

COMMISSION

COMMISSION DECISION

of 20 September 2000

authorising France to grant aid to the coal industry for 2000

(notified under document number C(2000) 2923)

(Only the French text is authentic)

(Text with EEA relevance)

(2001/58/ECSC)

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Commission Decision 3632/93/ECSC of 28 December 1993 establishing Community rules for State aid to the coal industry ⁽¹⁾, in particular Article 2(1) and Article 9 thereof,

Having regard to Commission Decision 95/465/ECSC of 19 July 1995 approving the French coal industry's plan for the reduction of activity ⁽²⁾,

Whereas:

and 1999 to cover the balance of the operating losses for those years which are not covered by direct subsidies and capital injections,

— aid to cover exceptional losses for 2000 amounting to FRF 4 071 million.

- (3) The financial measures envisaged by France for its coal industry are covered by Article 1 of Decision No 3632/93/ECSC and must therefore be approved by the Commission in accordance with Article 9, which refers in particular to the general objectives and criteria laid down in Article 2 and the specific criteria set out in Articles 4 and 5 of the Decision. In its assessment, the Commission checks, in accordance with Article 9(6) of the Decision, whether the measures are in conformity with the plans for the reduction of activity which have been approved by the Commission.

I

- (1) By letter of 26 October 1999, France notified the Commission, in accordance with Article 9(1) of Decision No 3632/93/ECSC, of the financial aid it proposes to grant to the coal industry for 2000. By letter of 26 May 2000, France also notified the Commission of an adjustment to this financial aid.

- (2) In accordance with Decision No 3632/93/ECSC, the Commission is required to take a decision for 2000 on the following financial aid:

- aid for the reduction of activity amounting to FRF 2 381 million to cover operating losses for 2000,
- aid for the reduction of activity amounting to FRF 220 million. This aid is intended to cover the interest due for 2000 on the part of the loan issue floated by Charbonnages de France in 1997, 1998

II

- (4) The sum of FRF 2 381 million which France is proposing to grant to the coal industry under Article 4 of Decision No 3632/93/ECSC is intended to cover the difference between the production cost and the selling price of coal freely agreed between the contracting parties in the light of the prevailing conditions on the world market for coal of similar quality from third countries. This aid forms part of the plan for the reduction of activity by the company, which plans to cease all mining activities in 2005. In view of the exceptional social and regional consequences of the reduction of activity by the company, the French Government, in agreement with the two sides of industry, has decided to stagger the closures up to 2005.

⁽¹⁾ OJ L 329, 30.12.1993, p. 12.

⁽²⁾ OJ L 267, 9.11.1995, p. 46.

- (5) Although coal production has to be reduced from 3,673 million tce⁽¹⁾ in 1999 to 2,954 million tce in 2000, a reduction of about 20 % in one year, the Commission notes that the amount of aid has remained stable. The rise in the production costs from FRF 975 per tce in 1999 to an estimated FRF 1 103 per tce in 2000 — has neutralised the effect of reducing the volume of production to the overall amount of aid. This trend in the cost of mining coal merely serves to confirm France's decision to cease all mining by 2005.
- (6) In accordance with Article 3(1) of the above Decision, the Commission has checked that, for the coal mining year 2000, the aid notified per tonne does not exceed for each production unit the difference between production costs and foreseeable revenue.
- (7) In accordance with Article 2(1), second indent, the aid helps to solve the social and regional problems created by total or partial reductions in the activity of production units. Furthermore, the Commission has checked that the aid meets the requirement of Article 2(2) of Decision No 3632/93/ECSC.
- (8) Except for the sum of FRF 45 million, on the basis of the information provided by France, the aid proposed for 2000 is compatible with the objectives of Decision No 3632/93/ECSC and the proper functioning of the common market. The Commission will decide on the balance of FRF 45 million at a later date, in particular in the light of France's replies to the questions in the Commission's letter of formal notice of 9 February 1999, in the context of complaint No 97/4717 of 26 August 1997 against Charbonnages de France, which has been lodged by five French companies, including Thion et Cie.
- (9) This decision is also without prejudice to the decision which the Commission will be required to take following consideration of the complaints against Charbonnages de France, in particular Cokes de Drocourt SA, in the context of the coke market.
- (10) The sum of FRF 220 million which France is planning to grant to the coal industry under Article 4 of Decision No 3632/93/ECSC is intended to cover the interest due for 2000 on the part of the loan issue floated by Charbonnages de France in 1997, 1998 and 1999 to cover the balance of the operating losses for those years which are not covered by direct subsidies and capital injections.
- (11) In its Decision authorising France to grant aid to the coal industry for 1997, 1998 and 1999, the Commission considered that the part of the loans covering the balance of the operating losses for those years was aid within the meaning of Article 1 of Decision No 3632/93/ECSC. Since the interest due for 2000 is accessory to the part of the loans covering the balance of the operating losses for 1997, 1998 and 1999, it must therefore be regarded as aid within the meaning of Article 1 of Decision No 3632/93/ECSC in the same way as the principal sum.
- (12) This aid forms part of the plan for the reduction of activity by the company, which plans to cease all mining activities in 2005. The Commission has checked that the aid notified does not exceed the costs for 2000 for the part of the loans covering the balance of the operating losses for 1997, 1998 and 1999. The Commission therefore believes that the aid notified fulfils the requirements laid down in Article 3(1) of Decision No 3632/93/ECSC.
- (13) In accordance with Article 2(1), second indent, the aid helps to solve the social and regional problems created by total or partial reductions in the activity of production units. By letter of 3 July 2000, the French authorities have also provided the Commission with proof that the interest due for 2000 is entered in the State budget for 1999. The Commission therefore considers that the sum of aid fulfils the requirement of Article 2(2) of Decision No 3632/93/ECSC.
- (14) In the light of the above and on the basis of the information provided by France, the aid proposed for the year 2000 is compatible with the objectives of Decision No 3632/93/ECSC and with the proper functioning of the common market.
- (15) The aid amounting to FRF 4 071 million which France proposes to grant to its coal industry is intended to cover exceptional costs due to modernisation, rationalisation and the restructuring of the coal industry which are not related to current production (inherited liabilities).
- (16) In accordance with Article 5 of Decision No 3632/93/ECSC, this aid covers costs which are expressly referred to in the Annex to the Decision, namely:
- FRF 870 million towards the cost of paying social-welfare benefits resulting from the pensioning-off of workers before they reach statutory retirement age,

III

IV

⁽¹⁾ tce = tonne coal equivalent.

- FRF 70 million as other exceptional expenditure on workers losing their jobs as a result of restructuring and rationalisation,
 - FRF 83 million towards residual costs resulting from administrative, legal or tax provisions,
 - FRF 331 million towards additional work resulting from restructuring,
 - FRF 10 million towards mining damage attributable to pits previously in service,
 - FRF 45 million towards exceptional intrinsic depreciation in 1997, 1998 and 1999 resulting from the restructuring of the industry,
 - FRF 2 662 million towards the increase in the contributions, outside the statutory system, to cover social security costs as a result of the drop, following restructuring, in the number of contributors.
- (17) In accordance with Article 5(1) of Decision No 3632/93/ECSC, this aid may be regarded as compatible with the common market if it does not exceed the costs arising from or having arisen from the modernisation, rationalisation or restructuring of the coal industry which are not related to current production. Having checked the data communicated, the Commission concludes that this requirement has been fulfilled. In the light of the above and on the basis of the information provided by France, the aid planned for 2000 is compatible with the objectives of Decision No 3632/93/ECSC and with the proper functioning of the common market.

v

- (18) In accordance with the second indent of Article 3(1) and Article 9(2) and (3) of Decision No 3632/93/ECSC, the Commission has to check that the aid authorised for current production is only for the purposes stipulated in Article 4 of the Decision. To this end, it must be

informed of the amounts of such payments and the way they are broken down for 2000,

HAS ADOPTED THIS DECISION:

Article 1

France is authorised to apply the following measures in favour of its coal industry for 2000:

- aid for the reduction of activity, amounting to FRF 2 336 million, intended to cover operating losses for 2000. The Commission will take a decision on a balance of FRF 45 million at a later date;
- aid for the reduction of activity, amounting to FRF 220 million, intended to cover the interest due for 2000 on the part of the loan issue floated by Charbonnages de France in 1997, 1998, and 1999 to cover the balance of the operating losses for those years which are not covered by direct subsidies and capital injections.
- aid to cover exceptional costs for 2000 amounting to FRF 4 071 million.

Article 2

France shall communicate the amounts of aid actually paid under this Decision for 2000 to cover the operating losses for that year no later than 30 September 2001.

Article 3

This Decision is addressed to the French Republic.

Done at Brussels, 20 September 2000.

For the Commission
Loyola DE PALACIO
Vice-President