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Aids to the Community's Coal Industry

(Experience and Prospects)

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SUMMARY

Decision No 3/71 on aids to the Community coal industry is valid only until 31 December 1975. The Commission must take steps to secure the adoption of a new Decision unanimously agreed to by the Council.

The accompanying document has been prepared by the Directorate-General for Energy to provide the Council with a clear account of the problems of the subsidization arrangements operated up to now and pave the way for it to agree on a new Decision.

It describes the working of the aids in the past from 1965 to 1974; a special chapter is devoted to past practical experience of the application of Decision No 3/71, which is of importance for the planning of a new aid system.

Chapter II discusses the Community's new energy situation and the implementations for the devising of future Community arrangements for aiding the coal industry. It is proposed that the Community participates at the financing of certain aids.

In the conclusions it is indicated that a Community aid system will be essential in the future, and that it must be a flexible one whereby the aids can always be adapted to the various economic situations in which the industry may find itself.

INTRODUCTION

1. In view of the serious structural problems facing the Community's coal industry due to a fundamental change in the conditions of competition on the world energy market since 1958, the ECSC found it necessary in 1964 to adopt measures to enable aid to be granted to the coal industry. Such aid has made it easier for undertakings to adapt their production to the changed market conditions and to direct it rationally in order to prevent serious regional and social problems from arising in the Community's coalfields.
2. The High Authority had to create the necessary legal bases to ensure that the national aids would be coordinated according to Community criteria and that competition between coal producers was distorted as little as necessary.
3. The legal bases created by the High Authority entered into force in 1965. The Commission extended them, in amended form, in 1971 and they are valid until 31 December 1975.

Chapter I contains an account of the most significant past practical experience of the application of Decision No 3/71. Although such experience accrued under earlier conditions on the coal and energy market, i.e. before the oil crises broke in the autumn of 1973, it is also of importance for the future.

Chapter II describes the problems involved in and details of a Community system of subsidies designed for the requirements and conditions of the situation relating to energy supply and energy policy which has emerged since 1974.

Chapter III contains a conclusion and guidelines.

In the Annex to this document :

- the causes and consequences of the coal marketing crisis are described;
- the most important points in the decisions on subsidies adopted by the High Authority and Commission are indicated;
- the trend of aids from 1965 to 1974 is described.

4. The document is primarily for information and to provide an insight into serious problems in the past. It should also serve as a basis for discussion of the future of a Community system of aid, the question being : what problems are to be solved given the new energy supply situation ?

CHAPTER I

Past practical experience of the application of Decision No 3/71

A. INTRODUCTION

1. When assessing the application of Decision No 3/71 it must be remembered that in the past the subsidies referred to in the Decision constituted only one of the measures of aid to the coal industry. In addition to subsidies, protective measures were also implemented, e.g. :

- import quotas for coal from non-member countries (Germany);
- import duties on coal from non-member countries (Germany);
- taxes on fuel oil ¹;
- various administrative controls applicable to imported coal (France).

It is not necessary to go into detail here on the protective measures implemented by the Governments of the Member States.

2. The Governments of the various Member States had different reasons for introducing protective measures for the benefit of the coal industry. Protection was regarded as a form of aid which was compatible with the requirements of the market. Fiscal aspects also entered into the political considerations, as, unlike subsidies, which are a burden on public budgets, protective measures cost nothing (e.g. import quotas) or even provide a source of public revenue (e.g. taxes on fuel oil).
3. All the protective measures for the benefit of the coal industry were introduced before 1965. They were not abolished when Decision No 3/65 was adopted, but were only amended during the period from 1965 to 1974.

¹ Every Community country levies excise duties on light fuel oil. Excise duties on heavy fuel oil are levied in Germany, Italy, Luxembourg and the Netherlands.

No new measures have been introduced.

4. Protective measures are not a very important component of the aids to the coal industry. Consequently they do not have a very marked effect on the subsidies granted by the Member States for the benefit of the coal industry. The major part of the aid granted takes the form of subsidies.

B. The workability of Decision No 3/71

(B₁) Assessment of the working of Decision No 3/71

5. This section contains a brief account of the application of Decision No 3/71; the following aspects are discussed :
 - Adaptation of production to the market;
 - Rationalisation and concentration of production on the best pits;
 - Prevention of regional and social problems in the coalfields;
 - Prevention of any distortion of competition between coal producers in the Community.

These four points constitute the most important objectives of Decision No 3/65 and 3/71.

Adaptation of production to the market

6. As indicated in Table 1 in the Annex, coal production in the Community of the Six fell by approximately 100 million tonnes from 1965 (224.2 million tonnes) to 1974 (133 million tonnes). It was, of course, not possible in every year, to match production precisely to the cyclical fluctuations in demand, as the great variations in the size of pithead stocks show quite clearly (see Table 3 in the Annex). The resulting mismatches are not, however, attributable to failure of Decision No 3/71 to operate correctly but to the well-known, in flexibility, for technical reasons, of coal production.

Thus it can be seen that in the long run, subsidy policy has helped to match production to the market.

Rationalization and concentration of production on the best pits

7. Output per man-shift underground - as an indicator of the success of rationalization measures in the coal industry - rose from 1 634 kg in 1958 to 2 395 kg in 1964, i.e. by an average of 125 kg per year (= 6.6%, see Table 5 in the Annex), in the Community as originally constituted (the Six). From 1965 to 1970, output per man-shift in the Six rose by a total of approximately 1 000 kg, an average of 200 kg (= 7.3%) per year: the rate of increase was higher in both absolute and percentage terms. A slowdown then occurred from 1970 to 1974; in absolute terms output per man-shift in the Six rose by an average of barely 90 kg in each of those years, i.e. by 2.5%. However, the slackening in the rate of productivity increase from 1970 was due to technical not economic causes. The aids granted therefore had a favourable effect on the trend of productivity.
8. The concentration of production on good pits, taking into account regional and social factors, has also proved successful. In the relatively high-output coalfields in Germany production declined more slowly from 1964 to 1974 (-32%), than in the French (-57%), Belgian (-62%) and Netherlands (-93%) coalfields.

Prevention of regional and social problems in the Community's coalfields

9. From 1958 to 1964 the number of persons fully employed in coal mining in the Six fell from 1 035 800 to 736 100 i.e. an average of approximately 50 000 persons or 6% per year, (see Table 6 in the Annex). From 1965 to 1974 the total workforce declined from 695 800 to 325 000 i.e. approximately 41 000 or 8.8% per year.

10. The aim of the Governments of the Member States was to remodel the economics of the coal-producing areas. Bearing this aim in mind, the reduction of the work force from some 700.000 persons in 1965 to 325.000 persons in 1974 has to be considered a success. It was the maximum possible under the circumstances. The fact that the limit was reached in terms of what was socially acceptable was evident in Belgium in 1965/66 and in Germany in 1967 when there was social unrest among the miners who were concerned about their livelihood.

Prevention of distortion of competition between the Community's coal producers

11. As indicated in the Annex varying amounts of aid per tonne produced were granted to the coal industries in the Member States. The resulting danger of distortion of competition between coal producers in the Community cannot be overlooked.
12. A highly reliable, if incomplete, guide to the intensity of competition between coal producers in the Community is provided by the number of price alignment agreements concluded. In 1964, before subsidies were granted to the Community's coal industry, 7.9 million tonnes of coal (= 3.4% of total output) were sold at aligned prices by coal producers in competition with each other. In 1974 there were virtually no further price alignments¹ for Community coal.
13. It should not be forgotten in this connection that in 1972 some local problems connected with competition arose between producers with pits in frontier areas, i.e. between Netherlands, German and French producers. However, it has been found that, on the whole, no serious problems arose with regard to competition as a result

¹ I.e. price alignment agreements concluded between Community producers.

of disparities in subsidies. A perfect system of subsidies guaranteed to prevent even the slightest distortion of competition is practically unattainable.

14. It may be concluded from the application of Decision No 3/71 as described in the foregoing that its objectives have been achieved. The different factors making up the Decision have rarely led to any incompatibility of the objectives.

(B₂) Practical difficulties in applying the Decision on aids to the coal industry

(a) General problems with the authorization, of aids applied for

15. The operation of Decisions Nos 3/65 and 3/71 is based on a procedure whereby the Governments of the Member States apply to the Commission by 1 November of each year for authorization of the estimated amount of aid which they plan to grant for the coming year.

Experience has shown that the Commission often receives applications from the Governments of the Member States long after 1 November and that consequently authorization cannot be granted until more than one year later.

There are both practical and political reasons for the Member States' delay in supplying their notifications.

The practical problems are caused by the fact that every autumn a forecast must be made of the future financial position of the coal industry, which depends in a complex manner, on the level of output, revenue, wages, productivity, cost of materials and equipment etc.

General political reasons also play a part. Past experience has shown that the Governments of the Member States delay forecasts or promises of subsidies to the coalmining industry because of

the difficult political commitment involved.

16. However valid the above reasons may be, it must be made quite clear that the subsequent authorization of subsidies already paid should, on grounds of principle, not become the general rule. Prior authorization is essential if for example an attempt is to be made in advance to recognize and solve any problems which might arise with regard to competition, as it is difficult to solve such problems once they have taken a hold.

Delays must therefore be avoided as far as possible in future.

(b) Specific problems and difficulties connected with the various forms of aid

17. Certain problems are discussed below to make the Governments of the Member States aware of the practical consequences of special measures taken in the past. The main aim is to make clear the difficulties and complications which arise when different forms of aid co-exist. It is clear that although Decision 3/71 lays down a Community procedure for authorizing the grant of aid, the Governments of the Member States have availed themselves of the various forms of aid to differing degrees (see paragraph 23 of the Annex). Although the system is standard, the measures (forms) of aid are not.

(b₁) State subsidies for social security institutions

18. The different ways in which the social security schemes in the various Community countries have developed has meant that they differ now from country to country. Germany, France, Belgium and the Netherlands have special social security schemes for mining.

In the United Kingdom the miners are not covered by a special scheme but by the national social security scheme.

The social security costs to be borne by the coal undertakings are lower in an integrated scheme than in a special miners' scheme. As social security is part of production costs, this could lead indirectly to distortion of competition. It is, however, not possible to quantify this.

19. It has not been possible to change this unsatisfactory situation in the past, nor will it be in the future. It cannot be assumed either that a special scheme for mineworkers will be hived off from integrated schemes in certain Community countries, or that in other countries special schemes for miners will be merged with the general industrial schemes.

(b₂) Indirect subsidies

20. Indirect subsidies do not come under any specific Article in Decision No 3/71, but must be notified to the Commission (on the basis of Article 2 (1) (1) of the Decision) which checks their compliance with the principle of non-discrimination enshrined in Article 4 of the ECSC Treaty. If indirect subsidies are introduced in the form of subsidies to coal consumers, the Commission checks them for compliance not only with the ECSC Treaty, but also with the provisions of the ECSC Treaty.

21. Indirect subsidies to the coal industry in the enlarged Community in 1974 totalled 150.3 million u.a. of which 137.9 million u.a. (92%) was paid out in Germany (see Tables 7 and 8 in the Annex). The indirect subsidies granted in Belgium and France (8% of the above total), involve only small amounts and are in fact connected with social measures in force for over 20 years.

The indirect subsidies granted in Germany in 1974 involve only aid for coal burned in power stations. The earlier system of aid to power station coal in Germany was operative for the last time in 1974, being replaced in 1975 by a new system under which electricity consumers themselves must bear the cost of ensuring the security of electricity supplies. This eliminated aid payments.

22. This new German system - well-conceived in itself - creates fresh problems as regards the comparability of subsidies in the Member States. If power-station coal is subsidized by means of direct aids to coal producers in other Community countries, this counts as aid; the German measure does not, although it benefits the coal industry.

(b₃) Direct subsidies

The scope of direct subsidies

23. For the purposes of Decision No. 3/71 direct aids include all measures included under Articles 6 - 9 paid to coal producers.

The experience of the past ten years has shown that the Governments of some Member States have applied a form of direct aids which, although beneficial to the undertakings concerned from the economic point of view, either did not come within the scope of Decision No. 3/71 or, if they did come within its scope could not be quantified.

24. Such aid has included the following measures in the past :
- Grant of guarantees, liquidity assistance and reduced interest rates (Germany);
 - Increase in non-interest-bearing capital and writing-off of long-term debts to the State (France).

- Revaluation of fixed assets, writing-off of extraordinary losses and debts to the State (United Kingdom).

25. It must be stressed quite clearly that such measures lead to a reduction in production costs. Nobody, not even the Commission, is in a position to work out their effect on costs. What is certain, however, is that such measures can affect competition between the coal producers.

Demarcation of the pits and costing problems with direct subsidies

26. The measures of aid referred to in Decision No 3/71 relate only to pits. The restriction of these aids to pits, and the fact that the coal undertakings in the Community not only mine coal but also process it (to produce coke, electricity, etc.) and carry out other economic activities, means that separate cost and revenue accounts must be drawn up for the pits in order to find out their earnings position or need for subsidies.

A special Working Party of CEPCEO (Working Party on Costs and Revenue) has drawn up a list of criteria for working out costs and profits in the pits, and this is the standard used in almost all the Member States of the Community¹. However, it must be pointed out that the set treatment of subsidies for costing purposes has

¹ British cost accounting has not yet been aligned on this Community system.

not yet been placed on a scientific footing or standardized in the Community. Consequently, cost comparisons between Member States are of only limited significance. Experience has shown that only approximate calculations are possible.

The Commission's annual Memorandum on aids to the coal industry

27. Finally, it must be pointed out that the Commission has examined the aids proposed by the Governments of the Member States for their legal compatibility with the provisions of the Treaties and Decision No 3/71. The proper functioning of the common market in coal, i.e. the problems connected with competition arising from subsidies, also had to be examined. The results of the examinations were given annually in Memoranda submitted to the Council on a consultative basis. All the measures, without exception described in the Memoranda during the last ten years have been approved by the Commission, but only because in many cases problems and difficulties were overcome through direct contacts, before measures were taken which would not have been authorized. This shows that Decision No 3/71, and the supervisory activities carried out by the Commission, have had great bearing on the measures taken by the Member States' Governments.

(B₃) Conclusion

28. The practical application of Decision No 3/71 has, as indicated above, given rise to not a few problems and difficulties, which are inevitable. They can be attributed not to the Decision itself but to the nature of aid, i.e. they arise whenever aids are granted. This will generally apply to all future aid systems.

CHAPTER II

The development of a future Community system of aid to the coal industry

A. The role of coal in the Community's energy policy

29. The Decisions recently adopted by the Council with regard to energy policy give priority to coal and lay down guidelines, the details of which, such as e.g. those concerning aids to the coal industry, must be taken into account.¹

The targets reducing the degree of dependence on imported energy to 50%, or, if possible, to 40%, by 1985, and of maintaining production of Community coal at its current level (250 mtce) under economically satisfactory conditions place the question of aids to the coal industry in a new light.

The guidelines adopted by the Council for the practical implementation of a policy on both a national and a Community basis provide specifically in the case of coal for the development and introduction of a solid fuels policy designed to fulfil the requirement of developing ^{secure} sources of energy under economically satisfactory conditions. In this connection the Council also mentioned the possibility of introducing Community measures of aid and also measures designed to facilitate the requisite financing of investments. Furthermore, the Council stated that the precondition for making such investments in the solid fuels sector was steady and constant sales under economically satisfactory conditions.²

¹ Council Decision of 17 December 1974 on "Community energy policy objectives for 1985" (Doc. R/3649/74; ENER 79) and of 13 February 1975 on "Measures to be implemented to achieve the objectives" (Doc. R/505/75; ENER 24).

² Doc. R/505/75 (ENER 24, § 3, I, A).

30. The question of aids to the Community's coal industry within the framework of the Community's new energy policy is influenced by the new role played by coal on the energy market.

Since the implementation of Decision No 3/71 two important events have occurred :

- Developments on the world oil market since 1973 have brought about fundamental changes in the position of coal, which has become a highly competitive source of energy in the Community and has increased in importance.
- The accession of the United Kingdom to the Common Market in 1973 raised the potential of the Community's coal industry to almost double and means that the measures already in force had to be re-examined in view of the new structure of production.

31. As far as the competitive position of coal is concerned, it can be said that the sharp increase in the prices of imported US coking coal and fuel oil enabled the prices for Community coal to be increased correspondingly, thus helping to bring about a considerable improvement in the coal industry's financial position. If the "inherited" debts (see point 37 below), which are no longer connected with current production, are disregarded, some 90% of the Community's coal production was profitable, on the basis of the cost and price relationships on the Community's energy market at the beginning of 1975.

B. The need for joint, coordinated measures

32. As indicated in Chapter I above, in future the national economic and social problems which used to arise because of pit closure in the coal-fields will no longer be in the forefront. The problem will in future consist far more in determining the role

which coal could play with a view to solving the problem of energy supplies and the joint action to be taken by the Member States in order to attain that objective. The solidarity required for the pursuit of common objectives in the field of energy policy must also be created in the individual sectors, such as the coal sector.

33. The principle of the separate examination and authorization of each aid by the Commission must certainly be retained, as the measures proposed by the Governments of the Member States are consistent in themselves and compatible with the short- and long-term objectives which the Community has set itself with regard to energy policy and on the basis of the Council Resolutions of 17 December 1974 and 13 February 1975.

The principles contained in the Resolution of 17 December 1974¹ necessarily imply however for a certain degree of Community participation where appropriate in the financing of aids. This applies particularly in the case of the following types of aid :

- Investment aids designed to help to stabilize production (improvement of profitability or operational safety)
- Aid to maintain exceptional seasonal pithead stocks of coal and coke and long-term security stocks
- Covering of possible losses in the relatively better coalfields and securing of markets.

Such Community participation would by its nature go beyond the philosophy of the current approach and would be an essential feature of an overall Community Energy policy.

Community participation in the grant of investment would help to stabilize production (rationalisation and the creation of new, profitable production capacities) and would clearly be in the General interest of the Community and

¹ Doc. R/3649/74 (ENER, 79) Part II, § 5, 2.A.

Such a measure would also be in line with the financial provisions of the ECSC Treaty (Article 49 ff, and in particular Article 54, which provides for the grant of loans by the High Authority to facilitate the carrying out of investment programmes).

Recent developments on the energy market have shown very clearly that the maintenance of pithead stocks can reduce tension on the market when shortages occur. This applies both in those countries which consume Community coal and in those which obtain most of their supplies from the world market and which benefit indirectly from the fact that countries which maintain pithead stocks do not have to obtain supplies from the world coal market too.

Finally, if aids were to be granted to cover losses arising as a result of the economic situation and sustained by the relatively better coalfield this would guarantee consumers in the Community e.g. power stations stability of supplies in terms of both quantities and prices.

C. The need for subsidies

35. The problems resulting from the grant of aids cannot all be solved in a uniform way. Certain Community coal production capacities will in future either require no aid or will require it only temporarily, while others will remain dependent on aid. On the other hand, it is clear that only rough estimates can be made of the future trend of demand for the various sources of energy, the relationships between costs and prices of the various sources of energy and the quantities of Community and imported sources of energy which will be available during the next ten years. It is particularly difficult to determine the long- or short-term trend of the cost and price relationships between Community coal and imported substitute sources of energy resulting from the multiplicity of monetary problems.

Consequently, no definite answer can be given to the fundamental question of whether and to what extent aids will be required in future.

36. In view of this situation it is important that legal basis should be created as from 1976 for a new system of aid to the coal industry, based on Community criteria. The system of aid would thereby become a sort of safety net created as a precautionary measure and to be used only when the economic situation seemed to require it and it appeared to be compatible with the objectives of the energy policy. Nevertheless it is still necessary to prevent serious economic or social problems from arising as a result of pit closures.
37. However, when making such a general statement about the need for a decision on aid, it must be remembered that the economic situation in the Community's coal industry differs from undertaking to undertaking and will continue to do so. A certain amount of differentiation is necessary to enable a clear idea to be gained of the aids which are required and the conditions under which they should be granted.

With this in view, an effort must be made first and foremost to ensure that the "inherited" debts are not included in current production costs, despite the fact that it is difficult to calculate "inherited" debts and separate them from current production costs in the undertakings' accounts, and that they cannot be calculated accurately in some cases. "Inherited" debts mainly include state subsidies to the national social security systems, on the one hand, and debts inherited by undertakings as a result of pit closures in past years, on the other. In the coal industry of the Community of the Six the number of productive pits fell by 288 from 389 (1958) to 101 at the end of 1974. Even after a pit has been closed down many of the costs (obligation to pay pensions, payments in respect of mining damage, drainage costs, exceptional losses, etc.) are still incurred for several years after the closure ("inherited" debts). The payment of social security benefits to pensioners no longer employed in the coal industry also causes costs to rise more and more each year.

Such costs are not connected with current production costs and can therefore not be regarded as subsidies in the true sense of the word. However, the new decision on aid must include such aid in order to facilitate monitoring although the corresponding amounts would not be regarded as subsidies to the coal industry.

38. Whether additional aids will be required once the "inherited" debts have been paid off, and what type of aids might be suitable, can be assessed only by taking into account future prospects which differ from coalfield to coalfield and from pit to pit.

Despite the general improvement in the profit and loss position, there are still pits in certain coalfields in the Community which will not be able to cover their costs in future or where the coal reserves are about to be exhausted. Such pits will probably be closed wherever possible as part of the rationalization measures, depending on the coal and energy supply situation. Aids must be granted to cover operating losses, to prevent regional and social problems from arising in those coalfields in the Community in which no adequate solution has yet been found to the problem of finding new employment for miners who have been made redundant. Aid to solve such problems

- would have to be granted on a short-term basis
- could be granted only in connection with the planned closure of pits
- could involve very large amounts at first.

39. In the case of the coalfields where productivity is highest (including those which play an important part in supplying the Community), it may be that in the future, since the long-term trend of costs and prices cannot be determined, cyclical and external influences could lead to such large operating losses that the undertakings could find themselves temporarily in serious difficulties. Then aids designed to deal with this specific situation will have to be granted temporarily. Furthermore, it must be remembered that, if

those coalfields are to be able to increase their capacities and, if possible, their production, they will require special aids, granted on a temporary basis, to enable them to make investments, recruit suitable staff, build up exceptional seasonal stocks, etc. (see points 49-50 below).

However, irrespective of whether the coalfields where productivity is highest will or will not require any aid, it is important that in the long term the amount of aids granted to such coalfields should be limited. There is an interrelationship between the requirements relating to the security of energy supplies and the acceptable costs thereof. Opinions on this interrelationship will always differ, and it cannot be quantified in advance; however, it is obvious that the question of the security of supplies cannot be dealt with in complete isolation from economic considerations. Furthermore a long-term aid policy must not serve as a "carte blanche" enabling the branch of economic activity in question to cover all its expenses, however large, out of public money whenever the revenue from its production is inadequate.

It would seem advisable to lay down only the principles in this connection and not to draw up ^{figures} for maximum amounts of aid. It is not possible to lay down long-term limits for measures of aid; decisions will have to be taken in individual cases depending on the overall energy supply situation and on the particular economic situation in the individual coalfields; such decisions should be based on the outcome of joint discussions.

D. Provisions of the new decision on aid

40. The following points do not deal with the details and wording of a new decision on aid. They are designed to indicate only the possible skeleton of the new decision.

D₁) General provisions

41. The introduction of joint discussions and decision-making with regard to the grant of the aids which might be required does not imply that the Member States will be obliged to adopt measures under the new system of aid. The Member States will be empowered, and not obliged, by the Commission to grant aid on certain conditions.

42. An annual joint discussion would be held to deal with questions of principal and the suitability of aid, and could also involve discussion of the measures proposed by the governments of the producing

countries for the coming year, bearing in mind the energy supply situation in the Community. Such a discussion should include every aspect of energy supplies, i.e.:

- an exchange of information on experience gained during the current calendar year;
 - the outlook for the following calendar year and for the long-term trends;
 - both existing measures and new measures to be introduced.
43. The new system of aid must be flexible and must enable the aids to be adapted at any time to various economic situations in which the Community's coal industry might in future find itself.
44. Like Decision No 3/71, the new decision must also ensure that the measures adopted are limited to those which are strictly necessary. Consequently the aids should be granted only to pits and not to the plants engaged in the upgrading of coal and other activities. The difficulties involved in determining the costs incurred by the various sections of an undertaking must be taken into account.

D₂) Special provisions

45. The following elements are important and should be borne in mind when drawing up the new aid arrangements:

- coverage of a ten-year period up to 1985
- the rationalization of work and the concentration of production on the coalfields or pits where the economic returns are highest
- investment and employment policy
- coal stocking policy
- ensuring guaranteed markets

The need for the reorganization of the system of aid on the basis of the points listed above with effect from 1976 will be discussed briefly below.

46. The new system of aid should be regarded as complementing the objectives of the Community's coal policy. As the energy policy covers the period up to 1985, the new decision on aid must also relate to that period, otherwise the political basis would be lacking in many important respects. As the new decision will underlie the adoption and abolition of measures, and as it represents a series of "enabling provisions" the fact that it will be applicable for a period of ten years in no way implies that any measures will have to be applied throughout that period.
47. As far as rationalization is concerned it must be possible to implement measures enabling the undertakings to maintain or even increase their production in good coalfields in order to compensate for the loss of production caused by pit closure in coalfields where profitability is low. Even those coalfields where profitability is relatively low, the need to supply specific markets with special types of coal may make it necessary to maintain production or to cut it back only gradually.
48. Increased investment activity is of vital importance if production is to be stabilized. Pursuant to Article 7 (1) of Decision No 3/71, investment aids may be granted only for rationalization measures, i.e. "to increase profitability or to improve mine safety". The new decision should expand on that principle by stating that investment aids may be granted to create new production capacities in the relatively good coalfields.

In order to prevent investment aids from leading to exceptionally large profits in the undertakings' balance sheets, provision must be made for such aids to be recorded in such a way that they do not affect profits.

It must also be pointed out that in future investment aids might cease to be granted or might be reduced substantially if coal undertakings make profits themselves by selling their products. This does not depend only on the prices of rival sources of energy, but also on the pricing

policy adopted for Community coal. It should also be pointed out in this connection that it would be advisable to exempt the self-generated earnings of the coal industry from taxation to the extent that the coal industry undertakes to finance investment with that money; this would increase the degree of self-financing of investments.

49. The maintenance of pithead stocks of coal and coke has in the past proved to be a very useful way of dealing with cyclical fluctuations in the demand for coal. Pursuant to Article 8 of Decision No 3/71, aid may be granted for pithead stocks. To ensure the short-term continuity of supplies and the continuity of production, it is important that in future the provisions of Article 8 of Decision No 3/71 should not only be retained but that they should also be expanded in the new decision.

In order to exempt the undertakings from the need to bear these exceptional costs, one possibility which could be considered would be to fix the minimum level at which aids for pithead stocks may be granted not at one-twelfth of the annual production (Article 8 (2)), but at one-twenty-fourth. Furthermore, the stock-holding costs (Article 8 (3)) could include allowance for depreciation (but not for downward adjustments in value).

The principle contained in Article 8 i.e. that only the storage costs as such should be reimbursed should be retained; i.e. no aids or loans may be granted for the investment in stocks. The cyclical fluctuations of pithead stocks make it very difficult to monitor movements of capital; furthermore, they lead to uncertainties and to the ability to manipulate the pricing policy when selling pithead stocks.

50. Quite apart from the aid arrangements for exceptional seasonal stocks described above, the question of the long-term security stocks to be built up must be discussed. Such stocks could be used in case of interruption of energy supplies. Such a measure would be connected

purely with supply policy and would be in the general economic interest. If the partial security stocks were held entirely or in part by the producers, the public authorities would have to repay them the invested capital as well as their current costs.

51. As far as the ensuring of guaranteed markets is concerned, it must be pointed out that the coking-coal sector is governed by Decision No 73/287; however, long-term arrangements for power station coal must still be drawn up in some countries.

A special type of aid should be selected for power station coal (should aid for securing markets be required at all); that aid should be integrated in the new general system and its application should not be hindered.

As regards the national measures of aid to secure markets for steam coal, it is necessary to answer the question of whether and how any costs incurred by the producing countries could be distributed evenly between all the Member States of the Community. This question is currently being examined. In any case such a Community system of financing would be set up outside the framework of the new system of aid.

F. Conclusions

52. The new decision on aid outlined above constitutes a legal basis which must be adopted as a precautionary measure in case any difficulties should arise.

The governments of the Member States should make use of the various possibilities of granting aids offered by the new system of aid only if it is absolutely necessary in order to solve problems which cannot be solved in any other way.

Should problems relating to competition arise in future in situations of economic surplus, they might prove difficult to solve. The difficulties arise in the solution of problems connected with the calculation of costs, but they can be accepted if they enable production to be stabilized and rationalized and the amount of energy produced by the Community for its own use to be increased.

CHAPTER III

Conclusion and guidelines

The findings of and problems discussed in this document can be summarized as follows :

A. Findings

1. Aids to the Community's coal industry during the past ten years have risen very considerably. The growing need for subsidies resulted from the declining competitiveness of the coal industry.
2. The objectives of Decisions Nos 3/65 and 3/71 have been achieved during the past ten years;
 - production has been adapted to market conditions;
 - production has been concentrated on the best pits, thus promoting rationalization;
 - regional and social problems in the coalfields have largely been avoided;
 - there has been very little distortion of competition between Community coal producers.
3. The practical application of decisions to grant aid has given rise to a number of difficulties, e.g. :
 - Delays in notifying the Commission of aids have meant delays before the Commission can authorize such aid;
 - The effects on production costs of guarantees, liquidity aids, reduced interest rates, debt write-offs, writing losses off capital, and increases in capital cannot be assessed, but they affect the conditions of competition;

- Demarcation of pits, (to which aids and decisions on subsidies alone relate) from undertakings' other operations has given rise to costing problems.

4. The practical application of Decision No 3/71 has given rise to problems and difficulties. These are inevitable, however, and their effects must be minimized. They are attributable not to the Decision itself but to the inherent nature of aids, i.e. they arise whenever aids are granted.

B. Guidelines

The following aspects must be borne in mind as a guideline for the future :

1. A Community aid system will be essential in future. The system must constitute an important element in an active, Community coal policy through participation by the Commission in the financing of subsidies.
2. The future system of aid must provide continuity with the aid structure which grew up in the past and must take into account the new, post-1974 energy-supply position and the guidelines relating to energy and coal policies.
3. It is important that a flexible system should be introduced so that it will always be possible to adapt the aids to various economic situations in which the coal industry might find itself in future.
4. If continuity with the aid structure which grew up in the past is to be maintained, it is essential that :

- undertakings should continue in the future to enjoy freedom from the inherited burdens of the past;
- regional and social problems should be taken into account when uneconomic pits are being closed.

5. If the new Decision is to comply with the new energy and coal policy guidelines, it is essential that :

- the Decision should be valid for a period of ten years, i.e. until 1985;
- The Community's coal production should be kept stable in the long term, in order to increase the security of energy supplies. To this end it is important that :
 - any operating losses caused by cyclical factors should be made good by aid even in efficient pits;
 - measures for rationalizing undertakings and shifting production from bad to good pits by means of aids should be stepped up;
 - the level of investment by undertakings to create new production capacity should be supported by means of aids;
 - an active employment policy, particularly as regards the recruitment of new employees should be encouraged by aids;
 - aids to stocks should be used to keep production unaffected by the short-term economic situation;
 - the sale of steam coal to power stations should be safeguarded in order to retain an important market for Community coal. Power stations must be made indifferent in their choice between Community coal and other forms of energy as a result of aids or other measures.

6. The Governments of the Member States should avail themselves of the various possibilities of granting aid under the new system only if absolutely essential and no other solution can be found.
7. The amounts of the aids must be such that consumers of Community coal do not receive any indirect aid.
8. Under the new Decision on aid the Governments of the Member States are authorized, although not compelled, by the Commission, to grant aid.

XVII/37/2/75

ANNEX

Trend of aid to the Community's coal industry from 1965 to 1974

1. Onset of the coal sales crisis and its effects on the revenue and employment situation of the Community's coal industry

1. There was growing demand on the common market in coal during the five years from the establishment of the ECSC (1952) to 1957. Production and imports from non-member countries increased constantly (see Tables 1 and 2).
2. 1958 saw a reversal of the trend, which lasted until 1973, with alternating periods of easing and aggravation.

A decisive change in the price relativities of the various sources of energy occurred in 1958, with Community coal on the losing end. Energy consumers began to substitute oil for Community coal.

3. The symptoms of the coal crisis can be seen quite clearly in the following figures for the period 1957 - 1959 (see the relevant tables) :
 - imports of coal into the Community fell from 44 to 19.3 million tonnes, which involved heavy expenditure to cancel import contracts;
 - stocks of coal and coke in the Community rose from 9 to 39.8 million tonnes;
 - coal production in the Community fell from 254.3 to 240.6 million tonnes.
4. The decline in demand had both financial and social consequences for the coal industry.

Although the Community producers could not prevent the drop in revenue due to the decline in sales, they nevertheless had some success in keeping prices steady¹.

The undertakings took steps to reduce their costs by extensive rationalization in order not to lose their financial equilibrium.

The success of rationalization can be seen from the increase in output per man-shift underground (see Table 5). Before 1957 output per man-shift was almost static, but it shot up in 1958, 1959 and subsequent years.

The decline in production and rapid rationalization led to a drop in manpower (see Table 6). The resulting social problems were so serious that the Governments of the Member States were obliged to intervene. The High Authority had tried to act on the basis of Article 58 of the ECSC Treaty but the necessary unanimous assent of the Council was not obtained. All that was achieved was that the Belgian market was isolated from the common market in coal for a limited period.

5. The financial implications of the 1958/1959 coal sales crisis were not serious enough to jeopardize the existence of the undertakings. Even from 1960 to 1963 the undertakings were to a large extent² able to solve many of their problems on their own.

¹ Table 4 shows that the undertakings were unable to cover their costs even before the coal crisis. Up to 1956/57 this can be attributed to the fact that coal prices were fixed by the public authorities.

² In the statistical basis for the points which follow in this section, see Table 1 - 6

As early as 1964 there was a further decline in coal sales and a further deterioration in the profit and loss position, which threatened the existence of the undertakings. Negotiations were therefore begun between the Governments of the Member States and the High Authority, aimed at introducing a Community system of aid to ensure that any further sharp decline in production could be warded off in such a way as to keep the resulting regional and social problems within reasonable limits. On 17 February 1965 the High Authority therefore adopted Decision No 3/65 on Community rules for interventions by Member States for the benefit of the coal industry. That Decision was to remain in force for two years; in 1967¹ it was extended for three years until 1970, and replaced in 1971 by Decision No 3/71, which is valid until 31 December 1975.

6. The fact that a system of aid to the Community's coal industry has been in force for eleven years can be understood only if the concrete economic developments in the coal industry from 1965 to 1973 are considered.

As forecast in 1964, a trend set in in 1965/66, and was even more marked in 1967, which showed all the early signs of a second coal crisis. The coal industry's profit and loss position deteriorated rapidly. As indicated in Table 4, the percentage of costs which the undertakings could cover fell, particularly in Belgium, France and the Netherlands, to 60 and 80% respectively.

Inadequate revenue could have prevented the undertakings from continuing operations in 1965/66; the Governments of the Member States concerned therefore had to give them financial assistance in the form of subsidies.

7. The Community's coal industry recovered somewhat from 1968, mainly

¹ During that year a special system of aid to coking coal came into force in addition to the general system of aids.

on account of the steel boom. However, even this improvement in sales did not solve the undertakings' financial problems. On the contrary : the problems became even more acute. Production costs rose sharply, but revenue could not keep pace because of competition from imported sources of energy. By 1973 the percentage of costs which could be covered fell to 48% in Belgium, 60% in France and 63% in the Netherlands (see Table 4).

8. The events outlined above affected the coal industry of the Community as originally constituted (the Six). The United Kingdom joined the Common market at the beginning of 1973. It can be seen from Tables 1 - 6 on the developments in the United Kingdom's coal industry, that although the latter has shown the same tendency since 1958 as the coal industry on the Continent, there have been certain differences :

- Production declined at a relatively constant pace in the United Kingdom from 1958 to 1974, whereas in the Community the pace at which it declined fluctuated. Any fluctuations in production in the United Kingdom resulted from strikes.
- Employment fell at a relatively constant pace, in line with the trend of production;
- For various reasons production costs were lower in the United Kingdom than in the Community. British coal could therefore be sold relatively cheaply. The extent to which costs could be covered by revenue was always greater than in the other Community countries;
- The British Government has often had to intervene to provide assistance in the past (e.g. in 1965/66/67) in order to bring the NCB's finances back into balance. In 1973/74 the subsidies required were relatively large on account of the mineworkers' strike.

9. The developments in the Community's coal industry described above indicate a constant decline in production as a result of severe competition from imported sources of energy. It must be pointed out that the Community's coal industry was badly in the red when the oil crisis broke in the autumn of 1973 and needed large amounts of aid from the public authorities in order to survive.

10. The outbreak of the oil crisis at the end of 1973 led to great changes in the conditions on the world energy market which proved advantageous to the Community's coal industry. The sharply rising prices of imported coal and of oil have placed Community coal in a completely new competitive position. This is not yet reflected in the amount of aid paid, which, although lower in 1974 than in 1973, still averaged 3.85 u.a./tonne (see Table 7a) in the enlarged Community (the Nine). The reason for this was that in 1974 the undertakings were slow to follow the sharp increases in the prices of fuel oil and imported coking coal with increases in the prices of Community coal. A comparison between the cost of producing Community coal at the beginning of 1975 and the prices of fuel oil reveals that some 85-90% of Community production was economically viable. The provisional measures of aid proposed for 1975 indicate that the amount of aid to be granted will be minimal and that it is designed mainly to support inherited burdens which are unrelated to current production.

B. Substance and objectives of the decisions on subsidies

11. When the Community system of subsidies was introduced in 1965, legal problems connected with the ECSC Treaty had to be solved. Pursuant to Article 4 (c) of the ECSC Treaty, the Governments of the Member States are prohibited from distorting the conditions of competition within the common market. This precludes subsidies or other aid. As indicated in the preamble to Decision No 3/65, this prohibition

does not, however, apply to a Community system of aids designed to help achieve the objectives of the Treaty. However, the ECSC Treaty does not stipulate how such a system should be implemented. In the absence of any specific provision, it was necessary to have recourse to Article 95, first paragraph, of the Treaty.

12. The Decision on subsidies, No 3/65¹, adopted by the High Authority, after obtaining the approval of the Council, on the basis of Article 95, first paragraph, contained the following provisions, broadly speaking :

- Aids must receive the prior approval of the High Authority;
- Aids may be authorized by the High Authority only if they are compatible with the proper functioning of the common market;
- Aids may be granted to assist rationalization in order to make it easier for undertakings to reduce their costs;
- Aids may be granted to enable rationalization measures (pit closures) to be implemented at a suitable pace.

13. Decision No 3/65 was designed to be applicable for only a short time; it was to remain in force for three years, i.e. until 31 December 1967.

However, by 1967 the economic position of the coal industry as described above did not show any signs of improvement. Decision No 3/65 was therefore extended unchanged until 31 December 1970 by Decision No 27/67 of 25 October 1967².

¹ OJ No 31, p. 480, 25 February 1965

² OJ No 261, p. 1 28 October 1967

14. In view of the continuing deterioration of the coal industry's revenue position, a further decision had to be taken in 1970 to retain a system of aid.

Consequently, on 22 December 1970 the Commission adopted Decision No 3/71 on Community rules for interventions by Member States for the benefit of the coal industry. The Decision was to remain in force from 1 January 1970 until 31 December 1975¹.

In order to make it easier for the Governments of the Member States to respect the obligation to give particulars, and in order to standardize the form in which such particulars are furnished, the Commission issued Decision No 65/72/ECSC of 10 December 1971 implementing Decision No 3/71².

15. The main objective of Decision No 3/71 was to retain the principle of cutting back production contained in Decision No 3/65, while at the same time making important additions to it. Consequently :

- the scope of the various forms of aid described in Decision No 3/65 was extended.

Fresh aids could be granted for :

- pithead stocks of coal and coke;
- investments;
- recruitment, training, adaptation and stability (i.e. retention) of staff;
- subsidies were to be related to foreseeable quantitative coal-supply problems;
- problems relating to competition between the Community's coal producers were rendered more transparent by the adoption of guidelines on pricing.

16. The criteria set out above show that even Decision No 3/71 is based on the principle that aids are designed to mitigate temporary problems. Aids should facilitate a further cut-back of

¹ OJ No L 3, p. 7 et seq., 5 January 1971

² OJ No L 13, p. 1 et seq., 17 January 1972

production, taking into account regional and social factors. The aim was to phase out production, except for economically sound pits, and then discontinue the subsidies.

17. The principles underlying the system of aids to coking coal are quite different. This special system of aid, which was introduced in 1967 and took its place alongside the Decisions on general forms of aid (Nos 3/65 and 3/71) embodied the concept, inter alia, of aids for a transitional period to enable the steel industry to reach a decision on its coal and coke supplies. The steel industry should either after a certain period of time has elapsed, buy Community coal at economic prices, to ensure obtaining supplies from within the Community, or should turn to other sources of supply on the world market.

Decisions Nos 3/67 and 70/1 on coking coal referred to below were applicable for only a short time.

Decision No 73/287 will remain in force until 31 December 1978 and is designed to facilitate the production and marketing of coking coal in the Community. The Decision has so far been implemented with no difficulties worth mentioning.

18. The following Decisions on aid for coking coal have been adopted by the High Authority or Commission :

- Decision No 3/67 of 21 February 1967 concerning coal and coke for the iron and steel industry in the Community (OJ No 36, p. 562, 28 February 1967).
- Decision No 70/1/ECSC of 19 February 1973 relating to coking coal and coke (OJ No L 2, p. 10, 6 January 1970).
- Decision No 73/287/ECSC of 25 July 1973 concerning coal and coke for the iron and steel industry in the Community (OJ No L 259, p. 36, 15 September 1973).

C. The trend of aid from 1965 to 1974

19. Aids to the Community's coal industry have increased relatively sharply during the past ten years. A comparison between the trends in the various coalfields in the Community and also between the various types of subsidy, revealed certain differences. In the very broad analysis given below, a distinction is made between the following types of subsidy:

- Government subsidies to the social security schemes;
- direct aids;
- indirect aids;
- aids to coking coal;
- general aids.

This breakdown is also used for the figures in Tables 7 to 12.

(C₁) The trend of Government subsidies to the social security schemes

20. Government subsidies to the social security schemes are paid to the insurance institutions to cover their deficits. These are burdens inherited from the past, which cannot be borne by employers or employees in the coal industry and are no longer related to current production.

21. Because of the increasing pensions paid to superannuated mineworkers, and on account of the decline in manpower, and the rising number of pensioners, Government subsidies have increased sharply during the past ten years. In Germany there were 1.3 pensioners to every employee in the coal industry in 1965; by 1973 the figure had risen to 2.5; the corresponding figures for France are 1.3 and 2.7.

The Netherlands does not have the contribution based procedure general in Germany, France and Belgium, but a funded scheme, so that Government subsidies rose considerably less from 1965 to 1974. Similar figures cannot be produced for the United Kingdom as there is no special social security scheme for British

mineworkers, who are instead, covered by the national scheme.

(C₂) The trend of direct aids

22. Direct aids are paid out by the public authorities directly to the undertakings :

- to speed up "positive" rationalization (investment aids);
- to facilitate "negative" rationalization (cost of pit closures);
- to reimburse part of the cost of maintaining pithead stocks;
- to cover operating losses partially or fully.

Total direct aids, and amounts per tonne, increased five to tenfold between 1965 and 1973 (see Tables 7 - 12).

When considering the sharp increase, it must be remembered that the level of direct aids was very low in 1965. The differences in the amounts of aid per tonne in the various countries in the first year 1965, also affect the trend.

The sharp increase in direct aid up to 1973 reflects the constantly deteriorating revenue position mentioned above.

23. In Belgium, France and the Netherlands direct aids consist predominantly or exclusively of aids to cover operating losses. In Germany and the United Kingdom, on the other hand, relatively large amounts of aid are granted for rationalization measures. The large amount of aid to cover the NCB's operating losses in 1974 cannot be considered normal, as heavy losses resulted from a strike in that year.

The composition and trend of direct aids are shown in the following table.

in %

	"Positive" rationalization		"Negative" rationalization		Aid to pithead stocks		Covering of operating losses		Total	
	1965	1974	1965	1974	1965	1974	1965	1974	1965	1974
Germany	-	31,8	62,9	55,0	-	-	37,1	13,2	100,0	100,0
Belgium	-	3,3	-	1,0	-	-	100,0	95,7	100,0	100,0
France	-	-	-	17,2	-	-	100,0	82,9	100,0	100,0
Netherlands	-	-	-	-	-	-	-	100,0	-	-100,0
United Kingdom	-	5,6	-	18,6	-	2,4	-	73,4	-	-100,0

(C₃) The trend of indirect aids

24. Indirect aids to the coal industry include all measures involving the payment of subsidies not to the undertakings in the coal industry but to third parties. Although in Decision No 3/71 such measures are included among the other forms of aid, they are examined and authorized by the Commission in accordance with the relevant provisions of the EEC or ECSC Treaties.

In 1974 indirect aid amounting to 150.3 m u.s. was granted in the (enlarged) Community (see Table 7.a).

25. Germany is virtually the only country which grants indirect aids to the coal industry. Only one measure is involved, i.e. aids granted within the framework of the electricity-from-coal laws and designed to uphold the consumption of Community coal in German power stations.

(C₄) The trend of aids to coking coal

26. As indicated above, aids to coking coal come under a special system, introduced in 1967 and not in 1965.

The coking coal Regulation provides that when aids granted under Decision No 3/71 are examined for compatibility with the proper functioning of the common market, aids to coking coal must also be included so that any effects on the relative competitive positions of coal producers can be investigated on the basis of total figures. The trend of aids to coking coal is indicated in Tables 7 and 7a.

(C₅) The trend of general aids

27. A combination of direct and indirect aids and aids to coking coal produces the following trend :

	Total		Increase by a factor of	per tonne		Increase by a factor of
	million u.a.			u.a.		
	1965	1974		1965	1974	
Germany	53,9	395,8	7,3	0,38	3,99	10,5
Belgium	22,9	128,5	5,6	1,15	14,77	12,8
France	50,2	257,9	5,1	0,98	10,99	11,2
Netherlands	-	18,2	..	-	18,24	..
The Six	127,0	800,4	6,3	0,57	6,06	10,6
United Kingdom	..	150,1	1,31	..
The Nine	..	950,5	3,85	..

28. It must be pointed out here that the figures in the above comparison between countries do not indicate what aids the coal industry in the various Member States actually received. Comprehensive social measures for the benefit of mineworkers, adopted by the Commission and the Governments of the Member States concerned, especially on the basis of Article 56 of the ECSC Treaty, are not included in the above table, which only contains subsidies in the true sense of the word. Protective measures, e.g. taxes on fuel oil, import quotas for coal or

specific import duties on coal, which have beneficial effects on the coal industry, likewise do not emerge from the table. However, it must be remembered that any Member State which adopts protective measures has to pay out lower subsidies than one which grants aid to the coal industry purely in the form of subsidies.

29. The fact that in 1974 total aid was 3.85 u.a./tonne (the Nine, see Table 7a) can be attributed to the reasons given in paragraph 10. It is only in 1975, when the prices of Community coal were aligned to a large extent on the increased prices of fuel oil and imported coking coal, that a reduction in the subsidies required by the Community's coal industry, the corollary of increased earning power, has become evident. Provisional figures for 1975 indicate that aid to cover operating losses on current production is now required only in Belgium and France, where the Southern (Belgium) and Nord/Pas-de-Calais and Centre-Midi coalfields (France) are economically weak owing to their very high production costs. Coal production in the Netherlands ceased at the end of 1974. In Germany and the United Kingdom the only aids still normally granted relate to pit closures and investments. The aids to cover pit closures are basically inherited burdens no longer related to current production. In both countries the amount of investment aids granted in 1975 is higher than in 1974 to enable undertakings to rationalize and establish new capacity.

Overall it can be assumed that aid will fall from 3.85 u.a./tonne in 1974 to approximately 2 u.a./tonne in 1975 (the Nine). A little over 1.0 u.a./tonne of that aid will probably relate to inherited burdens (cost of pit closures). Current production will therefore require just under 1 u.a./tonne of subsidies. This is a very small amount in view of the major problems of security of energy supplies and increasing the Community's self-sufficiency in energy, which is bound up with the maintenance of a satisfactory level of coal production.

Table 1

Coal production in the Community

Million tonnes

Year	Germany	Belgium	France	Netherlands	The Six	United Kingdom	The Nine
1954	150,3	29,2	54,4	12,4	247,4	227,7	
1955	153,9	30,0	55,3	12,2	252,5	225,1	
1956	157,5	29,6	55,1	12,1	255,4	225,6	
1957	155,6	29,1	56,8	11,7	254,3	227,2	
1958	154,5	27,1	57,7	12,3	252,3	219,3	
1959	147,1	22,8	57,6	12,4	240,6	209,4	
1960	148,0	22,5	56,0	12,8	240,0	196,7	
1961	148,3	21,5	52,4	12,9	235,8	193,5	
1962	147,1	21,2	52,4	11,8	233,2	200,6	
1963	148,2	21,4	47,8	11,8	229,8	198,9	
1964	148,4	21,3	53,0	11,8	235,0	196,7	
1965	141,0	19,8	51,3	11,7	224,2	190,5	
1966	131,6	17,5	50,3	10,3	210,2	177,4	
1967	116,8	16,4	47,6	8,3	189,5	174,9	
1968	117,2	14,8	41,9	6,9	181,2	166,7	
1969	117,0	13,2	40,6	5,8	176,9	153,0	
1970	117,0	11,4	37,4	4,5	170,5	144,6	
1971	117,1	11,0	33,0	3,8	165,2	147,1	
1972	108,7	10,5	29,8	2,9	152,0	119,5	
1973	103,7	8,8	25,7	1,8	140,0	130,2	270,2
1974	101,5	8,1	22,9	0,8	133,3	109,2	242,5

Source : Statistical Office of the European Communities

Table 2

Coal imports from non-member countries

Million tonnes

Year	Germany	Belgium	France	Italy	Netherl.	The Six	United Kingdom
1954	3,9	0,9	2,2	4,8	2,1	13,9	-
1955	9,3	1,5	2,9	6,8	2,6	23,0	-
1956	13,7	2,8	8,8	7,6	5,1	38,0	-
1957	17,2	2,8	9,7	8,8	5,4	44,0	-
1958	12,9	2,4	4,9	7,7	3,9	31,8	-
1959	6,0	1,4	2,2	6,3	3,3	19,3	-
1960	5,6	0,9	1,9	6,2	3,3	17,9	-
1961	5,7	0,8	2,4	6,8	3,2	18,9	-
1962	7,1	1,3	3,0	8,1	4,2	23,7	-
1963	7,3	3,8	7,5	9,9	5,5	34,0	-
1964	7,5	3,2	5,8	9,4	5,2	31,1	-
1965	7,6	2,7	5,0	10,2	3,5	29,0	-
1966	7,0	2,1	4,6	10,0	2,5	26,2	-
1967	7,1	1,7	4,9	9,1	1,5	24,3	-
1968	5,9	1,6	4,2	8,3	2,0	22,0	-
1969	6,5	1,8	4,9	8,3	2,5	24,0	-
1970	8,6	3,0	7,0	9,6	3,0	31,2	0,0
1971	7,1	1,7	7,2	8,6	1,8	26,4	4,0
1972	6,3	2,8	5,3	8,9	2,6	25,9	4,4
1973 ¹⁾	4,5	3,4	5,4	8,6	2,9	24,8	1,4
1974 ²⁾	6,0	4,8	9,4	10,0	3,4	33,6	5,0

¹ New series from 1973 as a result of the assession of the United Kingdom.

² Estimated

Source : Statistical Office of the European Communities

Table 3

Coal stocks held at pits and coke stocks at coking plants

(Total stocks, including low-grade coal)

million tonnes

Year	Germany	Belgium	France	Nether-lands	The Six ¹	United Kingdom
1954	3,5	2,9	8,2	0,4	15,0	..
1955	1,0	0,5	6,2	0,4	8,1	..
1956	1,0	0,3	4,7	0,4	6,4	..
1957	1,6	1,6	5,1	0,5	9,0	..
1958	14,9	7,2	8,1	1,1	31,5	..
1959	18,9	7,8	11,7	1,2	39,8	..
1960	12,6	6,9	13,8	0,9	34,5	34,9
1961	13,3	4,7	12,3	0,8	31,4	27,4
1962	11,2	1,6	9,4	0,6	22,9	30,8
1963	5,5	0,6	6,5	0,5	13,3	23,1
1964	9,7	1,7	9,3	1,2	19,6	22,7
1965	17,4	2,5	7,8	1,5	29,8	23,9
1966	22,5	3,2	11,0	2,1	39,4	20,8
1967	20,8	2,7	12,3	1,2	37,7	25,9
1968	12,8	1,8	11,0	0,6	27,5	30,0
1969	5,1	0,7	8,3	0,3	15,4	19,4
1970	3,7	0,4	6,9	0,2	11,6	7,4
1971	12,4	0,6	5,4	0,7	19,9	11,5
1972	18,4	0,7	5,9	0,7	26,3	13,0
1973	16,7	0,4	4,0	0,4	22,2	13,1
1974 ²⁾	4,0	0,4	3,5	0,1	8,0	8,0

¹ Including Italy² Estimated

Source : Statistical Office of the European Communities

Table 4

Cost average in the Community coal industry

(Revenue par tonne of hard coal as % of total production cost)
(excluding direct aids)

Year	Germany	Belgium	France	Netherlands	United Kingdom
1954	89,8	89,6	86,4	97,3	100,1
1955	90,9	90,7	85,1	97,5	98,3
1956	95,0	87,5	83,4	93,6	100,8
1957	91,9	88,9	83,3	90,6	98,1
1958	92,4	81,0	81,8	93,9	98,1
1959	93,6	73,4	87,2	93,1	97,7
1960	94,8	82,4	83,9	93,4	97,5
1961	90,7	83,1	79,7	93,2	98,2
1962	91,6	84,3	78,3	85,4	100,4
1963	95,1	86,5	72,6	87,0	100,2
1964	93,6	81,9	77,2	86,1	99,4
1965	91,4	77,6	71,5	83,8	96,3
1966	90,8	71,1	69,3	80,9	99,4
1967	93,2	62,9	64,7	81,7	99,3
1968	95,5	61,2	58,2	80,7	97,5
1969	93,7	60,1	59,1	76,6	94,4
1970	91,4	63,0	70,5	79,4	97,0
1971	95,5	65,8	74,9	80,3	80,3
1972	92,6	56,1	65,2	70,8	87,8
1973	89,0	48,0	60,1	63,2	84,2

Table 5

Output per man-shift underground

(kg)

Year	Germany	Belgium	France	Netherlands	The Six	United Kingdom
1954	1.563	1.198	1.504	1.533	1.490	1.761
1955	1.621	1.252	1.583	1.519	1.551	..
1956	1.652	1.266	1.645	1.533	1.584	..
1957	1.658	1.253	1.682	1.544	1.594	..
1958	1.708	1.261	1.680	1.572	1.634	1.804
1959	1.904	1.388	1.717	1.668	1.788	..
1960	2.126	1.577	1.798	1.833	1.958	1.994
1961	2.279	1.714	1.878	2.103	2.100	2.084
1962	2.459	1.818	1.922	2.117	2.229	2.245
1963	2.618	1.820	1.958	2.137	2.331	2.406
1964	2.717	1.763	2.046	2.208	2.395	2.505
1965	2.815	1.874	2.039	2.253	2.416	2.621
1966	3.050	1.996	2.104	2.305	2.611	2.741
1967	3.393	2.102	2.241	2.428	2.827	2.993
1968	3.685	2.232	2.347	2.574	3.065	3.278
1969	3.837	2.408	2.522	2.927	3.265	3.384
1970	3.941	2.630	2.643	3.260	3.442	3.469
1971	4.038	2.623	2.626	3.348	3.514	3.453
1972	4.249	2.638	2.709	3.276	3.663	3.460
1973	4.321	2.555	2.767	3.809	3.758	3.583
1974 ¹	4.198	2.590	2.799	4.200	3.742	3.260

Estimated

Source : Statistical Office of the European Communities

Table 6

Employment (wage and salary earners) in the Community coal industry
(situation at the end of each year)
(³000)

Year	Germany	Belgium	France	Netherlands	The Six ¹	United Kingdom ²
1954	588,4	155,8	236,2	59,7	1.047,2	699,9
1955	585,3	157,6	241,7	60,8	1.053,1	694,5
1956	598,4	149,8	238,2	61,3	1.054,6	696,7
1957	607,4	159,9	239,6	62,9	1.076,0	703,7
1958	585,6	146,9	235,7	63,5	1.035,8	685,8
1959	531,8	127,8	228,6	61,2	953,5	645,1
1960	490,2	108,9	213,3	58,6	874,9	583,5
1961	465,0	95,0	204,5	56,9	825,1	562,9
1962	433,6	91,0	199,7	57,3	785,0	544,4
1963	412,0	90,6	193,6	55,9	755,3	516,7 ⁽³⁾
1964	398,5	90,6	188,1	55,7	736,1	484,5
1965	377,0	80,7	181,4	53,9	695,8	466,8
1966	333,9	67,9	172,5	47,0	623,1	414,4
1967	287,3	60,6	159,6	38,7	548,0	382,4
1968	264,0	53,9	141,7	32,7	494,0	324,5
1969	254,1	43,5	128,0	27,7	454,9	299,6
1970	250,1	39,8	117,0	24,9	433,2	283,1
1971	244,4	37,2	109,3	22,3	414,6	278,8
1972	220,6	34,9	99,5	19,7	375,7	266,0
1973 ⁴⁾	203,0	30,0	90,0	16,0	339,0	254,0
1974 ⁴⁾	200,0	28,0	85,0	12,0	325,0	..

¹ Including Italy

² Only wage-earners on colliery books, not including salary earners

³ Change to coal marketing year

⁴ Estimated

Source : Statistical Office of the European Communities

Table 7

The trend of aid to the coal industry

(EUR-6)

Million u.a.

	Government subsidies to social security schemes	Direct aids				Total	Indirect aids	Aids to coking coal	Total (direct, indirect, coking coal)
		"Negative" rationalization	"Positive"	Aids to pit-head stocks	Covering of operating losses				
1965	898,6	12,9	-	-	68,8	81,7	45,3	-	127,0
1966	970,4	17,6	3,6	-	142,5	163,7	73,1	-	236,8
1967	1.094,8	37,7	5,3	-	272,0	315,0	75,3	77,9	468,2
1968	1.156,4	29,3	26,1	-	370,0	425,4	84,6	84,7	594,7
1969	1.219,8	11,6	58,3	-	362,6	432,5	98,4	79,4	610,3
1970	1.318,6	9,9	68,0	-	261,7	339,6	84,3	87,4	511,3
1971	1.400,7	46,1	69,5	-	298,7	414,3	91,9	45,5	551,7
1972	1.558,8	60,9	66,0	-	429,6	556,5	100,0	71,4	727,9
1973	1.897,7	75,8	88,5	-	351,2	515,5	79,4	249,1	844,0
1974	2.126,6	183,2	85,1	-	337,0	605,3	150,3	44,8	800,4

Per ton of coal produced

u.a./tonne

	Soc. Sec. Subs./ton	"Negative" rationalization	"Positive"	Aids to pit-head stocks	Covering of operating losses	Total	Indirect aids	Aids to coking coal	Total (direct, indirect, coking coal)
1965	4.01	0,06	-	-	0,31	0,37	0,20	-	0,57
1966	4.62	0,08	0,02	-	0,68	0,78	0,35	-	1,13
1967	5.78	0,20	0,03	-	1,44	1,67	0,40	0,41	2,48
1968	6.38	0,16	0,14	-	2,05	2,35	0,47	0,47	3,29
1969	6.90	0,07	0,33	-	2,05	2,45	0,56	0,45	3,46
1970	7.73	0,06	0,40	-	1,54	2,00	0,50	0,51	3,01
1971	8.48	0,28	0,42	-	1,56	2,26	0,56	0,28	3,10
1972	10.26	0,40	0,44	-	2,83	3,67	0,66	0,47	4,80
1973	13.56	0,54	0,63	-	2,52	3,69	0,57	1,78	6,04
1974	15.95	1,39	0,64	-	2,55	4,58	1,14	0,34	6,06

Table 7a

Aids to the coal industry

(The 9)

Million u.a.

	Government subsidies to social security schemes	Direct aids				Indirect aids	Aids to coking coal	Total (direct, indirect coking coal)	
		"Negative" rationalization	"Positive"	Aids to pithead stocks	Covering of operating losses				Total
1973	1.897,7	105,6	95,9	9,4	793,4	1004,3	79,4	279,1	1.362,8
1974	2.126,6	207,1	92,3	3,0	431,3	733,7	150,3	66,5	950,5

u.a./tonne

1973	0,39	0,36	0,04	2,95	3,74	0,30	1,04	5,08
1974	0,84	0,37	0,02	1,74	2,97	0,61	0,27	3,85

Table 8

Aids to the coal industry.

Germany

Million u.a.

	Government subsidies to social security schemes	Direct aids					Indirect aids	Aids to coking coal	Total (direct, indirect coking coal)
		"Negative" rationalization	"Positive"	Aids to pithead stocks	Covering losses	Total			
1965	529,4	12,9	-	-	7,6	20,5	33,4	-	53,9
1966	568,1	17,6	-	-	17,9	35,5	62,6	-	98,1
1967	642,5	37,7	-	-	65,7	103,4	65,4	58,8	227,6
1968	683,6	29,3	21,5	-	63,9	114,7	70,1	66,2	251,0
1969	691,2	11,2	53,6	-	9,6	74,4	85,0	61,3	220,7
1970	805,5	9,3	64,9	-	-	74,2	76,3	70,4	220,9
1971	816,4	26,8	66,1	-	42,3	135,2	83,2	34,0	252,4
1972	918,3	33,4	61,6	-	179,9	244,9	90,7	61,3	396,9
1973	1.132,6	39,1	83,9	-	17,7	140,7	65,2	188,8	394,7
1974	1.298,8	141,8	82,0	-	34,1	257,9	137,9	-	395,8

Per ton of coal produced

u.a./tonne

3.755 1965	0,09	-	-	0,05	0,14	0,24	-	0,38
4.317 1966	0,13	-	-	0,14	0,27	0,48	-	0,75
5.501 1967	0,32	-	-	0,57	0,89	0,56	0,50	1,95
5.85 1968	0,25	0,18	-	0,55	0,98	0,60	0,57	2,15
5.91 1969	0,10	0,46	-	0,08	0,64	0,73	0,52	1,89
6.89 1970	0,08	0,56	-	-	0,64	0,65	0,60	1,89
6.97 1971	0,23	0,57	-	0,36	1,16	0,71	0,29	2,16
8.42 1972	0,31	0,57	-	1,38	2,26	0,84	0,56	3,66
10.90 1973	0,38	0,81	-	0,17	1,36	0,63	1,83	3,82
12.80 1974	1,43	0,83	-	0,34	2,60	1,39	-	3,99

Table 9

Aids to the coal industry

France

Million u.a.

	Government subsidies to social security schemes	Direct aids		Aids to pithead stocks	Covering of operating losses	Total	Indirect aids	Aids to coking coal	Total (direct, indirect, coking coal)
		"Negative" rationalization	"Positive"						
1965	249,2	-	-	-	43,5	43,5	6,7	-	50,2
1966	270,8	-	-	-	66,8	66,8	5,7	-	72,5
1967	309,9	-	-	-	121,3	121,3	4,9	9,1	135,3
1968	326,3	-	-	-	214,6	214,6	10,0	9,0	233,6
1969	372,8	-	-	-	259,0	259,0	9,1	9,4	277,5
1970	338,0	-	-	-	175,6	175,6	4,4	9,0	189,0
1971	380,8	18,7	-	-	176,1	194,8	4,1	5,0	203,9
1972	423,1	26,2	-	-	160,5	186,7	5,4	3,2	195,3
1973	497,4	34,6	-	-	219,0	253,6	9,1	20,0	282,7
1974	551,7	40,4	-	-	193,9	234,3	7,0	16,6	257,9

Per ton of coal produced

u.a./tonne

Soc. Sec Subsidy									
4.66	1965	-	-	-	0,85	0,85	0,13	-	0,98
5.39	1966	-	-	-	1,33	1,33	0,11	-	1,44
6.51	1967	-	-	-	2,55	2,55	0,10	0,19	2,84
7.79	1968	-	-	-	5,12	5,12	0,24	0,21	5,57
9.18	1969	-	-	-	6,38	6,38	0,22	0,23	6,83
9.04	1970	-	-	-	4,70	4,70	0,12	0,24	5,06
11.54	1971	0,57	-	-	5,33	5,90	0,12	0,15	6,17
14.20	1972	0,88	-	-	5,39	6,27	0,18	0,11	6,56
17.35	1973	1,35	-	-	8,52	9,87	0,35	0,78	11,00
24.09	1974	1,72	-	-	8,26	9,98	0,30	0,71	10,99

Table 10

Aids to the coal industry

Belgium

Million u.a.

	Government subsidies to social insurance schemes	Direct aids				Total	Indirect aids	Aids to coking coal	Total (direct, indirect, coking coal)
		"Negative" rationalization	"Positive" rationalization	Aids to pit-head stocks	Covering of operating losses				
1965	110,2	-	-	-	17,7	17,7	5,2	-	22,9
1966	117,4	-	3,6	-	50,9	54,5	4,8	-	59,3
1967	128,3	-	5,3	-	66,9	72,2	5,0	8,9	86,1
1968	131,1	-	4,6	-	72,9	77,5	4,5	8,9	90,9
1969	142,6	0,4	4,7	-	71,5	76,6	4,3	8,6	89,5
1970	162,5	0,6	3,4	-	61,9	65,9	3,6	8,0	77,5
1971	192,1	0,7	3,4	-	64,5	68,6	4,6	6,5	79,7
1972	206,9	0,6	4,4	-	106,1	111,1	3,9	6,9	121,9
1973	256,2	1,0	4,6	-	105,3	110,9	5,1	40,3	156,3
1974	276,1	1,0	3,1	-	90,8	94,9	5,4	28,2	128,5

Sec. Sec./ton	Per ton of coal produced						u.a./tonne	
5.56 1965	-	-	-	0,89	0,89	0,26	-	1,15
6.71 1966	-	0,21	-	2,91	3,12	0,27	-	3,39
7.82 1967	-	0,32	-	4,08	4,40	0,31	0,54	5,25
8.86 1968	-	0,31	-	4,93	5,24	0,30	0,60	6,14
10.00 1969	0,03	0,35	-	5,42	5,80	0,33	0,65	6,78
11.25 1970	0,05	0,30	-	5,43	5,78	0,32	0,70	6,80
12.46 1971	0,06	0,31	-	5,86	6,23	0,42	0,59	7,24
13.70 1972	0,05	0,12	-	10,11	10,58	0,37	0,66	11,61
14.91 1973	0,11	0,52	-	11,97	12,60	0,58	4,58	17,76
16.09 1974	0,11	0,36	-	10,44	10,91	0,62	3,24	14,77

Table 11

Aids to the coal industry

Netherlands

Million u.a.

	Government subsidies to social security schemes	Direct aids				Indirect aids	Aids to coking coal	Total (direct, indirect, coking coal)
		"Negative" rationalization	"Positive"	Aids to pithead stocks	Covering of operating losses			
1965	9,8	-	-	-	-	-	-	-
1966	14,1	-	-	-	6,9	-	-	6,9
1967	14,1	-	-	-	18,1	-	1,1	19,2
1968	15,4	-	-	-	18,6	-	0,6	19,2
1969	13,2	-	-	-	22,5	-	0,1	22,6
1970	12,6	-	-	-	23,9	-	-	23,9
1971	11,4	-	-	-	15,7	-	-	15,7
1972	10,5	0,7	-	-	13,1	-	-	13,8
1973	11,5	1,1	-	-	9,2	-	-	10,3
1974	..	-	-	-	18,2	-	-	18,2

Soc. Sec.
Subs./ton

Per ton of coal produced

u.a./tonne

0,4 1965	-	-	-	-	-	-	-	-
1,37 1966	-	-	-	0,67	0,67	-	-	0,67
1,70 1967	-	-	-	2,18	2,18	-	0,13	2,31
2,23 1968	-	-	-	2,70	2,70	-	0,09	2,79
2,28 1969	-	-	-	3,88	3,88	-	0,02	3,90
2,80 1970	-	-	-	5,31	5,31	-	-	5,31
3,00 1971	-	-	-	4,13	4,13	-	-	4,13
3,62 1972	0,31	-	-	4,45	4,76	-	-	4,76
6,39 1973	0,61	-	-	5,11	5,72	-	-	5,72
0,0 1974	-	-	-	18,24	18,24	-	-	18,24

all Limburg
mines closed

Table 12

Aids to the coal industry

United Kingdom

Million u.a.

	Government subsidies to social security schemes	Direct aids					Indirect aids	Aids to coking coal	Total (direct, indirect, coking coal)
		"Negative" rationalization	"Positive"	Aids to pithead stocks	Covering of operating losses	Total			
1973	-	29,8	7,4	9,4	442,2	488,8	-	30,0	518,8
1974	-	23,9	7,2	3,0	94,3	128,4	-	21,7	150,1

Per ton of coal produced

u.a./tonne

1973	0,23	0,06	0,08	3,43	3,80	-	0,23	4,03
1974	0,21	0,06	0,03	0,82	1,12	-	0,19	1,31

1 Intergrated system