State aid to facilitate the closure of uncompetitive coal mines

2010/0220(NLE) - 10/12/2010 - Final act

PURPOSE: to facilitate the transition from the specific state aid regime currently applying to the coal sector to the general state aid rules applicable to all sectors in the EU.

NON-LEGISLATIVE ACT: Council Decision 2010/787/EC on State aid to facilitate the closure of uncompetitive coal mines.

CONTENT: the existing rules, in force since 2002 (Regulation No 1407/2002), will expire on 31 December 2010. The non-renewal of the special state aid regime would force some Member States to close uncompetitive hard coal mines immediately, a situation that would entail serious social, technical and regional consequences. This Decision marks the transition, for the coal sector, from the application of sector-specific rules to the application of general State aid rules which are applicable to all sectors.

In the context of closure of uncompetitive mines, aid to the coal industry may be considered compatible with the proper functioning of the internal market if it complies with the provisions of this Decision.

Closure aid: aid to an undertaking intended specifically to cover the current production losses of coal production units may be considered compatible with the internal market only if it satisfies the following conditions: (a) the operation of the coal production units concerned must form part of a **closure plan the deadline of which does not extend beyond 31 December 2018**; (b) the coal production units concerned must be closed definitively in accordance with the closure plan; (c) the coal production units concerned must have been in activity on 31 December 2009.

In order to minimise the distortion of competition in the internal market resulting from State aid to facilitate the closure of uncompetitive coal mines, **such aid should be degressive** and strictly limited to coal production units that are irrevocably planned for closure. The overall amount of closure aid granted by a Member State must follow a downward trend: by the end of 2013 the reduction must not be less than 25 %, by the end of 2015 not less than 40 %, by the end of 2016 not less than 60 % and by the end of 2017 not less than 75 % of the aid granted in 2011.

In order to mitigate the **environmental impact** of the production of coal by coal production units to which closure aid is granted, the Member States must establish a plan to take measures aimed at mitigating the environmental impact of the production of coal by production units to which aid is granted pursuant to this Article, for example in the field of energy efficiency, renewable energy or carbon capture and storage.

Aid to cover exceptional costs: the Decision includes the possibility of allowing subsidies, until December 2027, in order to cover exceptional expenditure in connection with the closure of mines that are not related to production, such as social welfare benefits and rehabilitation of sites. In order to avoid such aid from unduly benefiting undertakings that close only some of their production sites, the undertakings concerned should keep **separate accounts** for each of their coal production units.

ENTYR INTO FORCE: 22/12/2010.

DATE OF APPLICATION: 01/01/2011.

DATE OF EXPIRATION: 31/12/2027.