

European Communities

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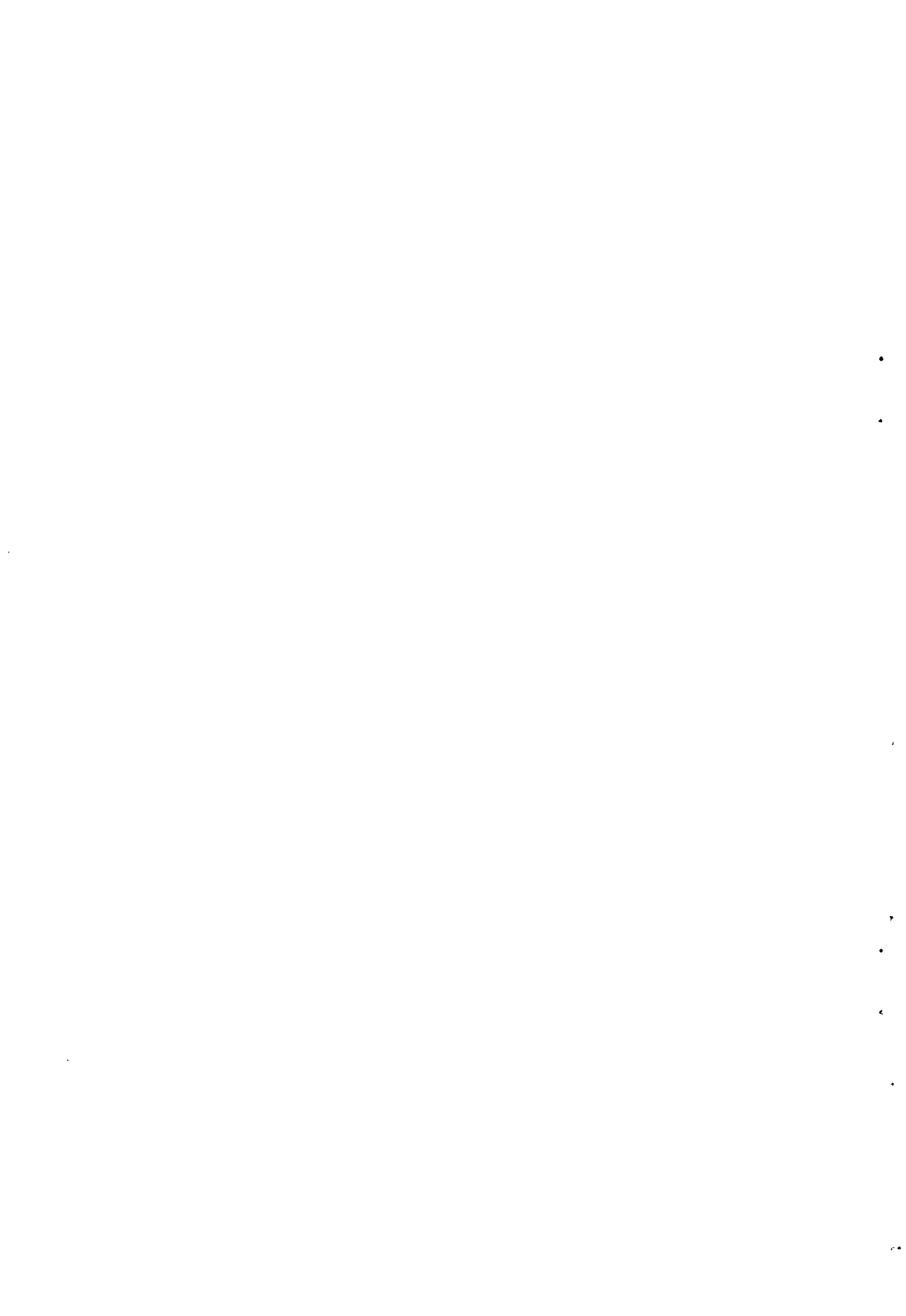
DOCUMENT 467/76/ANNEX

OPINION

by the Committee on Budgets

Letter from the acting chairman of the Committee on Budgets to Mr G. SPRINGORUM, chairman of the Committee on Energy and Research

on the Commission's draft modifications to Decision No. 73/287/ECSC concerning coal and coke for the iron and steel industry in the Community



Luxembourg, 14.12.1976

Dear Mr Chairman,

At its meeting of 13 December 1976¹, the Committee on Budgets examined the proposal from the Commission of the European Communities to the Council concerning the modifications to Decision 73/287/ECSC concerning coal and coke for the iron and steel industry in the Community.

In its proposal (COM(76) 582 final), the Commission proposes that the arrangements under Decision No. 73/287/ECSC, concerning coal and coke for the iron and steel industry in the Community, which were due to terminate at the end of 1978, be continued up to 1985.

The arguments advanced by the Commission in support of its proposal are that the period originally planned has proved to be too short, in view of the structural changes in the energy sector since 1974, and, secondly, that in these days of rising costs of energy and doubts about security of supplies, the maintenance of coking coal supply security within the Community is most important.

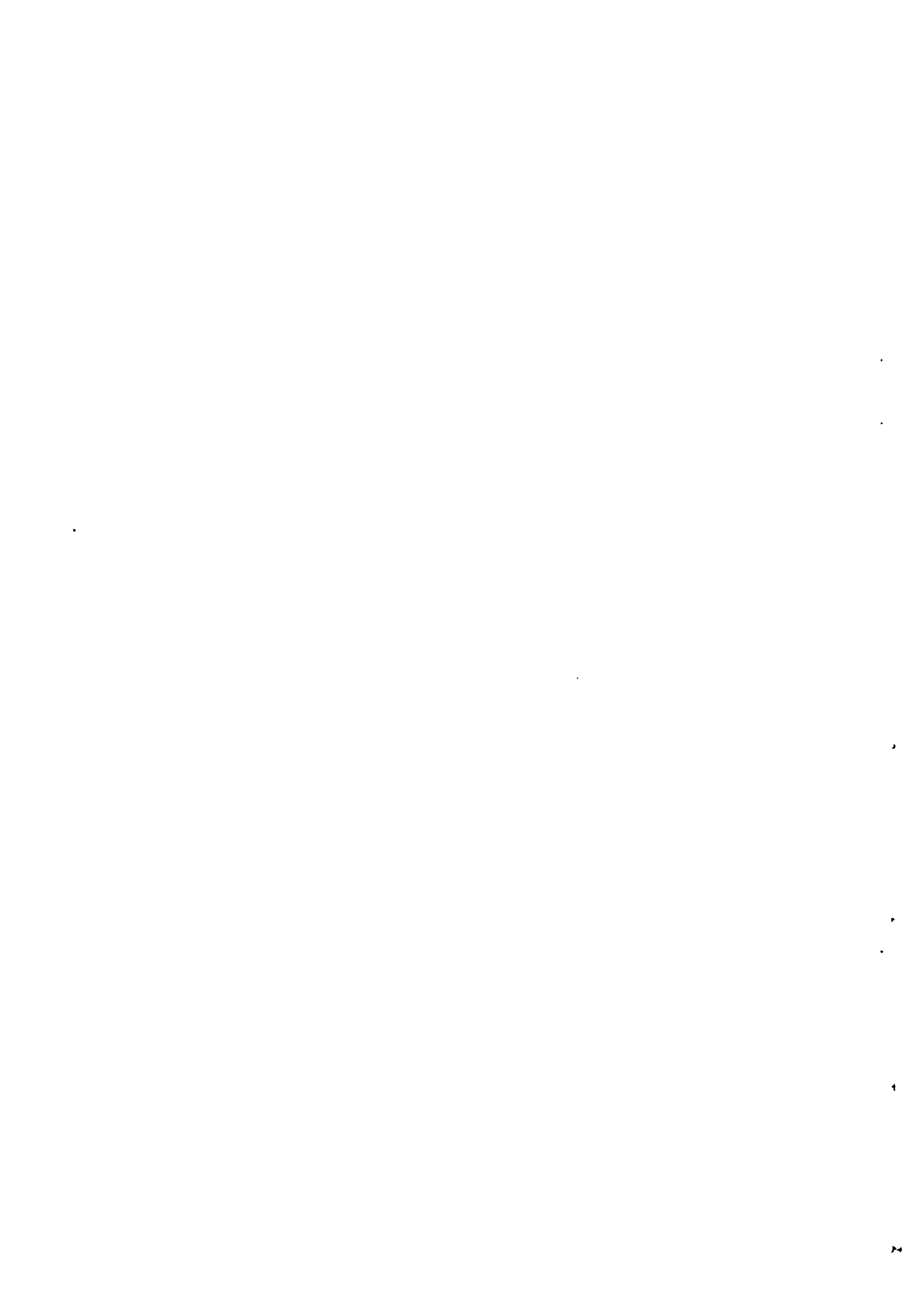
The Commission's proposal has the following salient points:

- Maintaining, until 1983, the sales aid rates (3 u.a. and 1.6 u.a.) that apply in the current year;
- Putting off until 1984 and 1985 the cuts in these rates that were envisaged originally for 1977 and 1978;
- Raising the intervention ceiling by 3 million tons to 18 million tons to be considered on the basis of annual averages for the years 1977 - 1985, so that there could be a levelling out of contributions.

The Commission estimates that the cost of the proposal would be reflected in an increase in the special fund for inter-Community sales aid from 30 m.u.a. in 1976 to 36 m.u.a. in each of the years 1977 to 1983. The additional 6 m.u.a. would be split among the three sources of contributions, as follows:-

	<u>m.u.a.</u>
ECSC	1.0
Member States	1.9
Steel Industry	3.1
	<u>6.0</u>
	<u><u>6.0</u></u>

It is noted that the 3 u.a. rate applies to coking coal supplied to steel works with sea access and, therefore, having the possibility of obtaining coking coal from certain third countries, while the lower rate of 1.2 u.a. applies to coking coal supplied to inland steel works.



The Committee on Budgets is satisfied that control is facilitated by the fact that there are only seven coking coal producers in the Community and 40 blast furnaces. Information on all the contracts and on movements of coking coal and coke is provided on a regular basis to the Commission. The assistance goes to the producers who give appropriate rebates to the consumers. It is not envisaged that the extra amount involved (1 m.u.a.), which is less than 1 percent of the ECSC operational budget, would call for a change in the 1977 ECSC budget total.

The extra contribution involved over the extended period suggested in the proposal appears to be a modest sum for ensuring greater security of energy supplies.

In view of the adequacy of control in this domain and of the satisfactory explanatory material furnished by the Commission, a favourable opinion is given on the proposal.

Yours sincerely,

Lord Bruce of Donington
Acting Chairman

¹ Present: Lord Bruce of Donington, Acting Chairman;
Mr Albertini, Lord Bessborough, Mr Bouquerel, (deputizing for Mr Terrenoire), Mr Cointat, Mr Gerlach, Mr Notenboom, Mr Radoux, Mr Shaw, Mr Suck

