

First Opinion of the Economic and Social Committee on the coal industry (28 November 2001)

Caption: In view of the imminent expiry of the ECSC Treaty in July 2002, the Economic and Social Committee delivers, for the first time, an opinion traditionally falling within the competence of the ECSC Consultative Committee.

Source: Opinion of the Economic and Social Committee on the Proposal for a Council Regulation on State aid to the coal industry (COM(2001) 423 final - 2001/0172 (CNS)) TEN/092, CES 1477/2001. Brussels: 28.11.2001. 3 p.

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Publication date: 25/10/2012

Opinion of the Economic and Social Committee on the Proposal for a Council Regulation on State aid to the coal industry COM(2001) 423 final - 2001/0172 (CNS) (28 November 2001)

On 19 September 2001 the Council decided to consult the Economic and Social Committee, under Article 262 of the Treaty establishing the European Community, on the

Proposal for a Council Regulation on State aid to the coal industry (COM(2001) 423 final - 2001/0172 (CNS)).

The Section for Transport, Energy, Infrastructure and the Information Society, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 6 November 2001. The rapporteur was **Mr Gafo Fernández**.

At its 386th plenary session of 28 and 29 November 2001 (meeting of 28 November), the Economic and Social Committee adopted the following opinion by 107 votes to one with eight abstentions.

1. Introduction

1.1 This is the first time the ESC has been consulted on this subject, which traditionally fell to the ECSC Consultative Committee. The expiry of the ECSC Treaty in July 2002 requires both Community bodies to be consulted on this matter. The ESC therefore wishes to base itself on the opinion of the ECSC Consultative Committee, which is naturally more experienced in this area, while making comments to ensure that the present opinion is in keeping with earlier ESC opinions on energy policy and individual sources of energy.

1.2 This would also allow foundations to be laid for harnessing the rich experience of the ECSC Consultative Committee for the purposes of the ESC's future work. Consideration of how to do this is at an advanced stage in both committees, and a formal proposal will subsequently be made to the Commission, the European Parliament and the Council of Ministers.

2. Comments

2.1 The Committee welcomes the draft regulation, which sets out to extend until 2010 the conditions under which, subject to mandatory authorisation by the European Commission, any state aid which the Member States may grant to their coal industries will remain compatible with the common market.

2.2 The ESC believes that, as clearly illustrated by current events, security of energy supply is a long-term concern which must be taken into due and proportionate account when formulating other policies such as free movement of goods, or competition.

2.3 The ESC supports the existence of three separate categories of aid to the coal industry, covering (i) exceptional aid arising from "inherited liabilities" (ii) aid to safeguard resources and (iii) aid for the ordered reduction of activity.

2.4 The ESC also endorses both the general arrangements for applying such aid and the system for the Member States to provide the relevant information, as well as the European Commission's evaluation and approval system, which must be applied with maximum transparency.

2.5 As it has done for other sources of energy, the ESC supports the idea of a gradual reduction in state aid, and calls for all sources of energy to be progressively brought into line with normal market conditions, in order to prevent a situation whereby certain energy sources might fail to make the necessary efforts to increase productivity or reduce unit production costs by technological means.

2.6 It therefore considers that the 15 % of electricity production which, under the terms of the directive on the internal market in electricity, may be given "non-economic" priority, represents the maximum amount of "indigenous energy" which may be considered eligible for aid and consistent with legislation.

2.7 The ESC does not however have the same clear understanding as the European Commission of the link between aid to the coal industry and the framework for aid for renewable energy, or the transfer of public resources between the two.

2.8 While it is true that both energy sources make a significant contribution to increasing security of supply, aid to the coal industry does not take place in all EU countries, and the situation and outlook regarding renewable energies cannot be compared with those for the coal industry. The first are embryonic, geographically dispersed industries, while the coal industry has been declining for decades and is concentrated in given regions, or even localities. The social and employment impact is therefore completely different, as must be the solutions.

2.9 Consequently, the ESC wishes to support the proposal by the ECSC Consultative Committee to the effect that the framework for aid, which is extended to 2010, should not be revised in 2008, as provided in the draft regulation. The Commission justifies this on the grounds that the general scheme provisionally covering aid to renewable energies will expire at the same time. The ESC considers this argument to be unsound, since the directive on renewable energy already provides a framework for specific aid, possibly distinct from the current aid, based on the general framework for environmental protection aid. The new framework for renewable energy could therefore also be made to coincide with the 2010 mark, bringing it into line with the coal industry.

2.10 The ESC supports the view of the ECSC Consultative Committee that a regulation which aims to improve energy supply security and provide a solid primary energy base cannot at the same time require a "continuous reduction" of all aid for coal. The ESC is pleased that the Member States are to have the possibility of maintaining a stable minimum level of production of indigenous hard coal, which will make access to substantial deposits possible. This includes maintaining an operational infrastructure, the professional qualifications of a nucleus of miners and technological expertise. Consequently, the continuous reduction of aid can only be required until the minimum level necessary for security of supply has been reached.

2.11 The ESC proposes continuing the current arrangements, including those concerning closure of plants, unchanged until 2010. However, it advocates assessing the system in force in 2008 and opening discussions on the scheme to be introduced in 2011, thereby giving the industry, workers and users sufficient time for preparation.

2.12 This would also have a highly beneficial effect on the applicant countries with major coal industries (Poland and the Czech Republic), which would otherwise have insufficient time in which to restructure their industries, which are socially and economically of great importance, and would also be able to request further transitional periods, further fragmenting the internal market for electricity.

Brussels, 28 November 2001.

The President of the Economic and Social Committee
Göke Frerichs

The Secretary-General of the Economic and Social Committee
Patrick Venturini