:

- the amount of the aid is consistent with the tonnage forecasts for 1973 having regard to the Community's overall supply position in respect of coal and coke;
- there has been no noticeable decline in trade in coal between France and the other Community countries;
- the number of price alignment agreements has fallen;
- industrial consumers of coking coal and boiler coal receive no indirect aid as a result of artificially low prices for French 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 competitive position of the French coal industry did not change in 1973, either as regards the relative positions of the individual French coalfields or as regards the position of the entire French coal industry *vis-à-vis* the other Community coalfields;

Whereas this applies even when account is taken of those aids paid to the coal mines under Decision No 73/287/ECSC;

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

HAS ADOPTED THIS DECISION:

(c) to cover losses sustained by the central administration of Charbonnages de France: FF 125 million.

Article 1

The Government of the Republic of France is hereby authorized to grant to the coal industry in respect of the calendar year 1973, the following aids:

(a) to cover operating losses

Nord/Pas-de-Calais coalfield FF 488.0 million

Lorraine coalfield FF 270.4 million

Centre-Midi coalfield FF 284.6 million

(b) to cover exceptional costs of reconversion

Nord/Pas-de-Calais coalfield FF 93 million

Lorraine coalfield FF 17 million

Centre-Midi coalfield FF 45 million

Article 2

The Republic of France 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 and scope of the rationalization measures.

Article 3

This Decision is addressed to the Republic of France.

Done at Brussels, 16 October 1974.

For the Commission

The President

François-Xavier ORTOLI