

COMMISSION OF THE EUROPEAN COMMUNITIES

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THE POSITION OF THE COMMUNITY'S COAL INDUSTRY

(Communication from the Commission to the Council)

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The Commission must draw the Council's attention to the progressive deterioration in the position of the Community's coal industry. In its communication "Medium-term guidelines for coal 1975 to 1985" (1) the Commission developed economic policy guidelines for Community coal while at the same time describing the problems facing the industry. The Commission recalls that the Community set itself the objective of maintaining coal production at a level of around 250 m.t.c.e. under economically satisfactory conditions. The achievement of this objective is endangered because the problems of the coal industry have not yet been resolved.

The development of coal consumption, production and imports from third countries into the Community in the 4 years from 1973 to the end of 1976 has been as follows (in m.t.c.e.) :

	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976 (estimates)</u>
Power stations	112.4	102.9	100.6	119.3
Steel industry (2)	89.0	94.5	73.5	77.5
Others	79.7	76.1	65.8	57.8
Total consumption	<u>281.1</u>	<u>273.5</u>	<u>239.9</u>	<u>254.6</u>
Production	250.0	223.7	237.0	232.0
Imports	29.9	38.0	41.1	41.5

As can be seen, while consumption has been falling in the two years following 1973 and recovered only slightly in 1976, imports from third countries have been rising steadily. During the same period, Community production and intra-Community trade have followed a downward trend and coal and coke stocks are estimated at 47 m.t. (t = t) (2) by the end of 1976.

(1) OJ No. C 22 of 30th January, 1975

(2) coke reconverted to coal for calculation purposes

In contrast to the development of coal consumption, imports from third countries have remained at a high level since the oil crisis. According to national forecasts, these could reach 45 m.t. in 1977, an increase of over 50 % over their 1973 volume and close to their earlier estimate for 1985.

It is evident, therefore, that the current cyclical contraction of the coal market is being borne exclusively by the Community's coal industry which - for well known reasons - is limited in its flexibility. The financial situation of undertakings in the industry is characterised by increased costs due to inflation and by receipts which in many instances no longer cover costs in spite of state aid.

The Commission is conscious of the fact that the above global picture for the Community does not take into account different regional developments requiring individual examination. Nevertheless, it considers it its duty to draw attention to the fact that a continuation of current trends could produce a situation in which the maintenance of the productive capacity even of currently profitable pits might be endangered.

This would be all the more regrettable as the Community has made no substantial progress so far in improving its long-term energy supply situation and is once again exposed to new demands by the oil exporting countries. A reversal to the coal policy of the 1960s with large-scale pit closures would not only have adverse psychological effects but would also increase the difficulty of realizing an important part of the Community's energy policy programme. In this connection the Commission would draw attention to the fact that vast new coal deposits have been discovered within the Community.

It is with deep concern that the Commission observes that so far it has not been possible to stabilize sales of Community coal, which is essential for long-term decisions by the coal industry.

The Commission therefore reminds the institutions of the Communities of their joint responsibility for the attainment of the energy political goals formulated in 1974 - a responsibility shared also by coal producers, miners and energy consumers. It therefore requests the Council to examine the position of the Community's coal industry on the occasion of the next meeting concerning energy. In the light of this discussion and in the shortest possible time, the Commission will submit fresh proposals to the Council with a view to consolidating common objectives.