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COMMISSION REPORT

on the application of Community rules for State aid to the
coal industry in 1987

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COMMISSION REPORT TO THE COUNCIL
ON THE APPLICATION OF COMMUNITY RULES
FOR STATE AID TO THE COAL INDUSTRY IN 1987

Introduction

Article 14 of Commission Decision No 2064/86/ECSC of 30 June 1986 establishing Community rules for State aid to the coal industry stipulates that the Commission should report each year to the Council, the European Parliament and the Consultative Committee on the application of this Decision. This document is the first report covered by these new provisions.

It examines the financial aid granted by the Federal Republic of Germany, France, Belgium, Spain and Portugal to their coal industries in 1987 and by the United Kingdom during the financial year from 1 April 1987 to 31 March 1988.

This report is presented without prejudice to the more general report on decision n° 2064/86/ECSC which the Commission will present before the end of 1990, pursuant to Article 16,2 of that decision. At the same time, it should be remembered that the Commission will apply rigorously in the energy field the rules of the Treaty regarding state aids, so as to avoid distortions of competition and to allow increased competitiveness. (1)

All the Member States intending to grant aid to coal undertakings in 1987 were obliged to present to the Commission by 1 October 1986 (1 January 1987 for the United Kingdom) both a statement of intentions and objectives for the coal industry for the period 1987-1993 and information on all the measures they intended to take directly or indirectly in favour of the coal industry in 1987.

These measures can only be considered as being 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 ensure better 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.

(1) Cf. doc. COM(88)238 fin.

In accordance with Article 9 of this Decision, the Commission has received notification of measures scheduled for 1987 from the following Member States:

- the German government in letters dated 3 November 1986, 3 March 1987 and 13 April 1987;
- the Belgian government in letters dated 27 October 1986 and 25 November 1986;
- the Spanish government in letters dated 3 October 1986, 22 December 1986 and 19 May 1987;
- the French government in a letter dated 5 December 1986;
- the Portuguese government in a letter dated 28 April 1987;
- the United Kingdom government in letters dated 4 March 1987 and 12 June 1987.

The Commission gave a ruling on these financial measures and aid by Decisions of 7 April 1987 for Belgium and France¹ and 31 July 1987 for Germany, the United Kingdom, Spain and Portugal.²

The financial aid mentioned in this document is the aid authorized by the Commission on 31 August 1988 for 1987 and thus does not include any additional aid still being examined prior to a Commission decision. The final figures for 1987 will be included in the report for 1988.

2. Coal industry and market

2.1. Production

In 1987 the production of coal in the Community amounted to 222 million tonnes, i.e. 5% less than in 1986. This drop is due to reductions in Belgium (-22%), in Germany (-5%), in Spain (-12%), in France (-5%) and in the United Kingdom (-3%). In 1988 decreasing production levels in Belgium (-37%), in France (-10%), in Germany (-10%), in Spain (-1%) and in the United Kingdom (-3%) should lead to a Community production level of the order of 212 million tonnes.

¹OJ No L 110, 25.4.1987, pp. 27-30.

²OJ No L 241, 25.8.1987, pp. 10-17.

TABLE 1

(1000 t=t)

	<u>Coal production</u>				
	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988**</u>	
Germany	88 849	87 126	82 380	78 800	- 4.3%
France	15 124	14 394	13 743	12 400	- 9.8%
Belgium	6 212	5 590	4 370	2 740	- 37.3%
United Kingdom	90 793	104 635	101 700	99 000	- 2.7%
Ireland	57	72	45	48	-
Spain*	22 371	21 793	19 213	18 964	- 1.3%
Portugal	238	212	261	270	-
Community	223 644	233 822	221 712	212 242	- 4.3%

* including "lignito negro"

** estimate

2.2. Employment

In terms of employment the continuation of measures to rationalize and reduce activity in the coal industry in all coal-producing countries has led to a further drop in employment figures. Accordingly, at the end of 1987 slightly fewer than 380 000 people, i.e. 42 000 less than in 1986, were employed in the coal industry. The most significant drop in real terms was in Belgium (-40%) following the closure of the Eisdén and Waterschei pits. Belgium is followed by France and the United Kingdom with -14% each and Portugal with -8.3%, which were followed in turn by Germany and Spain with -4.6% and -3.2% respectively.

TABLE 2

Employment structure

	<u>1985</u>	<u>1986</u>	<u>1987</u>
Germany	166 225	164 073	156 483
France	44 321	38 917	33 526
Belgium	18 589	17 387	10 513
United Kingdom	185 552	151 359	130 369
Spain	48 583	47 999	46 475
Portugal	1 109	1 098	1 007
Community	464 379	420 833	378 373

2.3. Coal demand and trade

In 1987 the gross internal consumption of coal in the Community dropped by 1.3% compared with the previous year to a level of 322 million tonnes.

TABLE 3

(million t=t)

<u>Gross internal consumption of coal</u>				
	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1987/1986</u>
Belgium	15.3	13.7	14.0	+ 2.2%
Denmark	12.1	11.7	12.1	+ 3.4%
Germany	89.7	89.5	84.9	- 5.1%
Greece	1.8	1.8	1.6	- 11.1%
Spain	32.0	30.4	29.2	- 3.9%
France	36.8	31.1	27.6	- 11.3%
Ireland	1.6	2.3	3.3	+ 43.5%
Italy	22.1	20.7	19.6	- 5.3%
Luxembourg	0.2	0.2	0.2	-
Netherlands	10.3	10.4	10.9	+ 4.8%
Portugal	1.1	1.9	2.7	+ 42.1%
United Kingdom	<u>105.7</u>	<u>112.5</u>	<u>116.0</u>	<u>+ 3.1%</u>
Community	328.7	326.2	322.1	- 1.3%

The structure of consumption has changed in favour of electric power stations, which absorbed 204 million tonnes (+2 million). In contrast, only 71 million tonnes went to coking plants (-5 million) and 47 million to the other sectors, covering mainly the other industries, domestic households and other (small) consumers. Overall consumption in these sectors remained unchanged in 1987.

As regards the prospects for 1988 established at the beginning of the year, a 5 million tonne drop in demand is anticipated.

This estimate is based on a combination of various factors: stagnating oil prices, a relatively good steel economy, the commissioning of new nuclear power stations and low growth in the gross internal consumption of energy (+0.5%).

Imports of coal from non-Community countries reached 92 million tonnes, i.e. a drop of 3 million tonnes compared with 1986. Intra-Community trade in coal sank by 2 million tonnes in 1987 compared with 1986 to a level of 10 million tonnes.

Supply of coal to other Community countries

1000 t=t

	<u>Germany</u>	<u>Belgium</u>	<u>France</u>	<u>United Kingdom</u>	<u>Spain</u>	<u>Portugal</u>
1986	6 595	785	505	2 550	-	-
1987	5 980	610	380	2 280	-	-

Belgian and French deliveries to other Community countries are negligible and thus play only a very minor role in the competition between Community producers. German and British deliveries of coal decreased in 1987 by approximately 600 000 and 300 000 tonnes respectively compared with the previous year.

These deliveries have continued to dwindle in recent years and, because of the different grades, hardly compete with deliveries from other Community producers.

2.4. Financial situation of Community coal undertakings

A detailed analysis of costs and returns meets with numerous obstacles, notably because national averages mask - especially in Spain - great disparities between undertakings. Furthermore, costs and returns do not take account of the calorific value of coal, which varies appreciably from one producer country to another. Some disparities also exist in the definitions despite efforts to harmonize. These are all problems that the Commission intends to examine elsewhere.

Production costs in 1987 continued their downward trend in Belgium, France, the United Kingdom and Portugal, while increasing in Germany and Spain.

Table 4 shows the changes in the different Member States that have taken place over the past three years.

TABLE 4

Financial situation of the coal industry

	Production costs ¹				Revenue				Difference		
	ECU/t		%		ECU/t		%		ECU/t		
	1985	1986	1987	87/86	1985	1986	1987	87/86	1985	1986	1987
Germany	108	117	123	+ 5.1	98	105	108	+ 2.9	- 10	- 12	- 15
Belgium	121	120	112	- 6.7	78	63	54	-14.3	- 43	- 57	- 58
Spain	n.a.	80	85	+ 6.3	n.a.	56	53	- 5.4	n.a.	- 24	- 32
France	105	101	87	-13.9	69	60	52	-13.3	- 36	- 41	- 35
Portugal	62	59	54	- 8.5	60	37	45	-21.6	- 2	- 22	- 9
United Kingdom	130	78	76	- 2.6	73	62	58	- 6.5	- 57	- 16	- 18

¹Overall costs, including return on capital and amortization

The revenue situation worsened in the majority of the Member States, although not in Portugal and Germany, the reason in the latter being the system of price-fixing provided for in the agreement between producers and consumer groups.

This downward trend in revenue is greatly influenced by the pressure exerted on international prices (expressed in ECU) by the slump in heavy fuel oil prices and the considerable drop in the American dollar against the ECU and the other currencies of the Member States since 1986.

There have been improvements, often marked, in productivity in all coal-producing Member States.

TABLE 5

Underground output per man

	kg				
	1985	1986	1986/1985 %	1987	1987/1986 %
Germany	4 487	4 556	+ 1.5	4 667	+ 2.4
France	3 027	3 300	+ 9.0	3 881	+ 17.6
Belgium	2 509	2 566	+ 2.3	2 605	+ 1.9
United Kingdom	3 404	4 089	+ 20.1	4 424	+ 8.2
Spain	-	2 059	-	2 128	+ 3.4
Portugal	1 559	1 597	+ 2.4	1 600	+ 0.2

A further improvement in production is expected for 1988 thanks to rationalization efforts and the resultant gains in productivity.

In addition, a certain increase in world prices accompanied by a slight revival by the dollar should lead to a small improvement in returns.

3. Intentions and objectives of the Member States in respect of the coal industry for the period 1987-1993

Under Decision No 2064/86/ECSC Member States intending to grant aid to the coal industry were obliged to notify the Commission of medium-term measures to be adopted in the coal production sector.

Although the information received by the Commission has not always been of the most complete, since rationalization programmes have not yet been finalized in some Member States, the broad lines of the policy emerge quite clearly and bear witness to great uniformity, i.e. the concentration of production on pits with the best economic prospects and, accordingly, the gradual closure of the least profitable installations. This will be done within a period which will allow the regional and social problems arising out of these cutbacks to be solved mainly by the creation of alternative jobs as part of the diversification of the industrial fabric.

In Belgium the aid that the government is to grant to the coal industry up to 1997 amounts to FB 100 000m and forms part of the rationalization programme of the Campine coal field, which was proposed by the company management and approved by Ministerial Decree at the beginning of 1987.

The rationalization programme provided for the closure of three of the five existing pits, which would reduce the production of coal from 6 million tonnes to 3 million and the number of miners from 17 000 to less than 10 000. In accordance with this programme the Eisden and Waterschei pits were duly closed in 1987 and the Winterslag pit in March 1988.

Although rationalization has been programmed over a period of 10 years it was decided, at the request of the Belgian government, to reduce production to 3 million tonnes over a period of 3 years, i.e. by June 1990 at the latest. The latest information available would seem to indicate that this will already be achieved by the end of 1988.

The financial commitments by the Belgian government break down as follows:

- FB 28 000m will cover operating losses, social measures accompanying the closure programme and conversion activities;
- FB 65 000m will cover rationalization measures applicable from 1987 to 1996 to the pits that remain open;

- FB 7 000m will go towards the implementation of industrial investment programmes.

In Germany all the participants at the conference on coal in December 1987 (Kohlerunde), representing the Federal Government, the Länder, the coal industry, the consumers and the trade unions, agreed that production capacity had to be reduced by 13 to 15 million tonnes in order to align domestic supply with future demand, on condition that this rationalization measure is acceptable in social terms and achieved gradually, albeit by 1995 at the latest. The adaptation policy adopted at the 1983 conference on coal is thus extended and reinforced up to 1995. The capacity reduction will mean the loss of 30 000 jobs. The provisions of the "Jahrhundertvertrag" concerning the volume of coal used in the production of electricity and those of the "Hüttenvertrag" for the steel industry, including the adjustment of prices of the 11 million tonnes to be supplied to the Community steel industry, remain in force.

In France production capacity will be reduced by concentrating coal production on mines with the best mining prospects and the greatest productivity. The plan is to stop mining in the Nord/Pas-de-Calais coal field and the underground mines of the Centre-Midi. Some rationalization measures will also be taken in the Lorraine coal field. Only the open cast mines in the south will not be affected by rationalization measures. These changes come from the general decline in sales prospects due to the nuclear option, the reduced competitiveness of national coal due to market forces, the termination of the current rules governing State aid at the end of 1988 and the profitability objective set for national coal mines. At the beginning of the 1990s the annual level of production should thus be lowered from 15 million tonnes to about 10 million tonnes, with jobs decreasing from 36 000 to 15 000.

In the United Kingdom the policy of cost control, modernization and profitability of coal mines will be prolonged. The closure of further unprofitable pits is thus not out of the question. Rationalization measures will none the less be less drastic than those of previous years, which were marked by the widescale closure of unprofitable pits and exceptionally heavy pruning of the labour force. Achievement of the profitability objective set for 1989-90, improved productivity, greater cost control, sales prospects and the competitiveness of national coal, especially in the sector of electricity production, will determine by and large the level of national production and employment trends.

The broad lines of the national policy adopted in the medium term for Spanish coal mines and the objectives to be attained are set out in the 1987-1995 plan for the national coal industry. The measures to rationalize and modernize production, which differs greatly from one situation to another, place the emphasis on cost control, increased productivity, centralized production and reorganization and thus aim, given equal capacity, to improve competitiveness, to adapt the level of productivity and costs to that of the other coal-producing Member States and to decrease the State aid, which is concentrated principally on the Asturias coalfield. The labour force will decrease progressively through natural wastage and clearance measures made inevitable following productivity gains.

The national coal policy in Portugal for the period up to 1993 aims at modernizing and rationalizing the coal industry in the Douro coalfield. The ultimate aim is to increase productivity and reduce production costs.

4. Description of financial aid scheduled for the coal industry in 1987

The economic concept of aid can be defined as the total of public measures affecting immediately or in time either the allocation of resources, i.e. the quantities produced or traded on the market of the goods in question, or the distribution of revenue which the various producers and consumers draw from their operations on that market.

An assessment in economic terms of the real amount of aid must take account of the specifics of the coal industry.

Short-term changes on the international coal market are not necessarily representative of long-term trends. As stated above, the world price of coal in terms of the currencies of the Member States has been greatly influenced since 1986 by the drop in the American dollar and the collapse of oil prices. It is worth noting in this context that the prices currently applied on the world market do not cover the costs of a considerable proportion of production in the majority of non-Community coal-exporting countries.

The problems are particularly acute in the European coal sector where the highly rigid production apparatus resulting from technical, geological and geographical factors does not allow adaptation to short-term market fluctuations in terms of either quantity or cost.

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 - serving as a reference price to determine the price of Community coal - and the long-term marginal cost.

It is against this long-term backcloth 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 bear out economic realities and not hamper efforts to deploy the instruments the Treaties offer for balanced and determined progress towards maximum integration of energy markets.

In accordance with Article 14 of Decision 2064/86/ECSC this document restricts the field of analysis to the measures set out in Article 1 of the Decision, namely, all aid granted by central, regional or local authorities 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 coal mining were to stop. Research, development and demonstration activities are also regarded as not related to current production provided that they are not to the exclusive benefit of the company undertaking the research. Where such measures help to promote innovations in the undertaking itself they are considered as 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 direct aid is regarded as any financial aid granted directly to coal undertakings. Indirect aid is any aid which, although often granted to an economic operator not producing coal, is of indirect benefit to coal undertakings.

¹This definition therefore differs from the economic approach where direct aid is regarded as aid affecting supply and indirect aid is aid which changes demand to the extent that the recipient of the financial flow is not necessarily the beneficiary of the economic effect.

4.1. Financial aid related to current production

In 1987 aid to current production amounted to 4 739m ECU, i.e. an increase based on comparable figures of 1.2% over 1986. There has been a marked change in trends in recent years. As can be seen from Annex 1 this downswing is due mainly to major reductions in the level of aid in the United Kingdom (- 67%) and in France (- 8%). It is worth noting that these are also the two countries which have seen the most significant productivity gains.

Correcting the amount of aid to current production to take account of the changes in the American dollar, given that this aid is meant to cover at least some of the difference between production costs expressed in national currencies and import prices expressed in American dollars, shows that considerable progress has been made, since, when seen in this light, aid has been reduced by 14% compared with 1986, thus bearing out the intensity of the rationalization policies implemented.

TABLE 6

Financial aid related to current production

		million ECU		ECU/T	
		1987	1986	1987	1986
<u>Direct</u>					
Art. 3	Deficit grant aid	1 005.9	1 288.4	4.54	5.51
Art. 4	Sales aid	1 828.3	1 466.2	8.25	6.27
Art. 5	Investment aid	65.7	89.9	0.30	0.38
Art. 6	Aid for underground staff	112.3	113.6	0.51	0.49
Other		30.0	32.5	0.14	0.14
Subtotal		3 042.2	2 990.6	13.74	12.79
<u>Indirect</u>					
		1 697.2 *	1 634.1	7.66 *	6.99
Subtotal		1 697.2	1 634.1	7.66	6.99
Total		4 739.4	4 624.7	21.40	19.78

* Including the indirect aid from OFICO (established in 1987).

4.1.1 Direct aid

Direct aid to current production under Decision No 2064/86/ECSC includes deficit grant aid (Art. 3), investment aid (Art. 5), aid for underground staff (Art. 6) and sales aid for coking coal and coke (Art. 4). Although this latter form of aid is in fact aid for supply it is regarded as direct aid since the aid is granted to producers and not to the consumer.

4.1.1. Germany

In 1987 direct aid authorized by the Commission amounted to DM 3 795m (1 833.4m ECU), i.e. DM 46.07 (22.25 ECU) per tonne.

		million DM	million ECU
Article 4	Aid for supplying coal and coke to the Community's iron and steel industry	3 450	1 666.7
Article 5	Investment aid	130	62.8
Article 6	Aid for underground staff ("Bergmannsprämie)	185	89.4
Other measures	Special amortization linked with rationalization	30	14.5
Total		3 795	1 833.4

Under 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's iron and 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 aid to supply, amounting to DM 3 450m, almost completely covers the difference between the price charged on the world market (about DM 115/tonne) and the production costs for a production level of 25 million tonnes. The aid is therefore compatible with the provisions of Article 4 of the Decision.

It should allow the closure of certain pits to be graduated and thus help to solve the social and regional problems referred to at the third indent of Article 2(1) of the Decision.

The investment aid of DM 130m is for investment projects in the pits, coking plants, briquetting plants and coal-fired electric power stations. The government estimates put investments in the coal sector at around DM 3 600m, about 80% of which was for the Ruhr coalfields with the balance divided between the coalfields of Aachen, Saar and Ibbenbüren. According to the notification the investment aid, which covers 3.6% of total investments, is divided proportionally between these coalfields, the major part thus being allocated to the Ruhr coalfield.

Given the Community's policy on coal, the investment aid for 1987 can be regarded as compatible in as much as it will help to improve the competitiveness of the coal industry, in line with the first indent of Article 2(1) of the Decision.

The aid of DM 185m to finance miners' bonuses ("Bergmannsprämie") (DM 10 per underground shift) will enable the coal industry to keep qualified staff underground. The aid is a specific measure that has been in existence for several years (tax allowance on miners' income) and must be notified separately from the aid referred to in Articles 3 and 5 of the Decision. The aid is thus compatible with Article 6 of the Decision. This aid will help to improve the competitiveness of the coal industry, in line with the first indent of Article 2(1).

The special amortization for measures to rationalize coalmining, which has existed for many years and was approved by the Commission as a general measure in accordance with Article 67 of the ECSC Treaty, amounts to DM 30m. This measure is based on Article 5 of the Income Tax Law and on Article 81 of the Implementing Regulation (Einkommensteurdurchführungsverordnung) and will not give any special competitive advantages to the German coal industry over the other Community coal producers. The measure will allow rationalization to be intensified and competitiveness to be improved, in line with the first indent of Article 2(1) of the Decision.

4.1.1.2 Belgium

In 1987 direct aid authorized by the Commission amounted to FB 15 588.6m (362.5m ECU), i.e. FB 3 586 (83.40 ECU) per tonne.

		million FB	million ECU
Article 3	Aid to cover mining losses	8 629.1	200.7
Article 4	Aid to supply coal and coke to the Community's iron and steel industry	6 949.8	161.6
Article 6	Aid for the maintenance of qualified underground staff	9.7	0.2
Total		15 588.6	362.5

Aid to cover operating costs, i.e. FB 8 629.1m, was granted to the Campine coalfield for the production of 3 375 000 tonnes, in order to make up some of the difference between foreseeable average costs and foreseeable average returns. This volume of production involves primarily coal delivered to thermal power stations, the sales price of which is closely linked to the price of imported coal. The aid covers less than 90% of the foreseeable operating losses and thus fulfills the conditions of Article 3(1) of the Decision.

The aid to cover operating losses will help to facilitate rationalization in the coal industry by allowing the closure of certain pits to be graduated. It will thus help to solve the social and regional problems, in line with the third indent of Article 2(1).

According to the notification of the Belgian government the aid for the supply of coal and coke to the blast furnaces of the Community's iron and steel industry, amounting to FB 6 949.8m, covers the difference between the price charged on the world market, i.e. about FB 2 300 per tonne, and the production costs for a production level of 2 475 000 tonnes. The aid is thus compatible with the provisions of Article 4 of the Decision.

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

The aid for the maintenance of qualified underground personnel is a specific measure that has been in existence for several years and is applied independently of the aid provided for in Articles 3 to 5 of the Decision. The aid is thus compatible with the provisions of Article 6.

The objective of the aid is to keep qualified staff in the coal industry in order to improve its competitiveness in conjunction with the first indent of Article 2(1) of the Decision.

4.1.1.3 France

In 1987 the amount of direct aid authorized by the Commission totalled FF 2 960m (427.1m ECU), i.e. FF 208 (30.05 ECU) per tonne.

		million FF	million ECU
Article 3	Aid to cover operating losses	2 860	412.7
Other measures	Aid to research	100	14.4
Total		2 960	427.1

The aid to cover operating losses, i.e. FF 2 860m, makes up only 70 to 75% of the difference between foreseeable average costs and foreseeable average returns and thus complies with the conditions of 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 graduate pit closures, in particular the Nord-Pas de Calais coalfield, and will thus help to solve the social and regional problems, in line with the third indent of Article 2(1).

4.1.1.4 United Kingdom

According to the notification of the United Kingdom government direct aid in the financial year 1987-88 amounted to UKL 106m (152m ECU), i.e. UKL 1.05 (1.49 ECU) per tonne and is thus, at national level, the lowest amount of direct aid in the Community.

		million UKL	million ECU
Article 3	Aid to cover operating losses	90.5	123.3
Article 6	Aid to maintain qualified underground staff	15.9	22.7
Total		106.4	152.0

The aid to cover operating losses, i.e. UKL 90.5m, will make up only 64% of the difference between foreseeable average costs and foreseeable average returns and thus complies with the conditions of Article 3(1) of the Decision. This aid forms part of the rationalization programme and will allow pit closures to be graduated. It will thus help to solve the social and regional problems in line with the third indent of Article 2(1).

The aid to maintain qualified underground staff is a specific measure which has existed for several years and is applied independently of the aid provided for in Articles 3 to 5 of the Decision. The aim of this aid is to cover part of the costs of British Coal resulting from certain consequences of the rationalization policy, in particular the transfer of place of employment (removal costs, transport, etc.). The aid is thus compatible with the provisions of Article 6 of the Decision.

The aim of the aid is to keep qualified personnel in the coal industry in order to improve its competitiveness, in line with the first indent of Article 2(1).

4.1.1.5 Spain

Direct aid authorized by the Commission amounted to Ptas 37 672.2m in 1987 (265.4m ECU), i.e. Ptas 1 944 (13.69 ECU) per tonne.

		million Ptas	million ECU
Article 3	Aid to cover operating losses	37 117.2	261.4
Article 5	Aid to investments	405.0	2.9
Other types of aid	Aid to promote innovation	150.0	1.1
Total		37 672.2	265.4

Aid to cover operating losses, i.e. 37 117.2m, was granted to the Hunosa, Figaredo, Hullasa and Camocha undertakings for a total production level of 4 956 000 tonnes in order to cover the difference between foreseeable average costs and foreseeable average returns. The aid does not exceed the anticipated operating losses and thus complies with the conditions of Article 3(1) of the Decision.

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

The investment aid of Ptas 405m is for the mining investment projects of various undertakings. The aid covers 20% of all investments which amount to Ptas 2 000m. It complies with the provisions of Article 5(1) and (2) of the Decision for each coal undertaking.

This investment aid can be regarded as compatible with the Community's coal policy in that it will help to increase the coal industry's competitiveness, in accordance with the first indent of Article 2(1) of the Decision.

4.1.1.6 Portugal

In 1987 the Commission authorized aid of ESC 296m (1.8m ECU), i.e. ESC 1160 (7.15 ECU) per tonne, to be granted to cover losses.

		million ESC	million ECU
Article 3	Aid to cover operating losses	296.1	1.8

This aid covers operating losses of ESC 296.1m and thus makes up the difference between foreseeable average costs and foreseeable average returns for each tonne produced. It therefore meets the conditions of Article 3(1) of the Decision.

The aid will help to avoid early closure of the mine and forms part of a policy of industrial diversification. It will therefore help to solve the social and regional problems, in line with the third indent of Article 2(1) of the Decision.

4.1.2 Indirect aid

In this report indirect aid is regarded as financial measures which, although generally granted to an economic activity other than the production of coal, are of indirect benefit to coal undertakings. 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 Germany and Spain where the aid makes the effective social benefit costs 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 agreements or contracts to supply coal exist between producers of coal and producers of electricity. Some agreements or contracts in force in 1987 include ways of fixing prices which do not necessarily correspond with the realities of the short-term market. In an attempt to gain a clear picture the Commission has undertaken as complete a study as possible of these agreements and contracts, illustrating, where appropriate, the element of financial aid detected.

Where it has a direct influence on the level of domestic prices restriction on the quantity of imports could also be regarded as indirect aid. In the absence of accurate information on the impact of such measures, however, they are not covered in this document.

4.1.2.1 Indirect aid to production

4.1.2.1.1 Germany

The notification submitted to the Commission indicates that the State aids 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 343m, of which 80% (i.e. DM 274m) 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 per tonne, i.e. 1.3% of production costs, as a result of the low level social security burden.

State aid for social security systems in the mining industry as a whole applies to all forms of mine (coal, ore, salts, etc.) and constitutes a general measure in accordance with Article 67 of the ECSC Treaty. The reduction in production costs of 1.3% is not a significant competitive advantage for the German coal industry in respect of other Community coal-producers, since the returns do not in any event cover the production costs.

The excess DM 274m over the limits laid down in Article 7 of the Decision was thus approved as a general measure in accordance with Article 67 of the ECSC Treaty. This measure helps to alleviate the social problems mentioned at the first indent of Article 2(1) of the Decision.

4.1.2.1.2 France

For 1987 the French government notified the granting of aid to Cerchar to encourage technical research in the coal industry. The aid, which has been in existence for several years and was authorized at the time by the Commission as a general measure in accordance with Article 67 of the ECSC Treaty, amounts to FF 110m.

The conditions for granting this aid remain unchanged.

4.1.2.1.3 Spain

The Commission approved aid to promote innovation in the coal industry in 1987. This aid, which amounts to Ptas 150m, is subdivided between the following coalfields: Central Asturiana, Bierzo Villablino, Narcea, Leon, 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 seen in the light of Article 10(2) of the Decision.

The Commission has undertaken the examination provided for in Article 67 of the ECSC Treaty and has come to the conclusion that the aid to promote innovation does not give the Spanish coal industry any special advantages which are contrary to the common market.

As in the case of Germany, the real social charges to be met by the undertakings are Ptas 526m (2.1%) lower than the "normal burden" defined in Article 7 of Decision No 2064/86/ECSC. This excess is due to the fact that contributions to the mining industry health insurance fund are defrayed in part by the general health insurance scheme by way of equalization of charges. The excess on the limit set out in Article 7 of Decision No 2064/86/ECSC thus constitutes indirect aid to current production. Undertakings' production costs are artificially reduced by the low social burden (Ptas 21 per tonne, i.e. 0.1% of the production costs).

Contributions to the social security systems in the coal industry constitute a general measure in accordance with Article 67 of the ECSC Treaty. Compared with other Community coal producers, reducing production costs by 0.1% does not give any particular competitive advantage to the Spanish coal industry because of the ratio between returns and production costs. The Ptas 526m excess on the limits set out in Article 7 of the Decision can therefore be accepted as a general measure under the terms of Article 67 of the ECSC Treaty on condition that this measure is taken to cover losses. The measure will also help to alleviate the social problems referred to at the third indent of Article 2(1) of the Decision.

4.1.2.2 Indirect aid to consumption

This section describes the methods of price fixing in contracts and agreements between producers of coal and producers of electricity. Where appropriate and where quantifiable, the analysis also reveals the extent of the financial aid.

4.1.2.2.1 Germany

The "Jahrhundertvertrag" concluded in 1980 between the producers of coal and the producers of electricity stipulates that the latter should commit themselves to consuming approximately 640 million tce of domestic coal up to 1995, i.e. some 40 to 45 million tce a year.

The Third Electricity from Coal Law defines the price and compensation mechanism governing both these transactions and the consumption of coal from other Community countries. The purchasing price of coal is established with the help of a formula (Schwantag formula). This price reflects the production cost. In a second phase, a compensation fund provided by a tax levied on the consumption of electricity (Kohlepfennig) and by a line of credit returns to the producers of electricity:

- to the tune of 22 million tce/year, the difference between Community coal bought at production cost (Schwantag formula) and heavy fuel oil;
- to the tune of 11 million tce/year, the difference between Community coal bought at production cost (Schwantag formula) and imported coal.

The balance does not receive the benefit of any compensation although between 1981 and 1987 electricity producers had the right to purchase 1 tonne of imported coal for every 2 tonnes of Community coal consumed and, from 1988, 1 tonne of imported coal for every tonne of Community coal consumed.

The "Kohlepfennig" had been fixed at 4.5% in 1986, but following the drop in the dollar and the collapse in the prices of oil and imported coal this proved to be totally insufficient. In May 1987 the German government decided to increase it to 7.5% and to extend the line of credit from the compensation fund from DM 500m to DM 2 000m.

The discussion within the "Kohlerunde" on 11 December led to the establishment of a new rate of 7.25% with a commitment to gradually reduce it in the years ahead. It is not possible at this stage to define how this future decreasing scale of the "Kohlepfennig" will be linked to the maintenance of the consumption obligations set out in the provisions of the "Jahrhundertvertrag".

For 1987, the Commission, acting on the basis of Article 10(2) of Decision No 2064/86/ECSC, has not objected to this financial measure of the order of DM 3 109m. The Commission took the view that this measure, which had been approved as a general measure in accordance with the EEC Treaty in 1974 and 1976, was consistent with Decision No 2064/86/ECSC and with the ECSC Treaty in that it did not put German coal producers in a more advantageous competitive position than other Community producers.

The German government has since notified changes to this measure, both under the EEC Treaty and under the ECSC Treaty. The Commission has undertaken a new in-depth study of the measure in question and will reach a decision on completion of its analysis.

4.1.2.2.2 France

In 1984 an agreement was concluded between EdF and Charbonnages de France. The agreement covers the following points:

- the quantities of coal and electricity that EdF must buy from CdF from 1984 to 1988;
- the price at which these quantities are to be traded.

The contract concluded in 1984 up to the end of 1988 between EdF and CdF provides for EdF to take all the steam coal and electricity from the pithead power stations that CdF can supply, on the basis of contractual forecasts of quantities, grades and places of delivery.

A slight surcharge on imported coal is granted by EdF on purchases of national coal. This price is the price of imported coal C.I.F. Le Havre plus 10% delivered to the thermal power stations in the Paris regions.

As regards the purchase by EdF of electricity produced by the pithead power stations, i.e. approximately 10 TWh, EdF pays for the first 7 TWh the flat-rate sum decreasing from 4 000m in 1984 to 2 000m FF in 1988, additional deliveries being paid on the basis of the price of imported coal plus 10%, with specific consumption of 2 400 Kcal/KWh, and application of the fixed costs observed in the EdF power stations. In this context if CdF's supply of electricity becomes so high that it replaces production from a nuclear power station EdF will buy this electricity at the marginal cost of the nuclear KWh.

The guaranteed supply provided for by the contract and the fact that collieries stock enough coal to satisfy EdF demand at very short notice make for two counter-concessions for the extra cost of 10%. From the information the Commission has, therefore, this mechanism does not seem to contain indirect financial aid.

4.1.2.2.3 Belgium

In 1984 a contract was concluded between the Kempense Steenkolenmijnen and the "Pool des calories" up to 1987. This contract, which expired at the end of 1987, was for the supply to thermal value stations of 2 100 000 tonnes of coal a year with a calorific value of 21.114 GJ/t.

As regards the price of the coal to the producers of electricity, it was decided that for the sole years of 1984 and 1985 the total payment for national coal could exceed the price of imported coal C.I.F. thermal power station of FB 956m. For 1987 the only extra charge is of the order of FB 75 per tonne and is the counter-concession for the greater flexibility offered by national coal compared with imported coal.

For 1987 this contract does not seem to contain direct financial aid.

4.1.2.2.4 United Kingdom

In the United Kingdom an understanding was reached in 1986 between British Coal and the Central Electricity Generating Board. This agreement provides that the CEGB will take 95% of its requirements from British Coal.

For the 1987-88 financial year this understanding means that British Coal will supply 75 million tonnes of coal to the CEEB, the price of which differs as a function of instalments:

- a first instalment, decreasing in time, of 45 million tonnes at a price of UKL 48.50/tonne;
- a second instalment, increasing in time, of 14 million tonnes at a price of UKL 35/tonne;
- a third instalment of 16 million tonnes at a price of UKL 26/tonne.

For the 1987-88 financial year the average price of purchases by the CEEB thus amounted to approximately UKL 41 per tonne, as against UKL 42 per tonne for the 1986-87 financial year.

The understanding provides for the first instalment to be reduced gradually to 40 million tonnes by 1991 and for the second instalment to increase gradually to 18 million tonnes.

Since the 1960s there has also been a similar understanding in its principles between the South of Scotland Electricity Board and British Coal, deliveries being made from the Scottish coalfields. Negotiations concerning the future of this understanding took place during the first half of 1988.

At this stage the information available has not enabled the Commission to determine the existence or otherwise of public financial aid. Following a request from the Commission in accordance with Decision No 2064/86/EEC the United Kingdom government underlined that this was a commercial understanding between two companies which contains no element of public aid to these companies and does not therefore come within the scope of the said Decision.

4.1.2.2.5 Spain

In Spain a new system of awarding contracts in the sector of coal designed to feed thermal power stations was concluded in 1986 between the producers of coal united within CARBUNION and the association of producers of electricity UNESA. 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 producers of electricity at a reference price. These contracts must be in line with criteria such as improved competitiveness of the coal undertaking or, failing that, a plan to reduce production.

After negotiation between the contracting parties the contracts are submitted for agreement to the Spanish government. Mining companies with production costs in excess of the reference price may demand a supplement from the producers of electricity covering the difference between their production costs (excluding amortization) and the reference price. The additional price paid by the producers of electricity is reimbursed by way of a fund (OFICO: Oficina de compensacion de la Energia Eléctrica) which is maintained by the producers of electricity. This agreement only covers coal produced in underground mines.

According to the notification from the Spanish government a compensatory payment of Ptas 8 400m was to be made in 1987 by way of an OFICO measure.

The agreement concluded between Carbunion and Unesa still has to be examined in detail by the Commission in respect of the EEC and ECSC Treaties. As regards the indirect aid in the Ofico measure, the Commission has taken the view that it is consistent with Decision No 2064/86/ECSC and with the ECSC Treaty to the extent that it does not put Spanish coal producers in a better competitive position than the other Community coal producers. According to the Spanish government this measure forms part of the programme to rationalize the coal industry and helps, through the criteria for awarding this indirect aid, both to improve competitiveness and to solve social and regional problems through the graduated closure it allows of pits with no prospects of improving competitiveness.

4.2. 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, insofar as they do not affect the production costs of the industry in the country in question. In 1987 aid amounted to 7 107m ECU, as compared with 7 569m ECU in 1986.

Financial aid not related to current production

		million ECU	
		1987	1988
Article 7	Social grants	6 061.8	6 108.3
Article 8	Inherited liabilities	1 045.4	1 460.2
Total		7 107.2	7 568.5

4.2.1 Financial aid in the sector of social benefits

Article 7 of the Decision states that State aid to finance social grant 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 and Spain were considered as indirect aid to current production under point 4.1.2.

4.2.1.1 Germany

In 1987 DM 8 800m was allocated to cover the deficit of the pension insurance scheme in the mining industry as a whole (Knappschaftliche Rentenversicherung). Some 80% of this amount, i.e. about DM 7 040m, went to the coal industry. The Commission's examination showed, as mentioned in point 4.1.2, that the limits laid down in Article 7 of the Decision were exceeded. This excess is due to the fact that the financing of sickness insurance for those entitled to a pension under the miners' insurance schemes was changed by the financing 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 charges.

4.2.1.2 France

According to the notification of the French government social benefit payments amounted to FF 9 809.8m. Details of this aid are shown in the table below.

Origin	Amount of aid in million FF	Purpose
State	3 404.2	Disability and old-age pension insurance Regular contribution amounting to 22% of wages subject to contribution plus additional State adjustment
General system	1 553.5	Disability and old-age pension insurance Regular contribution to cover part of the "exceptional expenditure" (amount fixed by law)
General system	1 547.8	Insurance against industrial accidents and occupational diseases Repayment of inherited liabilities
General system	1 464.6	Sickness insurance Treatment benefits
General system	1 839.7	Disability and old-age pension insurance "Exceptional expenditure" in the coal industry within the meaning of Article 7 of Decision No 2064/86/ECSC
Total	9 809.8	

4.2.1.3 Belgium

As can be seen in the table below, the amount of public financial aid paid to the Belgian coal industry in the social charges sector is of the order of FB 34 052m.

Origin	Amount of aid in million FB	Purpose
State	28.516.8	Old-age pension and survivor's pension insurance Regular contribution required by law
State	5 470.4	Disability pension insurance Disability pension
State	64.8	Occupational diseases 50% of the expenditure arising from miners' pneumoconiosis
Total	34 052.0	

4.2.1.4 United Kingdom

In the United Kingdom nearly all branches of industry have their own insurance system in parallel with the general social insurance scheme, from which pensions are paid to retired workers in that industry. A supplementary system of this kind also exists for the British industry in the form of a retirement fund. For the 1987-88 financial year the British government served notice of the payment from this fund of a sum of UKL 41.5m. This amount covers only the surplus in numbers that exists in this industry, i.e. the difference between the number of miners in employment and the number of retired miners. The limit set out in Article 7 of Decision No 2064/86/ECSC is therefore not exceeded.

4.2.1.5 Spain

The amount of notified public financial aid to the Spanish coal industry in the form of social benefit payments came to Ptas 75 273m in 1987. Details of this aid are shown in the table below.

Origin	Amount of aid in million Ptas	Purpose
State	62 421	Old age pension
State	2 947	Temporary disability insurance
State	575	Provisional invalidity and rehabilitation
State	7 506	Health service
State	865	Miscellaneous (family benefits, social assistance, social welfare, one-off payments prostheses, wheelchairs)
State	959	Administrative costs
Total	75 273	

4.2.2 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 I to Decision No 2064/86/ECSC.

4.2.2.1 Germany

For 1987 Germany notified the following measures:

aid to cover water-control costs	DM 180.0m
closure bonuses	DM 49.5m
Total	DM 229.5m
	(= 110.9m ECU)

All the stated 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 180m, was paid to Ruhrbergbau to enable it to cover the inherited liabilities arising from closures since 31.12.1966. Because of pit closures Ruhrbergbau was forced to pay constantly increasing amounts to the Wasserwirtschaftsverbände (water management associations) and to Pumpgemeinschaft Ruhr. The aid does not exceed the real extra costs borne by the undertakings.

Through the intermediary of A.G. Deutscher Steinkohlenbergbau the German government pays bonuses to the undertakings of DM 20 per tonne of annual capacity for closures. These closures are dictated by rationalization. The aid covers only a small part of the real closure costs borne by these undertakings.

All these measures are consistent with the provisions of Article 8(1) of the Decision.

4.2.2.2 France

In 1987 the French government granted aid of FF 3 792.0m (= 547.2m ECU) 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	101.0m
- conversion costs	FF	576.0m
- early retirement, interim pensions and housing allowances	FF	1 825.0m
- heating allowances	FF	702.0m
- costs of pit closures	FF	50.0m
- driveway maintenance costs	FF	65.0m
- remaining amortization and servicing of loans transferred to the Central Office	FF	473.0m

Total	FF	3 792.0m

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

- Nord-Pas de Calais	FF	1 945.0m
- Lorraine	FF	565.0m
- Centre Midi	FF	812.0m
- Central Office	FF	470.0m

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

4.2.2.3 United Kingdom

The United Kingdom has notified the following measures for 1987:

- redundancy payments for miners losing their jobs following rationalization measures	UKL 219.0m
- 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 51.6m

Total	UKL 270.6m

These are social measures arising out of pit closures. The real inherited liabilities are greater than the amount of aid requested. Accordingly, the British financial aid of UKL 270.6 (= 386.6m ECU) meets the criteria of Article 8(1) of the Decision.

4.2.2.4 Portugal

In 1987 the Portuguese government granted aid of ESC 115.1 million (= 0.7 million ECU) to cover the inherited liabilities borne by its coal industry. This sum will cover the payment of pensions and allowances over and above the legal system to miners losing their jobs as a result of restructuring and to miners who had a right to such aid before restructuring.

The actual cost to the coal industry is identical to the amount of aid and is thus consistent with the provisions of Article 8(1) of the Decision.

5. Conclusions

5.1 Complexity and disparity of national systems

The examination of the financial measures notified shows marked differences between the various Member States.

Although these disparities can be explained partly by the diversity of geological conditions and degrees of mechanization in the Community, the causes must also be sought within the systems of aid adopted by the Member States.

It should be noted first of all in this context that in the first year of application of the new rules considerable progress was achieved towards greater transparency of the financial measures in question. There was also confirmation

that these highly complex and very different systems make accurate comparisons difficult and even impossible, as is demonstrated below.

Some Member States only cover operating losses on coal activities whereas others undertake multiple measures upstream of the operating accounts. Some, by way of indirect aid, the real size of which is not easy to quantify, guarantee coal undertakings revenue covering, sometimes partly, sometimes in full, the difference between production costs and world market prices whereas others keep to the principle of price fixing as a function of market forces.

Some only cover operating losses in mining where the consolidated operating accounts of the undertaking show a negative balance while others guarantee a financial balance on mining activities so that the consolidated accounts of the undertaking are not affected by the financial difficulties encountered by the coal industry.

Although not allowing a reliable comparison between Member States, these many disparities do not necessarily cause distortion of competition between coal producers.

In addition, price alignments in the various coal-producing Member States on the supply from other Community producers represented only 300 000 tonnes, i.e. 0.1% of Community production. Major alignments are made on the prices of coal from non-Community countries.

In this context, whether these alignments are made directly or through any other compensatory adjustment, the underlying impact of the drop in the dollar and the collapse in oil prices on prices expressed in national currencies cannot be ignored.

5.2. Changes in aid in real terms

If the amount of financial aid to current production is corrected only by changes in the external factor of fluctuations in the parity rate of the dollar, the progress achieved in reducing financial measures following efforts to rationalize the coal industry has been considerable, since under these conditions aid has been cut back overall in real terms, dropping by 14% compared with 1986, whereas in nominal terms an increase of 1.2% was recorded.

5.3 Social and regional aspects

In terms of rationalization of the coal industry, major progress was made in 1987 in the policies adopted by the majority of coal-producing Member States. During the past two years, however, these measures have meant annual job losses of more than 40 000. To these direct job losses must be added indirect job losses, which aggravate both the economic and the social crises prevalent in these regions. The absolute necessity to accompany rationalization measures by an active policy of diversification of the industrial fabric as an essential condition for maintaining economic growth in coal areas in the throes of rationalization cannot be stressed too highly.

Table 1

Financial aid linked to current production in the coal industry

Country : BELGIUM

	million ECU		ECU/t	
	1987	1986	1987	1986
<u>Direct</u>				
Article 3 : Deficit grant aid	200.7	133.6	46.17	23.90
Article 4 : sales aid	161.6	149.0	37.18	26.65
Article 5 : Investment aid	-	14.4	-	2.58
Article 6 : Aid for underground staff	0.2	0.3	0.05	0.05
<u>Other</u>	-	-	-	-
Subtotal	362.5	297.3	83.40	53.18
<u>Indirect</u>	-	-	-	-
Subtotal	-	-	-	-
Total	362.5	297.3	83.40	53.18

Table 1

Financial aid linked to current production in the coal industry

Country : GERMANY

	million ECU		ECU /t	
	1987	1986	1987	1986
<u>Direct</u>				
Article 3 : Deficit grant aid	-	-	-	-
Article 4 : Sales aid	1 666.7	1 274.2	20.23	14.62
Article 5 : Investment aid	62.8	70.4	0.76	0.81
Article 6 : Aid for underground staff	89.4	86.4	1.08	0.99
<u>Other</u>	14.5	15.0	0.18	0.17
Subtotal	1 833.4	1 446.0	22.25	16.59
<u>Indirect</u>	1 634.3	1 631.6	19.83	18.73
Subtotal	1 634.3	1 631.6	19.83	18.73
Total	3 467.7	3 077.6	42.08	35.32

Table 1

Financial aid linked to current production in the coal industry

Country : SPAIN

	million ECU		ECU/t	
	1987	1986	1987	1986
<u>Direct</u>				
Article 3 : Deficit grant aid	261.4	210.8	13.52	9.67
Article 4 : Sales aid	-	43.0	-	1.97
Article 5 : Investment aid	2.9	5.1	0.15	0.23
Article 6 : Aid for underground staff	-	-	-	-
<u>Other</u>	1.1	0.8	0.06	0.04
Subtotal	265.4	259.7	13.73	11.91
<u>Indirect</u>	62.9	2.5	3.25	0.11
Subtotal	62.9	2.5	3.25	0.11
Total	328.3	262.2 ¹⁾	16.98	12.02

1)

Financial aid linked to current production in the coal industry

Country : FRANCE

	million ECU		ECU /t	
	1987	1986	1987	1986
<u>Direct</u>				
Article 3 : Deficit grant aid	412.7	506.4	30.15	35.18
Article 4 : Sales aid	-	-	-	-
Article 5 : Investment aid	-	-	-	-
Article 6 : Aid for underground staff	-	-	-	-
<u>Other</u>	14.4	16.7	1.05	1.16
Subtotal	427.1	523.1	31.20	36.34
<u>Indirect</u>	-	-	-	-
Subtotal	-	-	-	-
Total	427.1	523.1	31.20	36.34

Table 1

Financial aid linked to current production in the coal industry

Country : PORTUGAL

	million ECU		ECU/t	
	1987	1986	1987	1986
<u>Direct</u>				
Article 3 : Deficit grant aid	1.8	4.5	7.09	21.23
Article 4 : Sales aid	-	-	-	-
Article 5 : Investment aid	-	-	-	-
Article 6 : Aid for underground staff	-	-	-	-
Other	-	-	-	-
Subtotal	1.8	4.5	7.09	21.23
<u>Indirect</u>	-	-	-	-
Subtotal	-	-	-	-
Total	1.8	4.5	7.09	21.23

Financial aid linked to current production in the coal industry

Country : UNITED KINGDOM

	million ECU		ECU/t	
	1987	1986	1987	1986
<u>Direct</u>				
Article 3 : Deficit grant aid	129.3	433.1	1.27	4.14
Article 4 : Sales aid	-	-	-	-
Article 5 : Investment aid	-	-	-	-
Article 6 : Aid for underground staff	22.7	26.9	0.22	0.26
<u>Other</u>	-	-	-	-
Subtotal	152.0	460.0	1.49	4.40
<u>Indirect</u>	-	-	-	-
Subtotal	-	-	-	-
Total	152.0	460.0	1.49	4.40

Table 1

Financial aid linked to current production in the coal industry

Country : COMMUNITY

	million ECU		ECU/t	
	1987	1986	1987	1986
<u>Direct</u>				
Article 3 : Deficit grant aid	1 005.9	1 288.4	4.54	5.51
Article 4 : Sales aid	1 828.3	1 466.2	8.25	6.27
Article 5 : Investment aid	65.7	89.9	0.30	0.38
Article 6 : Aid for underground staff	112.3	113.6	0.51	0.49
<u>Other</u>	30.0	32.5	0.14	0.14
Subtotal	3 042.2	2 990.6	13.74	12.79
<u>Indirect</u>	1 697.2	1 634.1	7.66	6.99
Subtotal	1 697.2	1 634.1	7.66	6.99
Total	4 739.4	4 624.7	21.40	19.78

Table 2

Financial aid not linked to current production

million ECU

	Financing of social charges in the coal industry				Inherited liabilities			
	Total		Excess aid		Total		Excess aid	
	1987	1986	1987	1986	1987	1986	1987	1986
BELGIUM	791.9	1 003.9	-	-	-	-	-	-
GERMANY	3 268.6	3 034.2	132.4	223.1	110.9	63.4	-	-
SPAIN	526.4	490.9	3.7	2.5	-	-	-	-
FRANCE	1 415.6	1 478.9	-	-	547.2	474.4	-	-
PORTUGAL	-	-	-	-	0.7	-	-	-
UNITED KINGDOM ¹⁾	59.3	100.4	-	-	386.6	922.4	-	-
COMMUNITY	6 061.8 ²⁾	6 108.3 ²⁾	136.1	225.6 ²⁾	1 045.4	1 460.2	-	-

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.

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