

II

(Acts whose publication is not obligatory)

COMMISSION

COMMISSION DECISION

of 8 May 2001

authorising the United Kingdom to grant aid to the coal industry for 2001

(notified under document number C(2001) 1404)

(Only the English text is authentic)

(Text with EEA relevance)

(2001/683/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 3632/93/ECSC of 28 December 1993 establishing Community rules for State aid to the coal industry ⁽¹⁾, and in particular Article 9(4) thereof,

Whereas:

I

- (1) By letter of 16 March 2001, the United Kingdom notified the Commission, in accordance with Article 9(1) of Decision No 3632/93/ECSC, of the financial aid which it proposed to grant to the coal industry for 2001.
- (2) In the light of the information submitted by the United Kingdom, the Commission is required to take a decision on operating aid amounting to GBP 25 259 000 to cover operating losses, for the period from 1 January 2001 to 31 December 2001, in four production units.
- (3) The financial measures are covered by Article 1 of Decision No 3632/93/ECSC. The Commission must therefore take a decision on these measures pursuant to Article 9(4) of that Decision. Accordingly, the Commission's approval is subject to the general objectives and criteria laid down in Article 2 and the specific criteria set out in Article 3 of Decision No 3632/93/ECSC and must, more generally, be compatible with the proper functioning of the common market. In addition, in its

assessment the Commission is required to check, in accordance with Article 9(6) of that Decision, whether the measures notified are in conformity with the plan for the modernisation, rationalisation and restructuring of the United Kingdom coal industry approved by the Commission by Decision 2001/114/ECSC ⁽²⁾ and by Decision 2001/597/ECSC ⁽³⁾ ('the restructuring plan').

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- (4) The sum of GBP 25 259 000 which the United Kingdom is proposing to grant to the coal industry under Article 3 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.
- (5) The aid is intended for the following units:
 - (a) GBP 18 318 000 for the Longannet Mine production unit of Mining (Scotland) Ltd;
 - (b) GBP 3 807 000 for the Hatfield Colliery production unit of Hatfield Coal Company Ltd;
 - (c) GBP 1 168 000 for the Blenkinsopp Colliery production unit of Blenkinsopp Collieries Ltd;
 - (d) GBP 1 966 000 for the Betws Colliery production unit of Betws Anthracite Ltd.

⁽¹⁾ OJ L 329, 30.12.1993, p. 12.

⁽²⁾ OJ L 43, 14.2.2001, p. 27.

⁽³⁾ OJ L 210, 3.8.2001, p. 32.

- (6) The Commission has already authorised the United Kingdom to grant operating aid pursuant to Article 3 of Decision No 3632/93/ECSC to the production units for the period from 17 April 2000 to 31 December 2000 amounting to GBP 17 462 000 for Longannet Mine ⁽¹⁾, GBP 3 932 000 and GBP 470 000 respectively for Hatfield Colliery and Blenkinsopp Colliery ⁽²⁾, and GBP 870 000 for Betws Colliery ⁽³⁾. In accordance with Article 3(2) of Decision No 3632/93/ECSC, the Commission considered that the aid which the United Kingdom proposed to grant for 2000 was intended to improve the economic viability of the production units concerned by reducing their production costs. The aid should, in accordance with the restructuring plan, help to make the production units viable, enabling them to continue their activities beyond 2002 without public subsidy.
- (7) The information transmitted by the United Kingdom in its letter of 16 March 2001 notifying the aid for 2001 confirms the conclusions reached by the Commission in the context of Decision No 3632/93/ECSC, with regard to aid for 2000. Production costs at the Hatfield Colliery, Blenkinsopp Colliery and Betws Colliery units must be reduced significantly and, in 2002, should not exceed the economic viability threshold of GBP 1,15/GJ set in the restructuring plan ⁽⁴⁾ at 1999 prices. In the case of Longannet Mine, the estimated production costs for 2002 are expected to be GBP [...] ^(*)/GJ. The higher quality of the coal produced by Longannet Mine, which in particular has a very low sulphur content, nevertheless enables this production unit to obtain a higher price for it than that generally charged by other United Kingdom producers. The prospects for reducing production costs and the level of debt should therefore enable Longannet Mine to continue its activities beyond 2002 without public subsidy. In addition, according to estimates made up to 2004, the above production units should continue to improve their economic viability by further reducing production costs.
- (8) In accordance with Article 3(2) of Decision No 3632/93/ECSC, the aid which the United Kingdom proposes to grant for 2001 is therefore intended to improve the economic viability of the production units concerned by reducing their production costs.
- (9) The modernisation, rationalisation and restructuring measures implemented by each production unit, and in particular the temporary nature of the financial support necessary to achieve these measures, will allow the aid to be degressive, in accordance with the first indent of Article 2(1) of Decision No 3632/93/ECSC.
- (10) At the request of the United Kingdom authorities, a technical report was drawn up by an independent expert to assess whether the modernisation, rationalisation and restructuring measures envisaged for the various production units would enable them to improve their economic viability after the expiry of the ECSC Treaty on 23 July 2002. In drawing up the report, the expert took account of the geological and technical conditions in which the units operate and the quality of the coal produced. The report concluded that the various measures envisaged are consistent and realistic to achieve a situation of economic viability.
- (11) In accordance with the first indent of Article 3(1) of Decision No 3632/93/ECSC, the aid per tonne as notified does not exceed, for each production unit, the difference between production costs and foreseeable revenue for 2001.
- (12) The Commission notes that, for each production unit, an auditor has certified that the financial data notified by the United Kingdom are an accurate reflection of the company's accounts. The auditor also stated that the forecasts had been drawn up using the same accounting standards as were in use before the period covered by the restructuring plan.
- (13) In the light of the above and on the basis of the information provided by the United Kingdom, the aid proposed for 2001 for the production units listed in recital 5 is compatible with Decision No 3632/93/ECSC, and in particular with Articles 2 and 3 thereof.
- (14) The United Kingdom is required to ensure that the aid does not cause any distortion of competition and does not discriminate between coal producers, buyers or consumers in the Community.
- (15) In accordance with the third indent of Article 3(1) of Decision No 3632/93/ECSC and with the provisions of Decision 2001/114/ECSC relating thereto, the United Kingdom will take all necessary measures to ensure that the amount of the aid granted to each production unit does not cause delivered prices for Community coal to be lower than those for coal of a similar quality from third countries.
- (16) Moreover, in accordance with Article 2(2) of Decision No 3632/93/ECSC, the aid must be entered in the United Kingdom's national, regional or local public budgets and must comply with strictly equivalent mechanisms.

III

⁽¹⁾ Commission Decision 2001/217/ECSC of 13 December 2000 (OJ L 81, 21.3.2001, p. 31).

⁽²⁾ Commission Decision 2001/340/ECSC of 13 February 2001 (OJ L 122, 3.5.2001, p. 23).

⁽³⁾ Commission Decision 2001/597/ECSC of 11 April 2001 (OJ L 210, 3.8.2001, p. 32).

⁽⁴⁾ 1 tonne coal equivalent (tec) = 29,302 Gigajoules (GJ).

^(*) Confidential information.

- (17) In accordance with the second indent of Article 3(1) and with Article 9(2) and (3) of Decision No 3632/93/ECSC, the Commission has to check that the aid authorised is used only for the purposes stipulated in Article 3 of that Decision. At the latest by 30 September 2002, the United Kingdom shall send notification of the amount of aid actually paid during the course of 2001 and shall declare any changes made to the amounts originally notified. Any information required to ascertain that the criteria laid down in Article 3 of the Decision have been complied with shall be provided together with this annual breakdown.
- (18) The United Kingdom is required to justify any departures from the restructuring plan and from the economic and financial forecasts notified to the Commission on 16 March 2001. In particular, should it turn out that the conditions laid down in Article 3(2) of Decision No 3632/93/ECSC cannot be met, the United Kingdom must itself propose to the Commission the corrective measures required,

HAS ADOPTED THIS DECISION:

Article 1

The United Kingdom is authorised, subject to the conditions set out in Article 3 of Decision No 3632/93/ECSC, to grant operating aid of GBP 25 259 000 to the Longannet Mine, Hatfield

Colliery, Blenkinsopp Colliery and Betws Colliery production units for 2001.

Article 2

The United Kingdom shall ensure that the authorised aid is used only for the purposes which it has declared in its notification of 16 March 2001, and that any expenditure on items covered by this Decision which is cancelled, overestimated or misused is reimbursed.

Article 3

Without prejudice to its obligations under Article 9(1), (2) and (3) of Decision 3632/93/ECSC, the United Kingdom shall, at the latest by 30 September 2002, communicate the amounts of aid actually paid during the financial year 2001.

Article 4

This Decision is addressed to the United Kingdom of Great Britain and Northern Ireland.

Done at Brussels, 8 May 2001.

For the Commission
Loyola DE PALACIO
Vice-President
