

The market for solid fuels in the Community in 1992 and the Outlook for 1993 (Revision)

(93/C 332/03)

SUMMARY

1. This report summarizes the results obtained in 1992 and gives the Member States' forecasts for 1993, on the basis of the information forwarded to the Commission in June 1993.

2. The report thus updates the information contained in the Commission's annual report on 'The market for solid fuels in the Community in 1992 and the outlook for 1993' ⁽¹⁾, which gave the forecasts made at the end of 1992 and in January 1993. At the end of the current year, a new report will be drawn up with the provisional results for 1993 and the outlook for 1994.

The information related to the coal market contained in this document, unless specified to the contrary, does not cover the new German *Länder* since the necessary data, in particular the forecasts for 1993, are largely unavailable.

In addition, it should also be noted that, when the main report was prepared in March 1993, forecasts for 1993 were not available for the United Kingdom. The Commission used the same figures for 1993 as those given for 1992. This situation has been rectified for this report, which accounts for some of the large discrepancies in the forecasts for 1993.

3. With respect to the economic situation ⁽²⁾, there is now evidence that the Community slid into recession in the second half of last year. At present, there are no concrete signs of a recovery process emerging on the horizon. This growth profile translates into an average

contraction in GDP of 0,5 % in 1993 in real terms, which is the first decline since 1975. As a result, unemployment is expected to increase faster than previously projected and could reach 11,5 % in 1993. On the other hand, notwithstanding the weakness of demand, only modest progress is being made in reducing inflation, which could still average 4,5 % in 1993.

4. According to the data available, total primary energy demand (in terms of gross inland consumption) in the Community during 1992 (including the new German *Länder*) appears to have decreased by 0,6 % compared to 1991.

Demand for hard coal and lignite decreased by 5 and 10,2 % respectively, the latter being heavily influenced by the restructuring of the lignite industry in eastern Germany. Taken together, solid fuels decreased by some 6,3 %.

Slow economic growth is the main factor explaining this behaviour in demand, but other contributing factors were the significantly warmer weather in 1992 compared to 1991 and the continuing restructuring of the eastern German energy sector.

Globally for 1993, the expected contraction in GDP could result in a more pronounced decrease in total energy demand than occurred during 1992. In addition, should the mild weather conditions observed until mid-1993 continue for the rest of the year, this could accentuate the decline expected for 1993. Solid fuels, both lignite and hard coal, are likely to be the energy sources most touched by such a contraction in demand.

⁽¹⁾ SEC(93) 441 final of 25. 3. 1993.

⁽²⁾ Economic forecast 1993, June 1993, CEC.

Comparison of the main features of the solid fuel market (1)

(million tonnes)

	1992 previous	1992 actual	1993 previous	1993 actual	1993 actual/ previous (%)	1993/92 (%)
HARD COAL						
<i>Resources</i>						
— Production	183,7	184,6	174,7	160,0	— 8,4	— 13,3
— Recoveries	7,6	5,3	5,9	3,7	— 37,5	— 30,5
— Imports from third countries	131,3	133,2	126,3	120,7	— 4,5	— 9,4
Total	322,6	323,2	307,0	284,4	— 7,3	— 12,0
<i>Deliveries</i>						
— To coking plants	58,9	58,3	56,7	54,4	— 4,0	— 6,7
— To power stations (2)	209,4	209,5	210,8	185,4	— 12,0	— 11,5
— To others	41,2	41,4	40,5	41,3	2,0	— 0,9
— Exports to third countries	0,3	0,3	0,3	0,2	— 13,6	— 27,3
Total	309,7	309,5	308,3	281,4	— 8,7	— 9,1
COKE						
<i>Resources</i>						
— Production	43,6	44,1	42,3	40,9	— 3,5	— 7,4
— Imports from third countries	1,5	1,7	1,4	1,2	— 16,3	— 28,8
Total	45,1	45,8	43,7	42,0	— 3,9	— 8,2
<i>Deliveries</i>						
— To steel industry	40,0	39,3	37,9	36,2	— 4,5	— 7,9
— Other deliveries within the Community	4,2	4,5	3,9	4,3	10,1	— 4,8
— Exports to third countries	0,9	1,0	0,7	0,6	— 19,0	— 37,5
Total	45,1	44,8	42,1	41,1	— 3,4	— 8,2
LIGNITE AND PEAT						
<i>Resources</i>						
— Production and imports	196,1	192,1	196,3	190,2	— 3,1	— 1,0
<i>Deliveries</i>						
— To briquetting plants	17,2	14,1	17,9	16,3	— 9,2	15,7
— To power stations	174,7	173,8	174,2	168,5	— 3,3	— 3,1
— Others (including exports to third countries)	5,1	5,3	5,2	5,4	2,8	1,2
Total	197,0	193,2	197,3	190,1	— 3,6	— 1,6

The sums may not add up due to rounding.

(1) Excluding the new German *Länder*.

(2) Including industrial and pithead power stations.

5. Hard coal production in the Community amounted to 184,6 million tonnes in 1992, which is 0,9 million tonnes more than forecast in the previous report.

For 1993, current forecasts are for a marked drop of some 24,6 million tonnes (– 13,3 %) to 160,0 million tonnes. The most significant decreases are expected to be in the United Kingdom, with some 15,3 million tonnes less (– 18,9 %) as result of the lower demand for hard coal from the power stations, followed by Germany with some 7,9 million tonnes (– 10,9 %).

6. In 1992, internal hard coal deliveries in the Community totalled 309,2 million tonnes, which is some 15,9 million tonnes down on the previous year. This decrease was mainly due to the lower demand from all the consumer sectors, with the only exception being thermal coal deliveries to the steel industry. The drop in deliveries was especially marked in the electricity generating industry, followed by the cokeries, industry in general and domestic heating.

7. For 1993, total internal hard coal deliveries are expected to decrease again by 28,0 million tonnes (– 9 %) to reach 281,2 million tonnes. This tonnage would be the lowest ever seen in the Community, with the exception of 1984, the year of the strike in the British coal mining industry.

By sector, the forecasts are for a generalized decrease with the sole exception being deliveries of thermal coal to the steel industry for PCI purposes. The most significant falls are forecast for electricity generation, with a decrease of some 24,1 million tonnes (– 11,5 %) to 185,4 million tonnes, followed by deliveries to the cokeries with a 3,9 million tonnes drop (– 6,7 %) to 54,4 million tonnes.

The deliveries to the electricity generating sector and to the cokeries are responsible for 99 % of the expected decrease in deliveries during 1993 compared to 1992. In particular, the former accounts for some 86 % of the total reduction.

By country, the decrease is expected to be particularly marked in the United Kingdom with a decline of some 19,5 million tonnes (– 19,2 %), followed by Germany with 4,2 million tonnes (– 5,2 %), France with 2 million tonnes (– 7,6 %), Denmark with 1,4 million tonnes (– 12,3 %) and Spain with 1 million tonnes (– 3,1 %). Other drops are much less significant in absolute terms.

8. As in previous years, an increasing share of the hard coal market is covered by imports from third countries, which have taken some of the room left by the contraction of Community hard coal production.

Imports of hard coal from third countries in 1992 rose by 3 million tonnes to reach 133,2 million tonnes. This rise was, to a large extent, much lower than expected at

the beginning of 1992, but was conditioned by the fall in demand for coal which surpassed the cutbacks in production of the Community hard coal industry.

For 1993, for the first time in many years, total imports are expected to decline with respect to the previous years. Total imports are forecast at 120,7 million tonnes, which is 12,6 million tonnes (– 9,4 %) less than in 1992.

9. The average cif price in US dollars for Community steam coal imports from third countries for power stations in 1992 slightly decreased to US \$ 51,67 per tce compared to the average price for 1991 of US \$ 52,01 per tce. However, due to the depreciation of the US dollar compared to the Community currency, prices for steam coal were some 5 % lower during 1992 when expressed in ecu.

The 1992 guide price for coking coal imports from third countries, on average, decreased by almost 3 % US dollars when compared with 1991 and by more than 7 % when expressed in ecu. The average guide price of coking coal for the fourth quarter of the year dropped from US \$ 59,2 per tonne in 1991 to US \$ 57,3 per tonne in 1992. Prices have been declining ever since the first quarter of 1991.

The international market is obviously affected by this weak demand for coal. There are surpluses in the market and consequently prices for hard coal have shown a sustained decrease during the first half of the year. There is no evidence of any substantial change for the second half of the year.

10. The coke market continues to shrink. This is the logical consequence of the situation facing the steel industry, a sector which absorbs more than 90 % of the total inland deliveries of coke and, to a lesser extent, the slight, almost permanent, downwards trend in the other minor consumer sectors such as 'other industries' and the domestic sector.

Total inland deliveries amounted to 43,8 million tonnes in 1992 and the forecasts for 1993 are for 40,5 million tonnes (down 3,3 million tonnes). Deliveries to the steel industry are forecast at 36,2 million tonnes, compared with 39,3 million tonnes supplied in 1992 and more than 43 million tonnes in 1991.

11. For 1993 lignite availabilities, including imports but not taking into consideration the new German *Länder*, are estimated at around 190,2 million tonnes, which is 1,9 million tonnes down on the 1992 figure. Power stations are expected to consume some 168,5 million tonnes, which represents almost 89 % of available resources and which is 5,4 million tonnes down on the previous year's figure.

The expected drop in demand from German power stations (– 6,2 million tonnes) will result in a drop for the whole Community figure in 1993, despite the

anticipated increase in demand from the German briquetting plants (+ 2,2 million tonnes) and from the Greek power stations (+ 1,3 million tonnes).

12. In concluding, the expected contraction in the Community's GDP during 1993 is likely to lead to a decrease in total energy demand and solid fuels are likely to be the energy source most affected. The revised forecasts for coal during 1993 point to a contraction of

the Community market for solid fuels, and an especially marked for hard coal.

13. A copy of the full-length report can be obtained by writing to:

Commission of the European Communities,
Directorate-General for Energy (DG XVII-B),
Rue de la Loi 200,
B-1049 Brussels.

Prior notification of a concentration

(Case No IV/M.390 — Akzo/Nobel Industrier)

(93/C 332/04)

1. On 29 November 1993, the Commission received a notification of a proposed concentration pursuant to Article 4 of Council Regulation (EEC) No 4064/89⁽¹⁾ by which the undertakings Akzo NV (Netherlands) and Nobel Industrier AB (Sweden) propose to merge, the merger to be effected by way of public bid by Akzo for the entire issued common share capital of Nobel. Nobel's biotechnology business and its interests in Spectra-Physics AB and Celcius Industrier AB, however, will not be acquired by Akzo.

2. The principal business activities of the undertakings concerned are:

— for Akzo: chemicals, coatings, fibres and pharmaceuticals,

— for Nobel: biotechnology, pulp and paper chemicals, paints and adhesives and industrial coatings, surface chemicals, industrial products (impregnated papers, adhesives and printing inks), pharmaceuticals and electro optic instruments.

3. Upon preliminary examination, the Commission finds that the notified concentration could fall within the scope of Council Regulation (EEC) No 4064/89. However, the final decision on this point is reserved.

4. The Commission invites interested third parties to submit their possible observations on the proposed operation to the Commission.

Observations must reach the Commission not later than 10 days following the date of this publication. Observations can be sent to the Commission by fax (fax No (32 2) 296 43 01) or by post, under reference number IV/M.390 — Akzo/Nobel Industrier, to the following address:

Commission of the European Communities,
Directorate-General for Competition (DG IV),
Merger Task Force,
Avenue de Cortenberg 150,
B-1049 Brussels.

⁽¹⁾ OJ No L 395, 30. 12. 1989, p. 1. OJ No L 257, 21. 9. 1990, p. 13 (Corrigendum).