

COMMISSION DECISION

of 20 June 1990

approving aid from Portugal to the coal industry during 1989

(Only the Portuguese text is authentic)

(91/2/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 2064/86/ECSC of 30 June 1986 establishing Community rules for State aid to the Coal industry⁽¹⁾,

Whereas :

I

By letters of 15 September and 30 November 1989 the Portuguese Government informed the Commission, in accordance with Article 9 (2) of Decision No 2064/86/ECSC, of the financial measures it intends to take to support the coal industry in 1989.

By letter of 5 March 1990 the Portuguese Government submitted further information following the Commission's request of 6 December 1989. Aid to cover operating losses of the 'Carbonifera do Douro' undertaking totalling Esc 796 400 000 for production of about 0,22 million tonnes is submitted for the approval of the Commission under the abovementioned Decision.

II

The increase in aid compared with 1988 must be viewed in the light of the objectives of Decision No 2064/86/ECSC, in particular those of Article 2 (1) thereof.

For several years, the 'Carbonifera do Douro' undertaking has been implementing a modernization and rationalization plan which has led to some improvement in productivity. However, this has not been fully reflected in the production costs owing to the increase in the cost of certain production factors, such as salaries.

The aid will cover the difference between projected average costs and projected average revenue for each tonne produced. The aid will not exceed expected operating losses and hence complies with the conditions of Article 3 (1) of the Decision.

(¹) OJ No L 177, 1. 7. 1986, p. 1.

The purpose of the aid is to prevent premature closure of the pit and forms part of a regional industrial diversification policy designed to create new employment outside the coal industry. It hence contributes to solving the social and regional problems related to developments in the coal industry, in accordance with the third indent of Article 2 (1).

III

In view of the temporary nature of Decision No 2064/86/ECSC which expires on 31 December 1993, and the need to ensure the economic viability of the Community's coal industry in the long term, Community aid must be scheduled on a declining scale.

To enable the Commission to check whether the conditions of application of Decision No 2064/86/ECSC are fulfilled, Portugal should be requested to submit, by 31 December 1990, information relating to the business strategy of the undertaking 'Carbonifera do Douro'.

In view of the above and of the information supplied by the Portuguese authorities, the aid to be granted to the current production of the Portuguese coal industry in 1989 is compatible with the objectives of Decision No 2064/86/ECSC and with the proper functioning of the common market.

IV

Pursuant to Article 11 (2) of Decision No 2064/86/ECSC, the Commission must ensure that the direct aid to current production which it authorizes is used exclusively for the purposes set out in Articles 3 to 6 thereof. It must therefore be informed of the amounts of the payments and the manner in which they are apportioned,

HAS ADOPTED THIS DECISION :

Article 1

Portugal is hereby authorized to grant aid totalling Esc 796 400 000 to the coal industry to cover operating losses for the 1989 calendar year.

Article 2

Portugal shall provide the Commission by 31 December 1990 with the requested information on the business strategy of the undertaking 'Carbonifera do Douro'.

Article 3

Portugal shall inform the Commission at the latest by 30 September 1990 of the actual amounts of aid paid in 1989.

Article 4

This Decision is addressed to the Portuguese Republic.

Done at Brussels, 20 June 1990.

For the Commission

António CARDOSO E CUNHA

Member of the Commission
