

COMMISSION DECISION

of 1 March 1978

approving aids from the United Kingdom to the coal-mining industry during
the coal marketing year 1977/78

(Only the English text is authentic)

(78/298/ECSC)

THE COMMISSION OF THE EUROPEAN
COMMUNITIES,

Having regard to Commission Decision 528/76/ECSC
of 25 February 1976 regarding the Community system
of measures taken by the Member States to assist the
coal-mining industry ⁽¹⁾,

Having consulted the Council,

I

Whereas the United Kingdom Government has
informed the Commission, pursuant to Article 2 of
the above Decision, of the financial measures which it
intends to implement directly or indirectly for the
benefit of the coal industry during the coal marketing
year 1977/78 ⁽²⁾; whereas the following of these
measures may be approved pursuant to that Decision ;

£ million

— aid for the recruitment and retention of skilled workers	2.6
— aid for stocks	10.8
— aid for power station coal	7.0
— aid to cover the operating losses of pits	10.0

Whereas these aids meet the criteria laid down in the
Decision for the admissibility of such State assistance ;

1. Whereas the aid for the recruitment and reten-
tion of skilled workers is a grant from the United
Kingdom Government towards the costs incurred by
the National Coal Board (NCB) in 1977/78 for the
relocation of personnel under its production rationali-
zation programme ; whereas, in order to ensure that
skilled workers are retained, the costs incurred by relo-
cated miners must be reimbursed by the NCB ;
whereas such costs include removal costs, resettlement
costs, travel expenses and compensation for temporary
loss of income ;

Whereas the United Kingdom Government is to
contribute £ 2.6 million towards such costs borne by
the NCB in 1977/78 ;

Whereas the purpose and form of the aid show that it
meets the criteria set out in Article 8 of the Decision ;

2. Whereas the £ 10.8 million aid to cover the
costs of stocks of coal and coke is based on total
producers' stocks, and additional stock held by
consumers financed directly or indirectly by the
producers, amounting to some 18 million tonnes ;
whereas, with monthly production of around 10
million tonnes, stocks eligible for aid under Article 9
(2) amount to 8 million tonnes ; whereas the amount
of aid per tonne is accordingly £ 1.4 ; whereas the
actual cost of stocks (including depreciation and
interest) is substantially higher than the amount of
aid ;

Whereas the purpose and form of the aid show that it
meets the criteria set out in Article 9 of the Decision ;

3. Whereas the £ 7 million aid for power station
coal is intended to cover the cost of deliveries of
power station coal to Scotland ; whereas United
Kingdom coal is more expensive in Scotland than
comparable competitive energy sources because of
transport costs ; whereas the purpose of this aid is to
stabilize in the long term the sale of steam coal in this
marketing area and hence it fulfils the provisions of
Article 11 of the Decision ;

4. Whereas the £ 10 million aid to cover the
operating losses of pits will cover only part of the
losses of pits in unprofitable coalfields ; whereas
several unprofitable pits are likely to be closed in the
coal marketing year 1977/78 ; whereas the National
Coal Board (NCB) is anxious to mitigate the resulting
social problems as far as possible ; whereas the NCB's
productivity will be improved by the closure of unprof-
itable pits ; whereas the NCB has taken steps to
increase the capacity of productive coalfields and to
develop new coalfields in order to balance out the
reductions in capacity which will be caused by the
closures and to ensure that production is stabilized in
the long term ;

⁽¹⁾ OJ No L 63, 11. 3. 1976, p. 1.

⁽²⁾ The coal marketing year 1977/78 runs from the begin-
ning of April 1977 to the end of March 1978.

Whereas the purpose and form of the aid show that it fulfils the provisions of subparagraph 1 of Article 12 (1) and of Article 12 (2) of the Decision ;

II

Whereas, in accordance with Article 3 (2) of the Decision, the examination of the compatibility of the abovementioned aids with the proper functioning of the common market must also extend to all other financial measures to support current production in 1977 ;

Whereas for the coal marketing year 1977/78 aids for current production in the United Kingdom will amount to 59.1 million European units of account or 0.48 European unit of account per tonne ; whereas the British coal industry therefore receives the lowest subsidy of all coal-producing Member States ;

Whereas the examination of the compatibility of this aid with the proper functioning of the common market requires no detailed information or investigations :

- there were no supply difficulties on the British market in 1977,
- progress with rationalization, together with new investment projects, brought a reduction in production costs and stabilized production in 1977,
- there was no disruption of competition as a consequence of the United Kingdom aids in 1977 ;

Whereas it can therefore be stated that the aids for the British coal industry for current production in the coal marketing year 1977/78 are compatible with the proper functioning of the common market ;

Whereas this also applies when account is taken of aids to the coal industry pursuant to Decision 73/287/ECSC ;

III

Whereas, pursuant to Article 14 (1) of the Decision, the Commission must ascertain that the aids authorized are used exclusively for the purposes set out in Articles 7 to 12 thereof ; whereas the Commission must be informed in particular of the amount of these aids and the manner in which they are apportioned,

HAS ADOPTED THIS DECISION :

Article 1

The Government of the United Kingdom is hereby authorized in respect of the coal marketing year 1977/78 to grant aids totalling £ 30 400 000 to the British coal-mining industry. The said aids are made up as follows :

1. grant not exceeding £ 2.6 million to cover the costs incurred by the National Coal Board in respect of relocation of personnel under the production rationalization programme ;
2. aid not exceeding £ 10.8 million towards stocking costs in respect of coal and coke ;
3. aid not exceeding £ 7 million for deliveries of power station coal to Scotland ;
4. aid not exceeding £ 10 million to cover the operating losses of pits.

These aids shall not exceed actual losses.

Article 2

The United Kingdom shall notify the Commission by 30 June 1978 of the details of the aids granted pursuant to this Decision, and in particular of the amounts paid and the manner in which they are apportioned.

Article 3

This Decision is addressed to the United Kingdom.

Done at Brussels, 1 March 1978.

For the Commission

Guido BRUNNER

Member of the Commission