

## II

*(Acts whose publication is not obligatory)*

## COMMISSION

## COMMISSION DECISION

of 10 July 1975

authorizing the French Republic to grant additional aids to coal mining undertakings in 1973 and authorizing the French Republic to grant aids to coal mining undertakings in 1974

(Only the French text is authentic)

(75/543/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<sup>(1)</sup> 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<sup>(2)</sup> of 25 July 1973 on coking coal and coke, and in particular Article 9 (1) thereof;

Having consulted the Council;

Whereas on 16 October 1974 the Commission of the European Communities issued Decision No 74/615/

ECSC<sup>(3)</sup>; whereas that Decision authorized the aids which the French Government proposed to grant to the coal industry for 1973 provided they had been dealt with and examined by the Commission in the 'Memorandum on additional financial aid awarded by Member States to the coal industry in 1972 and financial aid awarded by Member States in 1973'<sup>(4)</sup>;

Whereas, as was stated in that Memorandum<sup>(5)</sup>, the French Government proposed to grant FF 1 323.0 million of aid under Decision No 3/71/ECSC to Charbonnages de France; whereas this sum included FF 110.9 million of aid in respect of coking coal;

Whereas the French Government in a written application dated 15 February 1974 requests permission to alter or to increase the aids originally proposed as follows:

<sup>(1)</sup> OJ No L 3, 5. 1. 1971, p. 7.

<sup>(2)</sup> OJ No L 259, 15. 9. 1973, p. 41.

<sup>(3)</sup> OJ No L 335, 14. 12. 1974, p. 40.

<sup>(4)</sup> Doc. SEC (74) 1377 fin., p. II/70.

<sup>(5)</sup> Doc. SEC (74) 1377 fin., p. II/78.

(in FF million)

	Original amounts	Additional amounts	Total
1. To cover operating losses sustained :			
(a) by the coalfields <sup>(1)</sup>	932.1	154.9	1 087.0
(b) by the central administration	125.0	4.5	129.5
(c) overall	1 057.1	159.4	1 216.5
2. To cover exceptional conversion costs	155.0	37.0	192.0
Total	1 212.1	196.4	1 408.5

<sup>(1)</sup> Exclusive of aid in respect of coking coal but including aid in respect of coal for power stations (FF 74.0 million).

Whereas the aid to cover operating losses is to be apportioned as follows among the individual coalfields :

(in FF million)

	Nord/ Pas-de-Calais	Lorraine	Centre- Midi	Total
Original amounts	436.8	212.9	282.4	932.1
Additional amounts	— 26.4	37.8	143.5	154.9
Total	410.4	250.7	425.9	1 087.0

Whereas the overall amount of aid to the French coal industry in 1973 is thus increased by FF 196.4 million ;

Whereas the increase in French aids to cover operating losses relates only to the Lorraine and Centre-Midi coalfields ; whereas it was necessary for the following reasons :

- the costs of working the fields in question rose more steeply than expected,
- the average income per metric ton of output increased only slightly in 1973 over 1972 (by about 3 %),
- in 1973 the output of Charbonnages de France did not reach the target of 28 million metric tons but was only 25.7 million metric tons so that total receipts from the sale of coal were down ;

Whereas, for the above reasons, operating losses increased ; whereas the increase in aid is intended to cover the operating losses sustained in 1973 ; whereas the measure is therefore compatible with the provisions of Article 9 (2) of Decision No 3/71/ECSC ;

Whereas, as regards the avoidance of serious economic and social disturbances in certain regions of France, the criteria for the appraisal of an increase in the aids to cover operating losses are basically the same as those already set out in the Commission Decision of 16 October 1974 <sup>(2)</sup> whereas the same regional and social problems continue to exist and the increase in aid therefore meets the criteria laid down in Article 9 (1) (1) of Decision No 3/71/ECSC ;

Whereas, as regards raising the aids to cover exceptional conversion costs from FF 155 million to FF 192 million, this amount represents the actual expenditure incurred by Charbonnages de France in covering costs which are no longer related to coal production ; whereas the measure is therefore in accordance with the provisions of Article 6 (1) (1) of Decision No 3/71/ECSC ;

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

<sup>(2)</sup> OJ No L 335, 14. 12. 1974, p. 41.

- there has been no noticeable decline in trade in coal between France and the other Community countries,
- industrial users of coking coal and boiler coal receive no indirect aids as a result of artificially low prices for French coal ;

Whereas the increase in French aids for 1973 as proposed may therefore be considered as compatible with the proper functioning of the common market ;

Whereas, in addition, the French Government has informed the Commission under Article 2 of Decision No 3/71/ECSC of financial measures, both direct and indirect, which it proposes to take in 1974 for the benefit of the coal industry ; whereas of those measures the aids listed below require authorization under the abovementioned Decision ;

Whereas the French Government proposes to grant to Charbonnages de France in 1974 aid amounting to FF 255 million to cover exceptional conversion costs ; whereas the total amount is to be apportioned among the individual coalfields as follows : Nord/Pas-de-Calais : FF 157 million, Lorraine : FF 23 million, Centre-Midi FF 75 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 1974 aid amounting to FF 1 091.7 million for the purpose of enabling the economic restructuring of the coalfields to be carried out at a suitable rate ;

Whereas, lastly, the French Government proposes to grant to Charbonnages de France in 1974 additional aid amounting to FF 131 million to cover outstanding or new losses ; whereas this aid is intended not for the coalfields but for the central administration of Charbonnages de France in order to cover outstanding losses or to prevent losses increasing in the future as a result of interest on further loans ; whereas the central administration has been obliged to contract loans, even after the grant of aid, in order to meet its current obligations ;

Whereas the abovementioned aids meet the criteria laid down in Articles 6 and 9 of Decision No 3/71/ECSC in respect of the admissibility of such State assistance ;

Whereas the aid to cover exceptional conversion costs represents a reimbursement of non-operating expendi-

ture incurred 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 1974 ; in respect of miners made redundant because of pit closures : FF 69 million, in respect of prematurely retired miners : FF 131 million, in respect of compensation to retired miners under the CAN scheme : FF 51 million, and in respect of the reimbursement of heating costs to prematurely retired miners : FF 4 million ;

Whereas these social measures are for the benefit of persons no longer employed in mining ; whereas the aid is designed to cover expenditure which is not directly related to the production and marketing of coal ; whereas it is therefore in accordance with the provisions of Article 6(1)(1) of Decision No 3/71/ECSC ;

Whereas the aids, amounting to FF 1 222.7 million, proposed by the French Government for 1974 to cover losses (comprising FF 1 091.7 million to cover the coalfields' operating losses and FF 131 million to cover the losses sustained by the central administration of Charbonnages de France) may be regarded as fulfilling the conditions laid down in Article 9 of Decision No 3/71/ECSC ; whereas in 1974 the revenue from production will probably cover on average 75 % of the total production costs incurred by the French pits ;

Whereas the profitability of individual coalfields varies ; whereas, although losses in the Lorraine field are fairly small, there is still a large number of unprofitable pits in the Nord/Pas-de-Calais and Centre-Midi fields ; whereas the general increase in energy prices has caused the French Government to carry out an examination and reappraisal of its coal reserves ; whereas the prospects of the Lorraine field were considered to be good ; whereas, therefore, aids for the Lorraine field are intended to prevent temporary shortages of coking coal for the French steel industry, whereas, however, in the case of the Nord/Pas-de-Calais and Centre-Midi fields, regional and social difficulties are the prime consideration ; whereas because the outlook for these fields was less promising three pits were closed down in 1974 ;

Whereas, in view of the above circumstances, the aids proposed by the French Government for 1974 to cover operating losses may be regarded as fulfilling the conditions laid down in Article 9(1)(1) and (2) of Decision No 3/71/ECSC ;

Whereas it must be pointed out, furthermore, that the aids to cover losses on mine operation and losses sustained by the central administration of Charbonnages de France do not exceed the estimated actual operating losses and are therefore in accordance with the provisions of Article 9 (2) of Decision No 3/71/ECSC;

Whereas the aids proposed by the French Government for 1974 are not such as to impair the proper functioning of the common market, although the total amount of aid calculated in accordance with Articles 6 to 9 of Decision No 3/71/ECSC is FF 62.88 (9.98 units of account) per metric ton produced and is thus relatively high in comparison with the aids for the German and British coal industries;

Whereas this conclusion is based on the following findings:

- there has been no noticeable decline in trade in coal between France and the other Community countries,
- the number of price alignment agreements is small,
- industrial users of coking coal and boiler coal receive no indirect aids as a result of artificially low prices for French coal,
- the closure of unprofitable pits leads to rationalization and the concentration of production in pits where productivity is highest;

Whereas in the light of the above trends it may be concluded that the competitive position of the French coal industry will not change in 1974, either as regards the relative positions of the individual French coalfields or as regards their position *vis-à-vis* other Community coalfields;

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

Whereas under Article 11 (1) of Decision No 3/71/ECSC the Commission must ensure that the aids authorized are used for the purpose set out in Articles 6 to 9 of that Decision; whereas to this end it must be informed in particular of the amount and apportionment of such aids,

HAS ADOPTED THIS DECISION:

*Article 1*

The French Government is hereby authorized to grant to the French coal industry the following additional aids for 1973:

- (a) FF 154.9 million to cover operating losses;
- (b) FF 37 million to cover exceptional conversion costs;
- (c) FF 4.5 million to cover losses sustained by the central administration of Charbonnages de France.

The French Government is hereby authorized to grant to the French coal industry in respect of the calendar year 1974 the following aids:

- (a) FF 1 091.7 million to cover operating losses;
- (b) FF 255 million to cover exceptional conversion costs;
- (c) FF 131 million to cover losses sustained by the central administration of Charbonnages de France.

*Article 2*

The French Republic shall supply the Commission by 15 November 1975 at the latest with full particulars regarding the aids granted pursuant to this Decision, in particular the amounts paid and the manner in which they were apportioned and the nature and scope of the rationalization measures undertaken.

*Article 3*

This Decision is addressed to the French Republic.

Done at Brussels, 10 July 1975.

*For the Commission*

*The President*

François-Xavier ORTOLI