

# COMMISSION OF THE EUROPEAN COMMUNITIES

COM(77) 77 final.

Brussels, 17 March 1977.

Proposal for a  
COUNCIL REGULATION (EEC)

concerning Community aid for financing cyclical stocks  
of hard coal, coke and patent fuel

---

(P.25/77)

(submitted to the Council by the Commission)

COM(77) 77 final.

EXPLANATORY MEMORANDUMI. Energy and coal policy objectives

At its meeting on 17 December 1974 on Community energy policy objectives for 1985<sup>1</sup>, the Council decided that the Community's coal production should be maintained at its then level (approximately 250 million tce) under satisfactory economic conditions.

In order to achieve this objective, measures will have to be taken to ensure continuity of production and to facilitate the smooth implementation of investment plans which will only pay off in the long term and of all corresponding internal measures by undertakings (manpower policy, rationalization, etc).

In January 1976<sup>2</sup> the Commission proposed a number of measures to the Council in respect of coal; these concerned aid for the stockpiling of coal and the sale of coking coal to the steel industry and of steam coal to power stations.

Aid for coal stocks plays a major role in the Community's energy policy strategy. Because of the structural conditions, it is difficult to adapt coal production to short-term market fluctuations. It is essential to build up pithead stocks to a certain level to enable the mines to offset fluctuations in production caused by technical factors. However, very unfavourable economic circumstances may increase these stocks to an exceptionally high level, as is the case at present; financing such a level of stocks involves a financial burden exceeding the normal economic conditions of coal production. Finally, the burden of this expenditure could lead to the premature closure of production capacities if the undertakings do not have sufficient financial resources to maintain stocks until the market picks up again.

---

<sup>1</sup>OJ No 153, 9 July 1975, page 4

<sup>2</sup>See document COM (76) 20 of 16 January 1976 on the implementation of the energy policy guidelines drawn up by the European Council at its meeting in Rome on 1 and 2 December 1975.

This would however jeopardize the aim of maintaining Community production at its 1973/74 level. Moreover, only production capacities actually operating can contribute to the security of supply.

Moreover, it should be noted that pithead stocks are a useful buffer ensuring secure energy supplies to Community consumers regardless of any fluctuation in demand. In the last 25 years large coal stocks have played a very beneficial part in satisfying energy demand in four periods of prosperous economic activity.

In view of the long and short-term factors involved in security of supplies for all coal consumers, the interests of the Community require that a Community solution be found to this problem.

II. The problems involved in setting up a new Community system of aid to finance part of the storage costs

At the end of 1974 the stocks held by Community producers of coal and coke totalled some 16 million tonnes, or about 6.2% of normal production<sup>1</sup> for 1974. In the space of two years, i.e. by the end of 1976, the corresponding stocks<sup>2</sup> had risen to some 55 million tonnes of coal and coke or 22.3% of production for 1976. In relative terms, therefore, stocks have reached their highest level in the postwar period. Capital of some 2.5 thousand million EUA is tied up in the stocks. The annual storage costs amount between seven and eight EUA per tonne of stocks put down, which means that undertakings have to spend about 400 million EUA on stocks each year. These charges must be seen in the light of the general financial position of the coal undertakings. In 1976 the Governments of the four coal-producing Member States paid the coal industry totalling some 600 million EUA in order to keep the undertakings economically viable. These aids are the bare minimum because even with the subsidies the undertakings still make financial losses in coal production.

---

<sup>1</sup>Actual production was below normal because of a strike

<sup>2</sup>Including about 5 million tonnes of coal stored by producers on consumers' premises

For financial and practical reasons, it would be neither possible nor expedient to finance these costs completely from Community resources.

As regards the level of stocks, it is to be assumed that the undertakings<sup>1</sup> must in any case keep a certain level of "working" stocks and should themselves solve some of the cyclical problems of adjusting supply to demand. Experience has shown that the requisite quantity is about one month's production. Taking the Community total as a yardstick, this would amount to approximately 20 million tonnes<sup>2</sup>. No aid would therefore be granted for this volume of stocks.

It is above the 20 million tonne level that producers are really faced with cyclical adjustment problems. In the Commission's opinion, the Community system of aid should therefore come into play as from this level; care should also be taken, however, to ensure that the subsidized stocks do not exceed a certain limit. Once stocks have reached this upper limit, the undertakings must decide whether and to what extent production should be cut back in line with demand. In the light of the last twenty years' experience it would seem appropriate to put the upper limit - measured against total Community production - at around 40 million tonnes. Consequently, only part (max. 20 million tonnes) of the total stocks put down would be included in the Community aid system.

The estimated annual cost to undertakings of keeping 20 million tonnes of stocks is 150 million EUA. The sum of 50 million EUA seems appropriate as Community aid, i.e., one-third of the costs would be covered by the subsidy. With 20 million tonnes and 50 million EUA the rate of aid would be 2.50 EUA per tonne per year. Under the Community aid system proposed in the draft Decision, this average amount would be uniformly applied to all recipients.

---

<sup>1</sup>Reference will be made only to coal producers below. It should, however, be pointed out that the Decision also includes independent coke and briquette producers in the aid system in order to take into account the question of steady and secure coal supplies.

<sup>2</sup>The annual Community production lies between 240 and 250 million tonnes.

The Commission has carefully studied the possibility of using different subsidy rates varied according to the value of the coal stocked, instead of a uniform subsidy per tonne. The value per tonne of coal stored and the resultant costs (e.g. interest, depreciation, etc.) vary from one Member State to another.

Such a system would, however, not be feasible for the following reasons :

- (1) Detailed statistical information would have to be obtained from all those eligible for aid about the production value per tonne, the rate of interest for bank loans used to finance the stocks, rate of depreciation, the costs of stockholding and stocklifting etc.
- (2) The information thus collected would have to be regularly reviewed since the values per tonne, interest rates, etc. are constantly changing.
- (3) The differences in the production value of the coal extracted in the individual Member States are partly offset by the differences in interest rates; this means that there are only slight differences between the annual storage costs per tonne in the various Member States.
- (4) The administrative costs would be disproportionately high in relation to the advantage to be gained from a more equitable allocation of aid.

For these reasons the Commission prefers a uniform subsidy of 2.50 EUA per tonne. The calculations contained in tables 1 - 4 which are appended will serve as example. The relevant Articles of the appended draft regulation to which they refer are given at the top of each table.

In the light of the points of view expressed above :

- that stocks increase energy supply security in periods of rising demand,
- that the financial burdens of large stocks must not endanger the stability of Community production, which favours supply security,

the Commission is proposing a financial arrangement in line with the interests of the Community. The corresponding amount would have to be made available from the Community budget, pursuant to Article 235 of the EEC Treaty. The relevant negotiations between the Commission and the Parliament have already been conducted. At its sitting on 16 December 1976 Parliament allocated a token entry to item 322 of the 1977 budget. As the proposed Community aid is a multiannual operation, appropriations for commitment would also be entailed

### III. General principles of the Community aid system

The draft Regulation treats independent coke and briquette producers as eligible for aid in addition to Community coal producers. If they use Community coal the independent coke and briquette producers are just as involved in the conversion of coal as the coal producers with their colliery coke-ovens and briquetting plants; they encounter the same marketing difficulties and their stocks contribute towards a steady and secure coke and briquette supply. For these reasons, and in order to avoid discrimination, they have been included in the aid system.

Since such a system has never before been introduced at Community level, there is no experience in this field. In view of the very high level of stocks at present the system should be introduced as soon as possible for a period of not more than three years.

The other principles concerning the calculation of eligible quantities, the arrangements for payments into and out of the common Fund, etc. are all to be found in the draft Regulation.

6

Proposal for a  
COUNCIL REGULATION  
concerning Community aid for financing cyclical stocks  
of hard coal, coke and patent fuel

---

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,  
and particular Article 235 thereof;

Having regard to the proposal from the Commission;

Having regard to the Opinion of the European Parliament;

Having regard to the Opinion of the Economic and Social Committee;

Whereas the establishment of a common energy policy is one of the objectives  
which the Communities have set themselves and whereas it is for the Commission  
to propose the measures to be taken to that end;

Whereas the Council resolution of 17th December 1974, decided that the pattern  
of energy consumption should be altered by progressively increasing the use of  
reliable energy sources and that Community coal production should be main-  
tained at a level of 180 million toe under satisfactory economic conditions.

Whereas the Council resolution of 13th February 1975, decided, with regard  
to the coal mining industry, that measures would be necessary to compensate  
the effect of fluctuations in demand and to overcome supply difficulties.

Whereas coal production is necessarily inflexible because of the geological  
and technical conditions, the Community coal industry has to build up stocks  
of hard coal, coke and patent fuel when a cyclical fall in demand occurs and  
whereas this entails expenditure and ties up capital so that current investmen  
programms for production installations and rationalization are jeopardized  
and that competitiveness is reduced.

## II

(Preparatory Acts)

## COMMISSION

**Proposal for a Council Regulation concerning Community aid for financing cyclical stocks of hard coal, coke and patent fuel**

*(Submitted by the Commission to the Council on 18 March 1977)*

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 235 thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament,

Having regard to the opinion of the Economic and Social Committee,

Whereas the establishment of a common energy policy is one of the objectives which the Communities have set themselves and whereas it is for the Commission to propose the measures to be taken to that end;

Whereas the Council resolution of 17 December 1974, decided that the pattern of energy consumption should be altered by progressively increasing the use of reliable energy sources and that Community coal production should be maintained at a level of 180 million tce under satisfactory economic conditions;

Whereas the Council resolution of 13 February 1975, decided, with regard to the coal-mining industry, that measures would be necessary to compensate the effect of fluctuations in demand and to overcome supply difficulties;

Whereas coal production is necessarily inflexible because of the geological and technical conditions,

the Community coal industry has to build up stocks of hard coal, coke and patent fuel when a cyclical fall in demand occurs and whereas this entails expenditure and ties up capital so that current investment programmes for production installations and rationalization are jeopardized and that competitiveness is reduced;

Whereas these negative elements influence the development of production and supply and are, therefore, contrary to the long-term requirement of all consumers in the Community and whereas, in the short-term view, pithead stocks are a suitable form of buffer stocks to smooth out divergent trends in production and disposals and hence to help to guarantee energy supplies to all consumers in the Community regardless of any fluctuations in demand;

Whereas the Treaty does not provide the powers necessary for the introduction of Community financial measures to improve supply,

HAS ADOPTED THIS REGULATION:

## SECTION I

## General objectives

## Article 1

The Commission is authorized, subject to the conditions set out below, to grant to the beneficiaries

listed under Article 3 (1), aids to cover part of the costs borne in the holding of stocks of hard coal, hard coke and patent fuel.

## SECTION II

### Criteria for the grant of aid

#### Article 2

Aid shall be granted subject to the conditions detailed in Articles 3 to 7.

#### Article 3

1. Aid shall be granted to:
  - (a) the following undertakings if their place of production is in the Community;
    - (i) coal undertakings,
    - (ii) independent coking plants,
    - (iii) independent producers of patent fuel;
  - (b) organizations of the undertakings covered under paragraph (a) if they have corporate personality and are responsible for stockholding;
  - (c) the governments of the Member States if they bear all or part of the costs of buffer stocks designed to even out cyclical fluctuations in supply and demand.
2. Where the undertakings with organizations of undertakings or the government of the Member State in question jointly bear the costs of, or jointly manage certain stocks, the undertaking shall be the beneficiary.
3. Aid shall only be granted upon request.

#### Article 4

1. Aid shall be granted for stocks of Community hard coal and of coke and patent fuel produced from Community hard coal.
2. Aid shall be granted only on the basis of coal equivalence; for that reason stocks of coke and patent fuel produced from Community hard coal shall be converted into coal equivalent by applying a factor of 1.33 for coke and 1 for patent fuel.

#### Article 5

The following shall rank as stocks:

1. Hard coal held:
  - (a) by producers of hard coal:
    - total producer's stocks (including quantities in towers, washeries, wagons, etc., and including low-grade coal),
    - stocks held by consumers in excess of a normal stock level; these shall be added to the hard coal producer's stocks if such stocks belong to the hard coal producers or are directly or indirectly held or financed by them.

Total stocks shall be expressed in tonne for tonne (t/t);
  - (b) by independent coking plants and independent patent fuel producers: stocks of Community coal;
  - (c) by the governments of the Member States: stocks of Community coal.

Stocks managed jointly by governments and undertaking shall be ascribed to the total stocks of the undertakings under paragraph (a) or (b) of this Article.

2. Hard coke and patent fuel:

only stocks of hard coke and of patent fuel produced from Community coal. To determine these quantities, a quantity corresponding to the share of non-Community coal in the preceding year's total coal input shall be deducted from the actual total stocks of hard coal or patent fuel in the current aid year.

The principles set out for hard coal in paragraph 1 of this Article shall apply to coke and patent fuel *mutatis mutandis*.

3. For the purpose of the application of the provisions of Article 6, the stocks determined under paragraphs 1 and 2 of this Article shall be consolidated into a total quantity of coal for each undertaking.

#### Article 6

1. Aid shall be granted for stocks totalling no more than 20 million tonnes of coal (t/t) for the

Community as a whole between a lower and an upper limit (eligible range). Stocks below the lower or above the upper limit shall not qualify for aid.

2. These limits are defined as follows:

— the lower limit shall be uniform for all beneficiaries and set at one-twelfth of annual production (coal producers) or one-twelfth of annual input of Community coal (independent coking plants and patent fuel producers),

annual production and annual input of Community coal shall be measured (t/t) in the year preceding the current aid year,

— the upper limit shall be obtained by adding, for the Community as a whole 20 million tonnes of coal to the lower limit. The stocks calculated in this way shall be related to the sum of Community production and input of Community coal (independent coking plants and patent fuel producers) in the year preceding the current aid year; the resulting percentage for the Community shall be applied uniformly to all undertakings. The Commission shall make the calculations at the beginning of each year and shall communicate the results to the Member State government and to all the beneficiaries.

#### *Article 7*

1. The aid per tonne is uniform for each beneficiary and amounts to 2.50 EUA per year (rate of aid per tonne).

2. The rate of aid per tonne may not exceed the actual cost of holding stocks. In this connection the rate of aid per tonne may be proportionally reduced should the need arise.

3. The amounts of aid actually payable to the beneficiaries shall be obtained by applying the rate per tonne laid down in paragraph 1 of this Article exclusively to the eligible quantities of stocks defined in Article 6.

4. Aid shall be paid quarterly and in arrears for one-quarter of the annual amount of aid per tonne in each case and shall relate to the eligible stocks on 31 March, 30 June, 30 September and 31 December respectively (the reference date for stocks).

If the last day of the quarter falls on a Sunday or a public holiday the last working day before that day shall rank as the reference date for stocks.

5. The payment of aid shall be subject to the presentation of all required supporting documents and information.

### SECTION III

#### Community financing

##### *Article 8*

The funds necessary for the grant of aid shall be provided in the budget of the Community.

### SECTION IV

#### General and final provisions

##### *Article 9*

If the sum of national aids for stockholding — granted on a per-tonne basis under Article 9 of Decision 528/76/ECSC — and aids per tonne granted under the present Regulation should exceed the actual per tonne costs of stockholding, then the aid on the base of the present Regulation shall be proportionally reduced.

##### *Article 10*

1. In an emergency, and otherwise at the end of each calendar year, the Commission is authorized to modify the following by means of a Regulation:

- the rate per tonne of aid for stocks,
- the upper or lower limits for the quantities of stocks.

2. The Commission shall revoke aid unduly granted or, particularly, where granted as a result of inaccurate declarations on the part of the applicants.

##### *Article 11*

If at the request of a Member State or on its own initiative the Commission finds that:

1. The application of this Regulation is likely to give rise to serious disturbances in the common market for coal or difficulties which may result in the deterioration of the general coal supply situation; or that

2. Appreciable changes are taking place in the conditions or volume of intra-Community trade on the market for coal because the economic conditions which prompted the adoption of this Regulation have changed.

The Commission may suspend application of this Regulation wholly or partially. The Commission shall report the matter to the European Parliament and the Council forthwith.

*Article 12*

The Commission shall report to the European Parliament and the Council regularly on the application of this Regulation.

*Article 13*

After consulting the Council, the Commission can take all the measures required for the application of this Regulation.

*Article 14*

This Regulation shall enter into force on 1 January 1978. It shall cease to be operative after 31 December 1980.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

---

Estimated stocks on 31 March 1977  
 Table 1  
 (total stocks under  
 Article 5)  
 ('000 t)

	Federal Rep. of Germany	France	Belgium	Italy	Nether- lands	United Kingdom	Ireland	Luxem- bourg	Denmark	Commu- nity
(A) <u>Total stocks held by coal producers</u>										
1. <u>Hard coal (t/t)</u>	12.300	5.300	1.300	-	-	12.900	7	-	-	31.807
Plus:										
Excessively large stocks held by consumers										
Government stocks										
Total Community coal		5.300	1.300	-	-	17.400	7	-	-	36.307
2. <u>Hard-coal coke</u>										
(a) Total coke stocks (t/t)	11.000	1.500	-	-	-	1.800	-	-	-	14.300
(b) Of which: coke from Community coal <sup>1</sup>	11.000	1.500	-	-	-	1.800	-	-	-	14.300
(c) Conversion into coal equivalent (x 1.33)	14.630	1.995	-	-	-	2.394	-	-	-	19.019
3. <u>Total Community coal (1 + 2(c)) (Article 5(3))</u>	26.930	7.295	1.300	-	-	19.794	7	-	-	55.326
(B) <u>Total stocks held by independent coking plants</u>										
1. Total hard-coal stocks (t/t)	-	-	80	260	100	400	-	-	-	840
2. Total coke stocks (t/t)	-	-	50	900	25	500	-	-	-	1.475
3. Conversion of total coke stocks into coal equivalent (x 1.33)	-	-	66	1.197	33	665	-	-	-	1.961
4. Total coal (1 + 3)	-	-	146	1.457	133	1.065	-	-	-	2.801
5. Of which: Community coal <sup>2</sup>	-	-	37	383	29	1.065	-	-	-	1.514
(C) <u>Total stocks held by independent briquette producers</u>										
1. Total hard-coal stocks (t/t)	-	40	0	20	-	-	-	-	-	60
2. Total briquette stocks (t/t)	-	50	0	15	-	-	-	-	-	65
3. Total coal (1 + 2)	-	90	0	35	-	-	-	-	-	125
4. Of which: Community coal <sup>3</sup>	-	55	0	16	-	-	-	-	-	71
(D) <u>Government stocks</u> (Token entry)										
(E) Total for each country (A.3 + B.5 + C.4 + D)	26.930	7.350	1.337	399	29	20.859	7	-	-	56.911

<sup>1</sup> It has been assumed that only Community coal was used in the manufacture of coke.

<sup>2</sup> Proportion calculated by reference to the percentages in Table 2, b4.

<sup>3</sup> Proportion calculated by reference to the percentages in Table 1, c4.

Table 2

Calculation of quantities under Article 6  
(Estimates, illustrative calculation)

('000 t; t/t)

	Fed. Rep. of Germany	France	Belgium	Italy	Netherlands	United Kingdom	Ireland	Luxembourg	Denmark	Community
<b>(A) Basis quantities</b>										
(a) Production 1976 (t/t)	97.000	22.500	7.200	-	-	125.000	50	-	-	251.750
(b) Hard-coal input of the independent coking plants 1976 (t/t)										
b <sub>1</sub> Community coal	-	-	150	750	170	1.200	-	-	-	2.270
b <sub>2</sub> Non Community coal	-	-	450	2.100	600	-	-	-	-	3.150
b <sub>3</sub> Total	-	-	600	2.850	770	1.200	-	-	-	5.420
b <sub>4</sub> Proportion of Community coal (%)	-	-	25,0	26,3	22,1	100,0	-	-	-	41,9
(c) Hard-coal input of the independent briquette producers 1976 (t/t)										
c <sub>1</sub> Community coal	-	400	0	40	-	-	-	-	-	440
c <sub>2</sub> Non-Community coal	-	250	-	50	-	-	-	-	-	300
c <sub>3</sub> Total	-	650	0	90	-	-	-	-	-	740
c <sub>4</sub> Proportion of Community coal (%)	-	61,5	-	44,4	-	-	-	-	-	59,5
(d) Total basis quantity (A + b <sub>1</sub> + c <sub>1</sub> )	97.000	22.900	7.350	790	170	126.200	50	-	-	254.460
<b>(B) Calculation of stocks for the Community financing arrangements in 1977</b>										
<b>1. Hard-coal producers</b>										
(a) Lower limit <sup>1</sup>	8.083	1.875	600	-	-	10.416	4	-	-	20.978
(b) Maximum eligible stocks (c - a)	7.624	1.769	566	-	-	9.825	4	-	-	19.788
(c) Upper limit <sup>2</sup>	15.707	3.644	1.166	-	-	20.241	8	-	-	40.766
<b>2. Independent coking plants</b>										
(a) Lower limit <sup>3</sup>	-	-	12	63	14	100	-	-	-	189
(b) Maximum eligible stocks (c - a)	-	-	12	58	13	95	-	-	-	178
(c) Upper limit <sup>2</sup>	-	-	24	121	27	195	-	-	-	367
<b>3. Independent briquette producers</b>										
(a) Lower limit <sup>3</sup>	-	33	0	4	-	-	-	-	-	37
(b) Maximum eligible stocks (c - a)	-	33	-	1	-	-	-	-	-	34
(c) Upper limit <sup>2</sup>	-	66	-	5	-	-	-	-	-	71
<b>4. Total calculation (1 + 2 + 3)</b>										
(a) Lower limit	8.083	1.908	612	67	14	10.516	4	-	-	21.204
(b) Maximum eligible stocks	7.624	1.802	578	59	13	9.920	4	-	-	20.000
(c) Upper limit	15.707	3.710	1.190	126	27	20.436	8	-	-	41.204

<sup>1</sup>One-twelfth of 1976 production (see A.a.).

<sup>2</sup>The upper limit for all beneficiaries is 16.193% of the basis quantity (for calculation see footnote 4).

<sup>3</sup>One-twelfth of the input of Community coal in 1976 (see A.b<sub>1</sub> and A.c<sub>1</sub>).

<sup>4</sup>The lower limit of 21 204 000 tonnes is increased by the maximum eligible quantity of 20 million tonnes yielding a total quantity of 41 204 000 tonnes as the upper limit for the financing arrangements. Relating the upper limit to the basis quantity (41 204 000 : 254 460 000) yields a rate of 16.193%.

Table 3

Calculation of the maximum aid payments  
under Article 6 and 7  
(Estimates, illustrative calculation)

	Fed. Rep. of Germ.	France	Belgium	Italy	Nether-lands	United Kingdom	Ireland	Luxem-burg	Denmark	Commu-nity
A. Maximum eligible stocks under Table 2 in 1977 (1000 t/t/c)										
1. Hard-coal producers	7.624	1.769	566	-	-	9.825	4	-	-	19.788
2. Independent coking plants	-	-	12	58	13	95	-	-	-	178
3. Independent briquette producers	-	33	-	1	-	-	-	-	-	34
4. Member Governments	-	-	-	-	-	-	-	-	-	-
5. Total	7.624	1.802	578	59	13	9.920	4	-	-	20.000
B. Rate of aid per tonne (u.s.)										
1. Hard-coal producers	2,50	2,50	2,50	-	-	2,50	2,50	-	-	2,50
2. Independent coking plants	-	-	2,50	2,50	2,50	2,50	-	-	-	2,50
3. Independent briquette producers	-	2,50	-	2,50	-	-	-	-	-	2,50
4. Member Governments	-	-	-	-	-	-	-	-	-	-
C. Maximum aid payments 1977 (1000 u.s. A x B)										
1. Hard-coal producers	19.060	4.422	1.415	-	-	24.562	10	-	-	49.469
2. Independent coking plants	-	-	30	145	32	238	-	-	-	445
3. Independent briquette producers	-	83	-	3	-	-	-	-	-	86
4. Member Governments	-	-	-	-	-	-	-	-	-	-
5. Total	19.060	4.505	1.445	148	32	24.800	10	-	-	50.000

Table 4

Actual aid payments under Article 7 (3)

(Unlike the Table for Article 7(4) this Table depicts not quarterly payments, by undertaking, but yearly payments, by country)

	Fed. Rep. of Germ.	France	Belgium	Italy	Nether-lands	United Kingdom	Ireland	Communi-ty
<b>A. Hard-coal producers</b>								
1. Upper limit of stocks ('000 t) (Table 2.b.1.c.)	15.707	3.644	1.166	-	-	20.241	8	40.766
2. Actual stocks ('000 t)(Table 1.A.3)	26.930	7.295	1.300	-	-	19.794	7	55.326
3. Eligible quantity ('000 t)	7.624	1.769	566	-	-	9.378	3	19.340
4. Rate of ais per tonne of coal (u.a.)	2,50	2,50	2,50	-	-	2,50	2,50	2,50
5. Actual yearly aid payments ('000 u.a.) (3 x 4)	19.060	4.422	1.415	-	-	23.445	8	48.350
<b>B. Independent coking plants</b>								
1. Upper limit of stocks ('000 t) (Table 2.2.B.2.c.)	-	-	24	121	27	195	-	367
2. Actual stocks ('000 t)(Table 1.B.5)	-	-	37	383	29	1.065	-	1.514
3. Eligible quantities ('000 t)	-	-	12	58	13	95	-	178
4. Rate of aid per tonne (u.a.)	-	-	2,50	2,50	2,50	2,50	-	2,50
5. Actual yearly aid payments ('000 u.a.) (3 x 4)	-	-	30	145	32	238	-	445
<b>C. Independent briquette producers</b>								
1. Upper limit of stocks ('000 t) (Table 2.B.3.C.)	-	66	-	5	-	-	-	71
2. Actual stocks ('000 t)(Table 1.C.4)	-	55	-	16	-	-	-	71
3. Eligible quantity ('000 t)	-	22	-	1	-	-	-	23
4. Rate of aid per tonne (u.a.)	-	2,50	-	2,50	-	-	-	2,50
5. Actual yearly aid payments ('000 u.a.) (3 x 4)	-	55	-	3	-	-	-	58
<b>D. Member Governments (token entry)</b>								
	-	-	-	-	-	-	-	-
<b>E. Total actual yearly aid payments ('000 u.a.) (A.5 + B.5 + C.5)</b>	19.060	4.477	1.445	148	32	23.683	8	48.853
<b>F. Maximum possible payments ('000 u.a.) (Table 3.C.)</b>	19.060	4.505	1.445	148	32	24.800	10	50.000

<sup>1</sup> Where the actual stocks are above the upper limit the maximum eligible quantities of stocks under Table 2.B, 1.b, 2.b, and 3.b apply. Where the actual stocks are below the lower limit only the stocks above the lower limit qualify for aid (see Table 2.B, 1.a, 2.a, and 3.a);

FINANCIAL RECORD SHEET

## A. Part One: Assistance appropriations

- (1) Budget line: 322
- (2) Wording of Budget line: "Measures for Community financing of stocks of coal, coke and coal briquettes due to market circumstances."
- (3) Legal basis: Article 235 EEC
- (4) 4.1 Description. Non-repayable aids to reduce heavy expense to collieries in consequence of producer stocks of coal, coke and briquettes. Aid accorded only in respect of tonnages of producer stocks between a lower and an upper limit: costs of tonnages outside those limits payable by collieries.
  - 4.2 Purposes. To reduce expense to collieries, covering roughly 33% of it, as a means of enabling them to attain objective of stabilizing production by 1985, in accordance with long-term guidelines.
  - 4.3 Justification. Will make for secure energy supply, particularly important as concerns supply of power stations and steel industry.
- (5) Financial implications of scheme
  - 5.0.1 Expenditure. Annual amount of aid is calculated at 50 million EUA: could work out lower according to actual movement of producer stocks.

Aid payable quarterly, at end of quarter, to collieries qualifying for it.

5.0.2 Mode of calculation. Total cost to collieries of holding stocks is approximately 7.5 EUA per tonne p.a. on Community average: cost actually varies from colliery to colliery.

Aid is 2.5 EUA per tonne p.a.

Aid per tonne is payable for a maximum of 20 million tonnes of stocks for Community overall. Tonnages aidable are between a lower and an upper limit, tonnages outside these limits not qualifying. When producer stocks reach upper limit, 50 million EUA would have to be paid out in respect of the 20 million tonnes.

The stocks being due to market circumstances and the tonnages aidable being between a lower and an upper limit, it is hard to estimate the amount of aid to be paid annually, which should not exceed 50 million EUA.

(6) Monitoring arrangements. Usual checks by Commission in accordance with Financial Regulation in force.

B. Part Two: Further particulars for new scheme

- (7) Total cost calculated at 150 million EUA: probable duration three years at 50 million EUA p.a.
- (8) Chargeable to Commission Budget. If proposed Regulation is definitively made operative by Council in 1977, payments would start from 1 January 1978.
- (9) Management of fund by Commission departments requires engagement of a new Grade B official.