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REPORT FROM THE COMMISSION

on the application of the Community rules for State aid to the
coal industry in 1989

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1. Introduction

Under Article 14 of Commission Decision No 2064/86/ECSC of 30 June 1986, the Commission is required to report each year to the Council, the European Parliament and the ECSC Consultative Committee on the application of the Community rules for State aid to the coal industry.

This report examines the financial aid granted by Germany, France, Belgium, Spain and Portugal to their coal industries in 1989 and by the United Kingdom during the financial year from 1 April 1989 to 31 March 1990.

All the Member States intending to grant aid to coal undertakings in 1989 were obliged to present to the Commission by 1 October 1988 (1 January 1989 for the United Kingdom) information on all the measures they intended to take directly or indirectly in favour of the coal industry in 1989.

These measures can only be considered to be compatible with the proper functioning of the common market where they help to achieve at least one of the following objectives:

- improved competitiveness in the coal industry, helping to secure greater security of supply;
- creation of new capacities as long as they are economically viable;
- solution of social and regional problems related to changes in the coal industry.

In accordance with Article 9 of the Decision, the Commission received notification of measures scheduled for 1989 from:

- the German Government in letters dated 11 October 1988, 1 December 1988, 24 April 1989, 25 July 1989, 8 September 1989, 26 November 1989, and 8 October 1990;
- the Belgian Government in letters dated 21 November 1988 and 7 April 1989;
- the Spanish Government in letters dated 22 September 1988, 13 October 1988, 25 May 1989, 26 September 1989 and 9 November 1989;
- the French Government in letters dated 21 December 1988 and 26 June 1989;
- the Portuguese Government in letters dated 15 September 1989, 30 November 1989 and 5 March 1990;
- the United Kingdom Government in letters dated 3 February 1989, 19 May 1989, 9 February 1990 and 12 July 1990.

The Commission gave a ruling on these measures by Decisions of 14 and 28 February 1990,²⁻³ and 7 February 1991⁴ for Germany, 5 July 1989⁵ for Belgium, 20 September 1989⁶ for France, 19 July 1989,⁷ 28 March 1990⁸ and 1 August 1990⁹ for the United Kingdom, 24 January 1989,¹⁰ 20 December 1989,¹¹ and 25 July 1990¹² for Spain and 15 May 1990¹³ for Portugal.

The financial aid mentioned in this document is the aid for 1989 authorized by the Commission by 28 February 1991. The final figures for 1989 will be included in the report for 1990.

2-3 OJ No L 346, 11.12.1990, p. 18.

OJ No L 105, 25.4.1990, p. 21.

4 OJ No L , 1991

5 OJ No L 227, 27.9.1989, p. 29.

6 OJ No L 342, 24.11.1990, p. 28.

7 OJ No L 326, 11.11.1989, p. 32.

8 OJ No L 346, 11 12 1990, p. 22.

9 OJ No L , p.

10 OJ No L 38, 10.2.1989, p. 39.

11 OJ No L 105, 25.4.1990, p.19.

12 OJ No L 5, 8.1.1991, p. 27.

13 OJ No L 5, 8.1.1991, p.25

2. Coal industry and market

2.1. Production

In 1989 the production of coal in the Community amounted to 209 million tonnes, i.e. a reduction of 3% compared with 1988. This drop is due to reductions in Belgium (24%), France (6%), the United Kingdom (3%) and Germany (2%). In 1990 falling production levels in Belgium (46%), France (4%) and Germany (1%) should lead to a Community production level of around 200 million tonnes.

Table 1

('000 tonnes)

Coal production

(t = t)

Variation between
1989 and 1990

	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990 ++</u>	<u>%</u>
Germany	82 380	79 319	77 451	76 400	- 1.4
France	13 690	12 142	11 471	11 000	- 4.1
Belgium	4 357	2 487	1 893	1 025	- 45.9
United Kingdom	101 644	101 379	98 300	91 800	- 6.6
Ireland	45	52	43	50	+ 16.3
Spain +	18 964	19 001	19 177	19 200	+ 0.1
Portugal	261	237	258	250	- 3.1
Italy	14	49	75	100	+ 33.3
Community	221 355	214 666	208 668	199 825	- 4.2

+ Including "lignito negro" (black lignite)

++ estimate

2.2. Employment

The continuation of measures to rationalize and reduce activity in the coal industry in most coal-producing countries led to a further drop in employment figures. At the end of 1989, 300 000 people, i.e. 37 000 less than in 1988, were employed in the coal industry. The largest relative drop was in Belgium (34.3%), followed by the United Kingdom (20.3%), France (7.4%), Germany (6%), Spain (2.8%) and Portugal (2.5%).

Table 2

	<u>Employment by country</u>			<u>Variation</u>
	<u>End 1987</u>	<u>End 1988</u>	<u>End 1989</u>	<u>%</u>
Germany	156 483	147 751	138 903	- 6.0
France	33 526	27 909	25 846	- 7.4
Belgium	10 513	7 116	4 677	- 34.3
United Kingdom	130 369	108 855	86 790	- 20.3
Spain	46 474	44 176	42 919	- 2.8
Portugal	1 007	935	912	- 2.5
Community	378 372	336 742	300 047	- 10.9

2.3. Coal demand and trade

In 1989, the gross internal consumption of coal in the Community increased slightly (by 0.6%) compared with 1988, reaching a level of 313 million tonnes.

Table 3

(million tonnes)
(t = t)

Gross internal consumption of coal

	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1988-89</u>
Belgium	14.0	14.1	14.7	+ 4.3
Denmark	12.1	11.3	9.6	- 15.6
Germany	84.9	81.1	80.7	- 0.5
Greece	1.6	1.3	1.2	- 8.4
Spain	28.8	25.8	31.7	+ 22.8
France	27.6	26.7	28.0	+ 5.0
Ireland	3.3	3.4	3.2	- 7.2
Italy	21.1	20.5	19.5	- 4.8
Luxembourg	0.2	0.2	0.2	+ 21.9
Netherlands	10.9	12.7	12.3	- 3.0
Portugal	2.9	3.3	4.1	+ 22.4
United Kingdom	116.1	110.6	108.0	- 2.4
Community	323.5	311.1	313.1	+ 0.6

Supplies to power stations increased, while supplies to coking plants and other users decreased. Power stations and other electricity producers consumed 198 million tonnes (an increase of 2 million tonnes), while coking plants consumed 69 million tonnes (a fall of 2.5 million tonnes). The other sectors - other industries, households and other (small) consumers - show a sharper drop in purchases, from 48 to 42 million tonnes (a drop of 6 million tonnes).

Demand for coal is expected to remain unchanged in 1990.

This forecast is the result of certain Member States' current preference for using natural gas for power stations earlier than expected.

Imports of coal from non-Community countries in 1989 reached 102.8 million tonnes, i.e. an increase of 7.2 million tonnes compared with 1988. There was a slight increase in Intra-Community trade in Community coal (as a result of favourable circumstances in the steel industry), rising to a level of 8.0 million tonnes.

Supply of coal to other Community countries

Year	Germany	Belgium	France	United Kingdom	Spain	('000 tonnes)	
						Portugal	Total
1987	5 336	875	670	2 001	-	-	8 882
1988	4 448	783	1 299	1 332	4	-	7 866
1989	5 276	728	566	1 395	7	-	7 972

The drop in deliveries of French and Belgian coal to other Community countries in 1989 was offset by an increase in deliveries of German and UK coal. Belgium, France and Spain deliver only small quantities to other Community countries. Because of the different grades involved, these Intra-Community sales of Community-produced coal are not a major source of competition for other Community producers.

2.4. Financial situation of Community coal undertakings

A detailed analysis of costs and revenue comes up against numerous obstacles, notably because national averages conceal great disparities between undertakings, especially in Spain. Furthermore, costs and returns do not take account of the calorific value of coal, which varies appreciably from one producer country to another. There are also still some disparities in the definitions, despite efforts to harmonize. A study is currently being carried out with the cooperation of coal producers belonging to the Western European Coal Producers' Association (CEPCEO). Preliminary conclusions are expected during 1991.

Overall, production costs remained stable in 1989 (compared with 1988), increasing in Belgium, as a result of the sharp reduction in extraction capacity, and falling slightly in France and Germany.

Table 4

Financial situation of the coal industry

(ECU/tonne)

	Production costs ¹				Revenue				Difference		
	1987	1988	1989	88-89 (%)	1987	1988	1989	88-89 (%)	1987	1988	1989
Germany	122	124	123	-0.6	110	112	112	+ 0.2	-12	-12	- 11
Belgium	108	140	147	+5.4	50	44	44	+ 0.1	-58	-96	-103
Spain	88	94	na	na	57	63	na	na	-31	-30	na
France	89	88	87 ³	-1.6 ²	46	45	53 ²	+18.6 ²	-43	-43 ²	- 34
Portugal	54	61	61 ³	+1.5 ³	46	50	47 ³	-5.1 ³	- 8	-11	- 14 ³
	76	72	72 ²	-0.2 ²	62	62	61 ²	-1.8 ²	-18	-10	-11 ²

1 Overall costs, including capital and depreciation costs

2 Estimate

3 Provisional figures

In 1989 the revenue situation improved in France, remained stable in Germany and Belgium, and deteriorated in the United Kingdom and Portugal.

In all coal-producing Member States except Spain and Belgium there were improvements, often marked, in productivity. In Belgium and Spain productivity fell by 4% and 2% respectively. The increases in productivity are largely the result of restructuring and rationalization.

The least productive pits were the first to be closed, and when the decision to close a pit in the relatively near future was taken, underground preparation work was reduced to a strict minimum, releasing workers for production or reducing the number of underground workers. Productivity increased in both cases.

Table 5

Underground output per man-hour

(kg)

	1987	1988	1989 ¹	1988-89
Germany	616	630	645	+ 2.4
France	503	534	590	+10.5
Belgium	316	334	321	- 3.9
United Kingdom	577	633	681	+ 7.6
Spain	291	333	328	- 1.5
Portugal	na	na	na	na

1 Estimate

Production costs are expected to improve in 1990 thanks to rationalization efforts and the resultant gains in productivity.

In addition, the upward trend of world prices should lead to a small improvement in returns.

3. Financial aid scheduled for the coal industry in 1989

An economic and financial assessment of aid must take account of the specific features of the coal industry.

Short-term changes on the international coal market are not necessarily representative of long-term trends. It is worth noting in this context that current world market prices have forced certain producers in non-Community coal-exporting countries to close many mines.

The problems are particularly acute in the European coal sector, where as a result of the inflexibility of the production system (attributable to technical, geological and geographical factors) it is impossible to respond to short-term market fluctuations in terms of quantities or costs.

The financial flow of aid thus contains an element that is difficult to quantify, covering the difference between the short-term cost of imported coal - often serving as a reference price to determine the purchase price of Community coal - and the long-term marginal cost of new production capacity in non-Community coal-exporting countries offering security of supply.

It is against this long-term backdrop that coal producers and large consumers are legitimately concerned with minimizing the risks of a volatile market through long-term contracts, although the terms of these contracts must reflect economic realities and not hamper the efforts to deploy the instruments provided for in the Treaties to make balanced and determined progress towards greater integration and optimization of energy markets.

This document is concerned with the measures set out in Article 1 of the above-mentioned Decision, namely all aid granted by central, regional or local authorities, which, even if it is not always a direct burden on published budgets, is nevertheless financed by levies made compulsory by the fact of State intervention, and any aid elements contained in the financing measures taken by Member States in respect of the coal undertakings which they directly or indirectly control and which cannot be regarded as the provision of risk capital according to standard company practice in a market economy.

This report makes various distinctions. It distinguishes between aid related to current production and aid not related to current production, which, in certain cases such as inherited liabilities, cannot be interrupted even if coalmining were to stop. Research, development and demonstration activities are also regarded as not related to current production provided they are not for the exclusive benefit of the company undertaking the research. Where such measures help to promote innovations in the undertaking itself they are considered to be related to current production.

In terms of current production, it is also essential to distinguish between direct and indirect aid. Under Decision No 2064/86/ECSC any financial aid granted directly to coal undertakings is regarded as direct aid. Indirect aid is any aid which, although often granted to an economic operator not producing coal, is of indirect benefit to coal undertakings.¹⁴

3.1. Financial aid related to current production

In 1989 aid to current production amounted to ECU 11 892 million, an increase of 100% compared with 1988. As can be seen from Annex 1, this increase is almost exclusively due to a major increase in financial aid in the United Kingdom following the financial restructuring of the British Coal Corporation. There were also increases in Portugal and Spain. The level of financial aid in the other Member States fell by comparison with 1988, particularly in France and Belgium, where the fall is largely the result of the restructuring programmes implemented. The increase in the United Kingdom is the result of a one-off payment: the UK Government has stated that it will grant no further aid to the British Coal Corporation during the period of validity of Decision No 2064/86/ECSC, apart from aid enabling the Corporation to cover the costs of redundancies and other social costs linked to the restructuring and modernization of the coal industry.

¹⁴ This definition therefore differs from the economic approach, where supply-side aid is regarded as direct aid and demand-side aid is regarded as indirect aid, since the party receiving the aid is not necessarily the same as the party benefiting from economic effect.

Table 6

Financial aid related to current production

	<u>ECU million</u>		<u>ECU/tonne</u>	
	<u>1989</u>	<u>1988</u>	<u>1989</u>	<u>1988</u>
Direct				
Art. 3 Deficit grant aid	2 234.7	1 030.1	10.71	4.80
Art. 4 Sales aid	1 883.4	1 881.0	9.02	8.77
Art. 5 Investment aid	-	73.8	-	0.34
Art.6 Aid for underground staff	100.5	105.6	0.48	0.49
Other	5 099.2	23.7	24.43	0.11
Subtotal	9 317.8	3 114.2	44.64	14.51
Indirect	2 574.0	2 609.9	12.33	12.17
Total	11 891.8	5 724.1	56.97	26.68

3.1.1. Direct aid

Direct aid to current production under Decision No 2064/86/ECSC includes deficit grant aid (Article 3), investment aid (Article 4), aid for underground staff (Article 6), and sales aid for coking coal and coke (Article 4). The latter form of aid is regarded as direct aid since the aid is granted to the producer and not to the consumer.

3.1.1.1. Germany

In 1989 direct aid authorized by the Commission amounted to DM 4 027 million (ECU 1 945.5 million), i.e. DM 51.98 (ECU 25.12) per tonne.

	<u>DM million</u>	<u>ECU million</u>
Art. 4 Aid for sales of coal and coke to the Community steel industry	3 847	1 858.5
Art. 5 Investment aid	-	-
Art. 6 Miners' bonuses per underground shift worked	160	77.3
Other Special depreciation for measures rationalization	20	9.7
Total	4 027	1 945.5

Pursuant to Article 12 of Decision No 2064/86/ECSC, coal undertakings are authorized, where necessary, to grant rebates on list prices or production costs for deliveries of coal and coke to the blast furnaces of the Community steel industry under long-term contract. These rebates must not cause prices to work out lower than those which would be charged for coal from non-member countries and coke made from non-member country coking coal.

According to the notification from the German Government, this sales aid is to be granted in line with the principles underlying a new system of aid for the delivery of coal and coke to the Community steel industry. The system is designed to place a ceiling on aid in the period 1989-91. The aid, amounting to DM 3 847 million, covers the difference between the world market price and the maximum production costs for a production level of 24.5 million tonnes. The aid is therefore compatible with Article 4 of the Decision. It serves to reinforce the restructuring of the coal industry and thus helps to improve competitiveness in accordance with the first indent of Article 2(1) of the Decision.

The aid of DM 160 million to finance miners' bonuses (DM 10 per underground shift worked) will enable the coal industry to keep on a skilled workforce. The aid is a specific measure which has been in existence for several years (miners' income tax allowance) and must be notified separately from the aid referred to in Articles 3-5 of the Decision. The aid is thus compatible with Article 6 of the Decision, and will help to improve the competitiveness of the coal industry, in line with the first indent of Article 2(1).

The special depreciation for the rationalization and restructuring of coalmining amounts to DM 20 million. This measure is based on Article 51 of the Income Tax Law and on Article 81 of the Regulation implementing that Law and will not give any special competitive advantages to the German coal industry compared with the other Community coal producers. The measure will enable rationalization and restructuring of the industry to be intensified and competitiveness to be improved, in line with the first indent of Article 2(1) of the Decision.

3.1.1.2. Belgium

In 1989 direct aid authorized by the Commission amounted to FB 6 934.9 million (ECU 159.4 million), i.e. FB 3 738 (ECU 85.93) per tonne.

		<u>million FB</u>	<u>million ECU</u>
Art. 3	Aid to cover operating losses	6 709.2	154.2
Art. 4	Aid for supply of coal and coke to the Community steel industry	223.3	5.1
Art. 6	Aid for the maintenance of skilled underground staff	2.4	0.1
Total		6 934.9	159.4

Aid to cover operating losses amounting to FB 6 709.2 million was granted to the Campine coalfield for the production of 1 893 000 tonnes, in order to make up, for each tonne produced, some of the difference between foreseeable average costs and foreseeable average returns. This mainly involves coal delivered to thermal power stations, the sales price of which is closely linked to the price of imported coal. The aid covers 90% of the foreseeable operating losses and thus fulfils the conditions of Article 3(1) of the Decision.

The aid to cover operating losses will help to facilitate the restructuring of the coal industry by allowing pit closures to be staggered. It will thus help to solve social and regional problems, in line with the third indent of Article 2(1).

According to the notification from the Belgian Government, the aid for sales of coal and coke to the blast furnaces of the Community steel industry, amounting to FB 223.3 million, covers the difference between the world market price, i.e. about FB 2 350/tonne, and the production costs for a production level of 95 000 tonnes. The aid is thus compatible with the provisions of Article 4 of the Decision.

This aid will help to facilitate the restructuring of the coal industry by allowing pit closures to be staggered. It will thus help to solve social and regional problems, in line with the third indent of Article 2(1).

The aid for the maintenance of skilled underground staff (FB 2.4 million) is a specific measure which has been in existence for several years and is independent of the aid provided for in Articles 3-5 of the Decision. The aid is thus compatible with Article 6.

The objective of the aid is to keep skilled staff in the coal industry for rationalization measures in order to improve its competitiveness, in accordance with the first indent of Article 2(1) of the Decision.

3.1.1.3. France

In 1989 the amount of direct aid authorized by the Commission totalled FF 1 229 million (ECU 174.6 million), i.e. FF 106.9 (ECU 15.18) per tonne.

		<u>FF million</u>	<u>ECU million</u>
Article 3	Aid to cover operating losses	1 229	174.6
Total		1 229	174.6

The aid to cover operating losses will make up only 41% of the difference, for each tonne produced and for each region, between foreseeable average costs and foreseeable average returns and thus complies with Article 3(1) of the Decision. As in the case of Belgium, these average returns are closely linked with developments in the price of imported coal.

Aid to cover operating losses will help to stagger pit closures and will thus help to solve the social and regional problems connected with changes in the coal industry, in line with the third indent of Article 2(1).

3.1.1.4. United Kingdom

According to notifications from the United Kingdom Government, direct aid authorized by the Commission in the 1989-90 financial year amounted to UKL 4 440.5 million (ECU 6 627.5 million), i.e. UKL 45.17 (ECU 67.42) per tonne.

		<u>UKL million</u>	<u>ECU million</u>
Art. 3	Aid to cover operating losses	1 015.0	1 514.9
Art. 6	Aid for the transfer of work and place of employment	15.5	23.1
Other measures	Aid reflecting the decline in the value of fixed assets	2 620.0	3 910.4
	Aid covering compensation for hearing loss and supplies of coal to workers	790.0	1 179.1
Total		4 440.5	6 627.5

The aid to cover operating losses, i.e. UKL 1 105 million, was granted to the British Coal Corporation for a production level of 96.6 million tonnes, to make up the difference, for each tonne produced, between foreseeable average costs and foreseeable average returns. The aid does not exceed the difference, for each tonne produced, between foreseeable average costs and foreseeable average returns, and thus meets the requirements of Article 3(1).

The aid to cover operating losses will help to facilitate the restructuring of the coal industry by allowing pit closures to be staggered. It will thus help to solve social and regional problems, in line with the third indent of Article 2(1).

The aid for the transfer of work and place of employment is a specific measure which has existed for several years and is independent of the aid provided for in Articles 3-5 of the Decision. The aid is thus compatible with Article 6.

The aim of the aid is to facilitate the restructuring of the coal industry and improve its competitiveness, in line with the first indent of Article 2(1).

In addition to direct aid authorized under Articles 3 and 6, the Commission approved specific aid measures for 1989 reflecting the decline in the value of the fixed assets of the British Coal Corporation and covering the constitution of provisions to cover compensation for hearing loss as a result of production activities before the 1989-90 financial year, and the free supply of coal or smokeless fuel or, in certain cases, cash payments to former miners or their beneficiaries.

These measures were treated as aid covered by Article 1 of Decision No 2064/86/ECSC, and were considered on account of their nature to be wholly or partly direct aid linked to current production, since they free Corporation from costs which according to accounting practice constitute production cost components.

As regards the aid reflecting the decline in the value of the fixed assets, the steady contraction of the market share of coal mined in the United Kingdom, the prospects of coal prices and the technical problems encountered in deposits until recently considered promising suggest that more than half of the assets of the British Coal Corporation must be written off. This loss in value of UKL 2 620 million is the result of a fall of more than 25% in real terms in the prices at which the BCC sells its coal, technical difficulties and the BCC's medium-term commercial prospects.

The Government accordingly covered the fall in the underlying value of the BCC's assets with aid amounting to UKL 2 620 million, recognizing that some of these assets will have a shorter life and lower earning power than initially expected, thus bringing BCC's outstanding borrowings more into line with the true value of its assets.

The proposed aid will not only make the BCC's accounting system more transparent and bring it into line with normal accounting principles, but will above all avoid placing financial burdens related to uneconomic production capacities on collieries with good long-term prospects of achieving economic viability. The measure is thus in accordance with the aim set out in the first indent of Article 2(1) of the Decision.

The aid for the constitution of a provision to cover compensation for hearing loss resulting from production activities before the 1989-90 financial year is a result of the obligation on the British Coal Corporation to compensate workers and former workers whose hearing has been impaired owing to noise at work. In the past, this expenditure was booked on the basis of compensation claimed in the course of the year. In future, a provision will be made annually equal to the compensation to be paid subsequently for hearing loss resulting from work performed in the year in question, and will form an integral part of production costs.

To facilitate the transition to these new arrangements, the United Kingdom Government proposes to grant aid to set up a UKL 500 million provision covering partial compensation claims resulting from hearing loss before 26 March 1989. This amount will cover claims dating back more than twenty years in some cases to a time when the Corporation employed more than 470 000 miners, compared with 66 000 in 1990. Of this amount, UKL 70 million can be regarded as aid to current production. This aid will facilitate the introduction of new accounting practices making the production costs more transparent and the implementation of restructuring, rationalization and modernization measures, thus making the coal industry more competitive, in accordance with the first indent of Article 2(1) of Decision No 2084/86/ECSC.

Under the National Concessionary Fuel Agreement for Mineworkers, Cokeworkers, Weekly Paid Industrial Staff and their Beneficiaries, signed on 2 March 1984 by the British Coal Corporation and the National Union of Mineworkers, BCC is required to supply free coal or smokeless fuel or, in certain cases, to make cash payments to miners, former miners or their beneficiaries. Until 31 March 1990, the cost of these supplies was booked as and when they were made. The system is to be altered with effect from 1 April 1990 as part of a process of improving accounting practices.

In order to cover the inherited liabilities represented by fuel supplies to beneficiaries who have already left the industry, or after they do so, in respect of the period before 31 March 1990, the United Kingdom Government proposes to grant aid for the establishment of a UKL 2 000 million provision covering 340 000 beneficiaries. Of this amount, UKL 700 million constitutes aid to current production.

This aid will facilitate the introduction of new accounting practices making the production costs more transparent and the implementation of restructuring, rationalization and modernization measures, thus making the coal industry more competitive in accordance with the first indent of Article 2(1) of Decision No 2064/86/ECSC.

3.1.1.5. Spain

Direct aid authorized by the Commission amounted to PTA 52 970.8 million (ECU 406.2 million), i.e. PTA 2 678 (ECU 21.18) per tonne.

		<u>PTA million</u>	<u>ECU million</u>
Art. 3	Aid to cover operating losses	50 385.8	386.4
Art. 4	Aid for sales of coal and coke to the Community steel industry	2 585.0	19.8
Total		52 970.8	406.2

Aid to cover operating losses, amounting to PTA 50 305.8 million, was granted to the Hunosa, Figaredo, Hullasa and Camocha undertakings for a total production level of 4 284 000 tonnes in order to cover the difference, for each tonne produced, between foreseeable average costs and foreseeable average returns. The aid does not exceed the foreseeable operating losses and thus complies with Article 3(1) of the Decision.

This aid is to help to facilitate the rationalization process in the coal industry, in particular by staggering the closure of certain pits as part of a regional industrial redeployment policy. It will thus help to solve social and regional problems, in line with the third indent of Article 2(1).

According to the notification from the Spanish Government, the aid to sales of coal and coke to the blast furnaces of the Community steel industry, amounting to PTA 2 585 million, will make up the difference between the world market price, i.e. about PTA 6 000 per tonne, and production costs for a level of production of 397 000 tonnes. The aid is thus compatible with Article 4.

This aid will help to facilitate the restructuring process in the coal industry by allowing pit closures to be staggered as part of a regional industrial redeployment policy. It will thus help to solve the social and regional problems related to changes in the coal industry, in line with the third indent of Article 2(1).

3.1.1.6. Portugal

In 1989 the Commission authorized the granting of aid totalling ESC 796.4 million (ECU 4.6 million), i.e. ESC 3 539 (ECU 20.44) per tonne to cover losses.

	<u>ESC million</u>	<u>ECU million</u>
Article 3 Aid to cover operating losses	796.4	4.6

This aid makes up the difference between foreseeable average costs and foreseeable average returns for each tonne produced. The aid does not exceed the foreseeable operating losses and thus meets the requirements of Article 3(1) of Decision 2064/86/ECSC.

In its Decision of 15 May 1990 regarding this measure, the Commission called on the Portuguese Government to submit a strategic plan for the recipient undertaking by 31 December 1990.

3.1.2. Indirect aid

In this report, financial measures which, although generally granted to an economic activity other than the production of coal, are of indirect benefit to coal undertakings, are regarded as indirect aid. Such measures are included in the definition set out in Annex 2 to Decision No 2064/86/ECSC, namely, "any other measures linked to the production or marketing of, and external trade in, coal even if they do not directly impose a burden on public budgets, which give an economic advantage to coal undertakings".

In this context the Commission takes the view that several financial mechanisms and types of aid must be regarded as indirect aid for current production.

This is the case with the aid to finance specific systems of social welfare contributions to the coal industry in some Member States where the aid makes the effective social security burden of the coal undertakings lower than the costs that the undertakings would normally have to bear in comparison with other industries.

Research, development and demonstration activities are also regarded as indirect aid where they help to promote innovations in the undertaking benefiting from the aid.

In most coal-producing Member States, coal producers and electricity producers have concluded coal supply agreements or contracts. Some agreements or contracts in force in 1989 include pricing methods which do not necessarily reflect market realities. The Commission has undertaken as complete a study as possible of these agreements and contracts, to highlight any financial aid element detected. The agreements and contracts proper are currently being examined in detail by the Commission departments, to assess their compatibility with the rules of the Treaties.

Where it has a direct influence on the level of domestic prices, a quantitative import restriction can also be regarded as indirect aid. In the absence of accurate information on the impact of such measures, however, they are not listed here.

3.1.2.1. Indirect aid to production

3.1.2.1.1. Germany

The notification submitted to the Commission indicates that the State aid for social security systems in the mining industry as a whole make the effective social security burden of coal undertakings lower than the normal burden that undertakings would have to bear under Article 7 of the Decision. The difference for the mining industry as a whole amounts to DM 270 million, of which about 80% (i.e. DM 216 million) is for the coal industry.

As a result, the limits laid down in Article 7 of the Decision are exceeded by that amount, which must therefore be regarded as indirect aid to current production. In effect, the production costs of undertakings are reduced by DM 3.00 per tonne, i.e. 1.2% of total production costs.

State aid for social security systems in the mining industry as a whole applies to all forms of mine (coal, ore, salt, etc.). The 1.2% reduction in production costs is not a significant competitive advantage for the German coal industry compared with other Community coal-producers, since the returns do not cover the production costs.

This measure helps to alleviate the social problems mentioned in the third indent of Article 2(1) of the Decision.

3.1.2.1.2. Spain

The Commission approved aid to promote innovation in the coal industry in 1989. This aid, which amounts to PTA 615 million, is for the following coalfields: La Central Asturiana, Bierzo Villablino, Narcea, Leon-Este, Palencia, Aragon-Catalonia and the Balearic Islands.

This aid is designed to guarantee that research results are translated as rapidly as possible into practical applications in production. This measure must be assessed in the light of Article 10(2) of the Decision.

The Commission has examined the aid and has come to the conclusion that the aid to promote innovation does not give the Spanish coal industry any special competitive advantages which are incompatible with the common market.

This financial measure will help to improve competitiveness, in accordance with the first indent of Article 2(1) of the Decision.

The Commission has authorized PTA 125 million of aid to the mining environment in the coal industry. This aid covers slag heap landscaping and water purification and must be notified to the Commission pursuant to Article 9(2) of the Decision and assessed in accordance with Article 10(2).

The Commission noted that the low aid intensity does not confer any particular competitive advantage over other Community coal producers. The aim of this measure is to improve the environment in the areas concerned; it will thus help to solve regional problems connected with developments in the coal industry, in accordance with the third indent of Article 2(1) of Decision 2064/86/ECSC.

3.1.2.2. Indirect aid to consumption

This section describes the pricing methods in contracts and agreements between coal producers and electricity producers. Where appropriate, the extent of the financial aid is also highlighted where it can be quantified.

3.1.2.2.1. Germany

The third Electricity-from-coal Law¹⁵ defines the price and compensation mechanism ("Kohlepfennig") governing both the transactions covered by the "Jahrhundertvertrag" and the consumption of coal from other Community countries.

In view of the temporary nature of Decision 2064/86/ECSC, which expires on 31 December 1993, and the need to aim for the long-term economic viability of the Community coal industry, Article 1 of Decision 89/296/ECSC authorized compensatory payments to be made to electricity generators in respect of 1988, considering that:

- their immediate abolition would aggravate social and regional problems related to developments in the coal industry, and
- they must, in order to contribute to improving the competitiveness of this industry, gradually be reduced in conjunction with a plan for the restructuring, modernization and streamlining of the coal industry.

The Commission called on the German Government to submit a plan for the phasing-out of the compensatory payments and a restructuring, streamlining and modernization plan.

The German Government has informed the Commission that the compensatory amounts to be paid in respect of 1989 to electricity generators using Community coal will amount to DM 5 600 million, including DM 5 200 million for current expenditure. The aid planned for 1989 shows an increase of about 14% over the preceding year. In its Decision 90/632/ECSC ruling on the measure, the Commission stressed that the *de facto* and *de jure* circumstances which had prompted it to adopt Decision 89/296/ECSC, relating to 1988, had not changed in 1989 in such a way as to justify any increase in the compensatory payments in 1989.

On the contrary, compared with the situation on the energy market in the Federal Republic of Germany in 1988, the trend already observed and foreseeable for 1989 on that market was characterized rather by rising prices for reference fuels, namely fuel oil and imported coal.

Under these circumstances, the Commission limited its authorization to an amount equal to that authorized in respect of 1988.

15 COM(88) 541, 20.10.1988, point 4.1.2.2.1.

3.1.2.2.2. France

At the end of 1987 a protocol was signed by EDF and Charbonnages de France governing EDF's purchases of coal and electricity from Charbonnages de France for the period 1989-93.

A slight surcharge compared with imported coal is granted by EdF on purchases of national coal. The ex-mine price of coal, which corresponds to the average cif cost of steam coal imported by sea, cannot fall below a level some 10% higher than the cost of imports.

The quantities of national coal and of electricity to be supplied to EdF in the period 1989 to 1993 will be on a declining scale as follows:

<u>Coal</u>	<u>Electricity</u>
1989 = 2.30 million tonnes	7.92 TWh
1990 = 2.19 million tonnes	7.24 TWh
1991 = 2.09 million tonnes	6.68 TWh
1992 = 1.81 million tonnes	6.13 TWh
1993 = 1.81 million tonnes	5.97 TWh

The quantities of electricity covered by the contract equate to 3 500 hours of utilization of CdF coal-fired power stations a year. The electricity supplied on these terms is subject to the same tariffs as EDF applies to private generation. The price charged for any additional quantities purchased corresponds to the accounting cost of nuclear power stations in operation.

The guaranteed supply provided for by the contract and the fact that collieries stock coal in order to be able to satisfy EdF demand at very short notice are quid pro quos for the 10% surcharge. It does not appear, therefore, from the information at the Commission's disposal, that this mechanism contains direct or indirect financial aid to the coal industry.

3.1.2.2.3. United Kingdom

The multi-annual agreement signed in 1986 by British Coal and the Central Electricity Generating Board (CEGB) governs trade in coal between the two parties for the 1987 to 1989 financial years. The agreement provides for the CEGB to cover 95% of its requirements with coal from the British Coal Corporation.

Under the agreement the British Coal Corporation was to supply 75 million tonnes of coal to the CEGB in three instalments in the 1989-90 financial year, the price being different for each instalment. The average price of purchases by the CEGB amounted to approximately UKL 42 per tonne.

A new agreement signed at the end of 1989 covers a three-year period starting with the 1990/91 financial year. The parties to the contract are British Coal Corporation, National Power and Power Gen. The deliveries of coal to the electricity-generating industry covered by the contract amount to 70 million tonnes in 1990/91 and 1991/92 and 65 million tonnes in 1992/93.

Since the 1960s there has also been a similar agreement between the South of Scotland Electricity Board (SSEB) and the British Coal Corporation, the deliveries being made from the Scottish coalfield. The agreement which applied from 1985/86 to 1987/88 provided for 90% of the requirements of the SSEB (now Scottish Power) to be supplied by the British Coal Corporation. It ended on 31 March 1988. A new agreement is being negotiated.

3.1.2.2.4. Spain

A system of awarding contracts for the supply of coal to thermal power stations was concluded in 1986 between CARBUNION, the association of coal producers, and UNESA, the electricity producers' association. This agreement stipulates that all producers or groups of producers with underground production in excess of 50 000 tonnes a year may conclude long-term contracts with the electricity producers at a reference price. These contracts must meet criteria such as improved competitiveness of the coal undertaking or, failing that, a plan to reduce production. After negotiations between the contracting parties the contracts were submitted to the Spanish Government for its agreement. Mining companies with production costs in excess of the reference price may charge the electricity producers a supplement covering the difference between their production costs (excluding depreciation) and the reference price. The surcharge paid by the electricity producers is reimbursed through the OFICO compensation fund set up by the electricity producers. This price supplement only covers coal produced in underground mines.

In accordance with Article 10(2) of Decision No 2064/86/ECSC, the Commission approved PTA 12 650 million of compensation payments made by OFICO in respect of 1989.

In its Decision of 20 December 1989¹⁷ ruling on this measure, the Commission called on the Spanish Government to present by 30 June 1990 a plan for phasing out the compensation payments or any other measure with an equivalent effect by 31 December 1993, the expiry date of Decision No 2064/86/ECSC.

¹⁷ Decision No 90/198/ECSC, OJ No L 105, 25.4.1990.

The Commission also called on the Spanish authorities to present a plan for the restructuring, rationalization and modernization of the coal industry.

The agreement concluded between CARBUNION and UNESA is currently being closely examined by the Commission in the light of the EEC and ECSC Treaties, with an eye to the completion of the internal energy market.

3.2. Financial aid not related to current production

Under Decision No 2064/86/ECSC aid granted on the basis of Articles 7 and 8 is regarded as aid not related to current production. Research, development and demonstration activities are also included in this category, provided they do not affect the production costs of the industry in the country in question. In 1989 aid amounted to ECU 11 123.8 million, compared with ECU 7 401.1 million in 1988.

Table 7

Financial aid not related to current production

	<u>million ECU</u>	
	<u>1989</u>	<u>1988</u>
Article 7 Social benefits	7 223.0	6 353.4
Article 8 Inherited liabilities	3 900.8	1 047.7
Total	11 123.8	7 401.1

3.2.1. Financial aid for social benefits

Under Article 7 of the Decision, State aid to finance social benefit schemes specific to the coal industry may be considered compatible with the common market provided that, for coal undertakings, it brings the ratio between the burden per mineworker in employment and benefits per person in receipt of benefit into line with the corresponding ratio in other industries. The excess levels noted in Germany were considered to be indirect aid to current production in Section 3.1.2.1.

3.2.1.1. Germany

In 1989 DM 9 600 million was allocated to cover the deficit of the disability and old-age pension scheme in the mining industry as a whole. Some 80% of this amount, i.e. about DM 7 680 million, went to the coal industry. The Commission's examination showed, as mentioned in Section 3.1.2.1., that the limits laid down in Article 7 of the Decision were exceeded, owing to the fact that the financing of sickness insurance for those entitled to a pension under the miners' insurance schemes was changed by the Finance Laws of 1983 and 1984. Contributions to the miners' sickness insurance fund are now covered in part by the sickness insurance scheme by way of equalization of burden.

3.2.1.2. France

According to the French Government's notification, social benefit payments amounted to FF 12 502.8 million. Details of this aid are shown in the table below.

<u>Origin</u>	<u>Amount of aid in FF million</u>	<u>Purpose</u>
State	3 736.0	Disability and old-age pension insurance Regular contribution amounting to 22% of the total wage-bill plus additional State adjustment
General system	3 256.0	Disability and old-age pension insurance Regular statutory contribution to cover part of the "exceptional expenditure"
General system	1 789.0	Insurance against industrial accidents and occupational diseases Coverage of inherited liabilities
General system	1 963.0	Sickness insurance Treatment benefits
General system	1 758.8	Disability and old-age pension insurance "Exceptional expenditure" in the coal industry within the meaning of Article 7 of Decision No 2084/86/ECSC
Total	12 502.8	

The above-mentioned aid complies with the provisions of Article 7(1) of the Decision.

3.2.1.3. Belgium

As can be seen in the table below, the public financial aid granted to the Belgian coal industry for social benefits amounts to FB 39 475.8 million.

<u>Origin</u>	<u>Amount of aid in million FB</u>	<u>Purpose</u>
State	33 962.5	Old-age pension and survivor's pension insurance Regular statutory contribution
State	5 448.5	Disability insurance Disability pension
State	64.8	Occupational diseases 50% of the expenditure on the treatment of pneumoconiosis
Total	39 475.8	

The abovementioned aid complies with Article 7(1) of the Decision.

3.2.1.4. United Kingdom

In the United Kingdom nearly all branches of industry have their own insurance system (in addition to the general social insurance scheme, which also applies to the coal industry) from which pensions are paid to retired workers. A supplementary system of this kind also exists for the coal industry in the form of a retirement fund. For the 1989-90 financial year the British Government notified the Commission of the payment to this fund of a sum of UKL 41.5 million. This amount covers only the demographic surplus that exists in this industry, i.e. the ratio between the number of miners in employment and the number of retired miners. The limit set out in Article 7(1) of Decision No 2064/86/ECSC is therefore not exceeded.

3.2.1.5. Spain

The amount of notified public financial aid to the Spanish coal industry for social benefit payments came to PTA 86 087 million in 1989. Details of this aid are shown in the table below.

<u>Origin</u>	<u>Amount of aid in PTA million</u>	<u>Purpose</u>
State	70 204	Old age pension
State	3 735	Temporary disability
State	606	Temporary invalidity and rehabilitation insurance
State	10 067	Health services
State	407	Miscellaneous (family benefits, social services, social welfare, one-off payments, prostheses, wheelchairs)
State	1 068	Administrative costs
Total	86 087	

The above-mentioned financial aid complies with Article 7(1) of the Decision.

3.2.2. Financial aid to cover inherited liabilities

In accordance with Article 8 of the Decision, State aid to coal undertakings to cover the costs arising from restructuring which are not related to current production may be considered compatible with the common market provided that it does not exceed such costs. The categories of costs considered inherited liabilities are set out in Annex 1 to Decision o 2064/86/ECSC.

3.2.2.1. Germany

For 1989 Germany notified the following measures:

- Aid to cover water control	DM 205.5 million
- Aid in the form of allocations covering the costs of early retirement and exceptional intrinsic depreciation resulting from restructuring	DM 179.1 million
Total	DM 384.6 million (=ECU 185.8 million)

All the abovementioned costs of undertakings constitute inherited liabilities since they are the result of production capacity closures of previous years and are thus not related to current production.

The aid for water control costs, amounting to DM 205.5 million, was paid to coal undertakings to enable them to cover the inherited liabilities arising from closures since 31 December 1966. Because of pit closures the undertakings were forced to pay constantly increasing amounts to the water management associations. The aid does not exceed the real extra costs borne by the undertakings.

The above-mentioned measures comply with Article 8(1) of the Decision.

3.2.2.2. France

In 1989 the French Government granted aid totalling FF 5 435.0 million (ECU 774.2 million) to cover the inherited liabilities of Charbonnages de France. This sum should allow the following costs to be covered:

- contributions to early retirement pensions	FF	185.0 million
- conversion costs	FF	730.0 million
- early retirement, interim pensions and housing allowances	FF	2 580.0 million
- heating allowances	FF	885.0 million
- costs of pit closures	FF	95.0 million
- driveway maintenance costs	FF	60.0 million
- residual depreciation and servicing of loans transferred to the Central Office	FF	820.0 million
- general research	FF	80.0 million
<hr/>		
Total	FF	5 435.0 million

This aid breaks down between the coalfields and Central Office as follows:

- Nord-Pas de Calais	FF	2 605.0 million
- Lorraine	FF	940.0 million
- Centre Midi	FF	985.0 million
- Central Office	FF	905.0 million

The actual costs to Charbonnages de France tally with the amount of aid and are thus consistent with Article 8(1) of Decision No 2064/86/ECSC.

3.2.2.3. United Kingdom

The United Kingdom notified the following measures for 1989:

- | | | |
|---|-----|-----------------|
| - redundancy payments for miners losing their jobs following rationalization measures | UKL | 214.3 million |
| - aid for free deliveries of coal to miners losing their jobs following restructuring and to miners who had the right to free coal before restructuring | UKL | 46.7 million |
| - provisions covering compensation for hearing loss and supplies of coal to miners losing their jobs following restructuring | UKL | 1 710.0 million |

Total	UKL	1 971.0 million
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The first two of the above are social measures arising out of pit closures. The real inherited liabilities are greater than the amount of aid requested. Thus the financial aid of UKL 261.0 million (ECU 389.6 million) for these measures meets the criteria of Article 8(1) of the Decision.

The Commission ruled on the third measure - the establishment of provisions to cover compensation for hearing loss and supplies of coal to miners and beneficiaries described in Section 3.1.1.4 above - in its Decision of 28 March 1990. It concluded that the provision covering compensation for hearing loss (UKL 410 million) included compensation for former workers made redundant in the course of the restructuring, rationalization and modernization process, and for retired workers from mines closed during this process, which could not therefore be regarded as related to current production.

Similarly, the Commission concluded that UKL 1 300 million of the provision for the free supply of coal covered supply obligations in respect of 220 000 beneficiaries, namely employees made redundant during the restructuring, rationalization and modernization process, and retired employees or their beneficiaries from mines closed during this process, which could not therefore be regarded as related to current production.

4. Conclusions

Examination of the financial aid for the Community coal industry notified by the Member States pursuant to Decision No 2064/86/ECSC has shown marked differences between the forms of aid granted by the various Member States.

The timescale of aid schemes also varies substantially according to their objective.

This factor severely complicates comparisons between countries. Thus the various measures taken by the United Kingdom for 1989 are not representative of future trends and must accordingly be considered to be exceptional.

However, it still holds true that the bulk of Community production involves production costs substantially higher than those incurred by the main exporters of coal worldwide, and the survival of many Community producers depends on annual aid of more than ECU 6 000 million.

One of the main reasons is that deposits have been worked intensively and extensively for two centuries in most cases and have thereby aged; in other words, the deposits nearest the surface have been significantly impoverished, and it has been necessary to extract coal at increasingly great depths. This clearly necessitates more sophisticated, and hence more costly, mining infrastructure.

In other cases this disadvantage is aggravated by the disadvantages linked to the poor quality of deposits resulting from highly complex and irregular geological structures and the very low density of reserves per spatial unit compared with deposits elsewhere in the world.

In spite of the nature of most of these reserves, they have continued to be worked to differing degrees for reasons of self-sufficiency, since in most Community coal-producing countries coal is still the main indigenous primary energy source.

Nevertheless, it should also be borne in mind that many pits with costs which are excessive from a strictly economic point of view or to ensure the security of coal supplies at Community level have been kept going essentially for social and regional reasons. In many regions of the Community, mainly in Germany, the United Kingdom and Spain, economic activity and employment are highly dependent on the coal industry, which has traditionally been the main direct and indirect source of work and prosperity.

However, such a policy only has credibility in the very short term, since it simply puts off the taking of regional and social decisions, and makes them harder to take in the long run.

Continued employment security in the face of changes in employment and location should be pursued by using regional development and social rehabilitation aid as productively as possible at regional, national and Community level.

It cannot be the objective of the Community's coal policy to bring Community production costs down to the prices currently charged on international spot markets. Although such an approach can in certain cases be a short-term micro-economic objective for certain industrialists, it certainly does not correspond with the Community's long-term interests.

The world price does not reflect criteria such as security of supplies or the upward trend of the long-term cost of supplies; it can be subject to marked cyclical variations; it is strongly affected by changes in the dollar exchange rate; and it is sometimes suspected by certain traders of reflecting a degree of dumping.

The pricing of Community coal must therefore include a security premium making reasonable allowance for the risks associated with international markets and the long-term trends.

This is all the more essential in view of the relatively inflexible production system (attributable to technical, geological and geographical factors) which, at least in the case of underground mines, often makes it impossible to respond to short-term market fluctuations in terms of quality or costs.

In the same context we must recognize the legitimacy of long-term contracts provided their provisions do not conflict with the provisions of the Treaties, notably the integration of energy markets and the establishment of conditions ensuring the most rational distribution of production at the lowest possible cost, providing all users in the common market in comparable conditions equal access to sources of production.

The orders of magnitude revealed by this report confirm, on the basis of the trend observed in certain Member States and the transitional nature of the aid arrangements - the provisions currently in force expire on 31 December 1993 - the need to pursue and intensify restructuring, rationalization and modernization policies so that they lead, by the time Decision No 2064/86/ECSC expires, to a substantial phasing-out of aid granted by the Member States to their coal industries.

In accordance with Article 16 of the Decision, the Commission will shortly be submitting a report to the Council on the experience gained and problems encountered since the Community rules for State aid to the coal industry came into force.

Financial aid linked to current production in the coal industry

Country: United Kingdom

	ECU million		ECU/tonne	
	1989	1988	1989	1988
<u>Direct</u>				
Article 3 : Deficit grant aid	1 514,9	294,2	15,41	2,90
Article 4 : Sales aid	-	-	-	-
Article 5 : Investment aid	-	-	-	-
Article 6 : Aid for underground staff	23,1	21,0	0,23	0,21
Other	5 089,5	-	51,78	-
Subtotal	6 627,5	315,2	67,42	3,11
<u>Indirect</u>	-	-	-	-
TOTAL	6 627,5	315,2	67,42	3,11

Financial aid linked to current production in the coal industry

Country: Germany

	ECU million		ECU/tonne	
	1989	1988	1989	1988
<u>Direct</u>				
Article 3 : Deficit grant aid	-	-	-	-
Article 4 : Sales aid	1 858,5	1 825,6	23,99	23,02
Article 5 : Investment aid	-	55,5	-	0,70
Article 6 : Aid for underground staff	77,3	84,5	1,00	1,07
Other	9,7	9,7	0,13	0,12
Subtotal	1 945,5	1 975,3	25,12	24,90
<u>Indirect</u>	2 471,5	2 530,0	31,91	31,90
TOTAL	4 417,0	4 505,3	57,03	56,80

Financial aid linked to current production in the coal industry

Country: Spain

	ECU million		ECU/tonne	
	1989	1988	1989	1988
<u>Direct</u>				
Article 3 : Deficit grant aid	386,4	352,8	20,14	18,56
Article 4 : Sales aid	19,8	10,0	1,04	0,53
Article 5 : Investment aid	-	4,3	-	0,23
Article 6 : Aid for underground staff	-	-	-	-
Other	-	2,5	-	0,13
Subtotal	406,2	369,6	21,18	19,45
<u>Indirect</u>	102,5	79,9	5,34	4,21
TOTAL	508,7	449,5	26,52	23,66

Financial aid linked to current production in the coal industry

Country: France

	ECU million		ECU/tonne	
	1989	1988	1989	1988
<u>Direct</u>				
Article 3 : Deficit grant aid	174,6	238,3	15,18	19,62
Article 4 : Sales aid	-	-	-	-
Article 5 : Investment aid	-	-	-	-
Article 6 : Aid for underground staff	-	-	-	-
Other	-	11,5	-	0,95
Subtotal	174,6	249,8	15,18	20,57
<u>Indirect</u>	-	-	-	-
TOTAL	174,6	249,8	15,18	20,57

Financial aid linked to current production in the coal industry

Country: Belgium

	ECU million		ECU/tonne	
	1989	1988	1989	1988
<u>Direct</u>				
Article 3 : Deficit grant aid	154,2	143,1	83,13	57,53
Article 4 : Sales aid	5,1	45,4	2,75	18,25
Article 5 : Investment aid	-	14,0	-	5,63
Article 6 : Aid for underground staff	0,1	0,1	0,05	0,04
Other	-	-	-	-
Subtotal	159,4	202,6	85,93	81,46
<u>Indirect</u>	-	-	-	-
TOTAL	159,4	202,6	85,93	81,46

Financial aid linked to current production in the coal industry

Country: Portugal

	ECU million		ECU/tonne	
	1989	1988	1989	1988
	<u>Direct</u>			
Article 3 : Deficit grant aid	4,6	1,7	20,44	7,17
Article 4 : Sales aid	-	-	-	-
Article 5 : Investment aid	-	-	-	-
Article 6 : Aid for underground staff	-	-	-	-
Other	-	-	-	-
Subtotal	4,6	1,7	20,44	7,17
<u>Indirect</u>	-	-	-	-
TOTAL	4,6	1,7	20,44	7,17

Financial aid linked to current production in the coal industry

Community

	ECU million		ECU/tonne	
	1989	1988	1989	1988
<u>Direct</u>				
Article 3 : Deficit grant aid	2 234,7	1 030,1	10,71	4,80
Article 4 : Sales aid	1 883,4	1 881,0	9,02	8,77
Article 5 : Investment aid	-	73,8	-	0,34
Article 6 : Aid for underground staff	100,5	105,6	0,48	0,49
Other	5 099,2	23,7	24,43	0,11
Subtotal	9 317,8	3 114,2	44,64	14,51
<u>Indirect</u>	2 574,0	2 609,9	12,33	12,17
TOTAL	11 891,8	5 724,1	56,97	26,68

Financial aid not linked to current production

(ECU million)

	Financing of social benefits in the coal industry				Inherited liabilities			
	Total		Excess aid		Total		Excess aid	
	1989	1988	1989	1988	1989	1988	1989	1988
Belgium	905,4	883,7	-	-	-	-	-	-
Germany	3 814,5	3 334,9	104,4	162,7	185,8	106,3	-	-
Spain	660,2	574,1	-	-	-	-	-	-
France	1 781,0	1 500,6	-	-	774,2	719,5	-	-
Portugal	-	-	-	-	-	-	-	-
United Kingdom ¹	61,9	60,1	-	-	2 940,9	221,9	-	-
Community	7 223,0 ²	6 353,4 ²	104,4	162,7	3 900,8	1 047,7	-	-

1 The United Kingdom has an integrated social security system. The figures shown above cover only the special miners' pension fund, which exists alongside the general social security system.

2 Excluding Portugal