

P7_TA(2010)0424

State aid to facilitate the closure of uncompetitive coal mines *

European Parliament legislative resolution of 23 November 2010 on the proposal for a Council regulation on State aid to facilitate the closure of uncompetitive coal mines (COM(2010)0372 – C7-0296/2010 – 2010/0220(NLE))

(Consultation)

The European Parliament,

- having regard to the Commission proposal to the Council (COM(2010)0372),
 - having regard to Article 107(3)(e) of the Treaty on the Functioning of the European Union, pursuant to which the Council consulted Parliament (C7-0296/2010),
 - having regard to the opinion of the Committee on Legal Affairs on the proposed legal basis,
 - having regard to Rules 55 and 37 of its Rules of Procedure,
 - having regard to the report of the Committee on Economic and Monetary Affairs and the opinions of the Committee on Industry, Research and Energy and the Committee on Regional Development (A7-0324/2010),
1. Approves the Commission proposal as amended;
 2. Calls on the Commission to alter its proposal accordingly, in accordance with Article 293(2) of the Treaty on the Functioning of the European Union;
 3. Calls on the Council to notify Parliament if it intends to depart from the text approved by Parliament;
 4. Asks the Council to consult Parliament again if it intends to amend the Commission proposal substantially;
 5. Instructs its President to forward its position to the Council and the Commission.

Amendment 1

Proposal for a regulation

Citation 1

Text proposed by the Commission

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 107(3)(e) thereof,

Amendment

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 107(3)(e) **and Article 109** thereof,

Amendment 2

Proposal for a regulation

Recital 1

Text proposed by the Commission

(1) Council Regulation (EC) No 1407/2002 of 23 July 2002 on State aid to the coal industry expires on 31 December 2010.

Amendment

(1) Council Regulation (EC) No 1407/2002 of 23 July 2002 on State aid to the coal industry expires on 31 December 2010 ***and in the absence of a new legal framework allowing for certain specific types of State aid to the coal industry after that date, Member States will be able to grant aid only within the limits provided for in the general State aid rules applicable to all sectors.***

Amendment 3

Proposal for a regulation

Recital 1 a (new)

Text proposed by the Commission

Amendment

(1a) Coal is used not only as a fuel but also as a raw material for the chemical industry, a role which will become increasingly important in the future.

Amendment 4

Proposal for a regulation

Recital 1 b (new)

Text proposed by the Commission

Amendment

(1b) Production capacity in the Union coal mining industry lost through pit closures will be made up by coal imports into the Union, resulting in the Union being supplied with coal from third countries.

Amendment 5

Proposal for a regulation

Recital 2

Text proposed by the Commission

(2) The small contribution of subsidised coal to the overall energy mix ***no longer justifies the maintenance of such subsidies with a view of securing the supply of energy on a Union level.***

Amendment

(2) The small contribution of subsidised coal to the ***Union's*** overall energy mix ***means that subsidies for coal mining can make up for interruptions in the supply of energy only to a limited extent. However, the level of State aid in the coal sector is now so low that it is not capable of having a distorting effect on competition. A minimum of coal production in the Union would maintain access to indigenous deposits in the interests of creating a strategic reserve.***

Amendment 6

Proposal for a regulation Recital 2 a (new)

Text proposed by the Commission

Amendment

(2a) The expiry of Regulation (EC) No 1407/2002 will force some Member States to close their coal mines at short notice and to face the considerable social and regional consequences of such closures.

Amendment 7

Proposal for a regulation Recital 2 b (new)

Text proposed by the Commission

Amendment

(2b) In the light of the extremely serious socio-economic impact of pit closures, particularly in thinly populated regions, consideration should be given to targeted support from the EU structural funds in future budgets, even if the regions affected are situated in Member States with less severe economic problems.

Amendment 8

Proposal for a regulation Recital 2 c (new)

Text proposed by the Commission

Amendment

(2c) Under Article 194(2) of the Treaty on the Functioning of the European Union the Member States have the right to determine the conditions for exploiting their energy resources, to choose between different energy sources and to determine the general structure of their energy supply.

Amendment 9

Proposal for a regulation

Recital 3

Text proposed by the Commission

Amendment

(3) The Union's policies of encouraging renewable and lower carbon fossil fuels for power generation do not justify the indefinite support for uncompetitive coal mines. The categories of aid permitted by Regulation (EC) No 1407/2002 should therefore not be continued indefinitely.

(3) As regards the Union's policies to aid the use of renewable and lower carbon fossil fuels for power generation, Member States should provide a plan of measures aimed at mitigating the environmental impact of the use of coal, for example in the field of energy efficiency, renewable energy or carbon capture and storage. This applies to all types of coal and all types of resources. It should be recognised that the replacement of subsidised coal by unsubsidised coal has no beneficial impact on the environment.

Amendment 10

Proposal for a regulation

Recital 3 a (new)

Text proposed by the Commission

Amendment

(3a) Because indigenous energy sources in the Union are scarce, support for the coal mining industry is justified under the Union's policy to encourage renewable and lower carbon fossil fuels for power generation. The categories of aid permitted under Regulation (EC) No 1407/2002 should not be maintained indefinitely. In any event, however, State aid intended to reduce the pollutant effect of coal should be maintained. Mines that

are capable of being competitive but continue to require State aid for environmental technology investment after the expiry of a 10-year period should be exempted from such a discontinuation of subsidies.

Amendment 11

Proposal for a regulation

Recital 5

Text proposed by the Commission

(5) Without prejudice to the general State aid rules, Member States should be able to take measures to alleviate the social and regional consequences of the closure of those mines, that is to say the orderly winding down of activities in the context of an irrevocable closure plan and/or the financing of exceptional costs, inherited liabilities in particular.

Amendment

(5) Without prejudice to the general State aid rules, Member States should be able to take measures to alleviate the social and regional consequences of the *possible* closure of those mines, that is to say the orderly winding down of activities in the context of an irrevocable closure plan and/or the financing of exceptional costs, inherited liabilities in particular.

Amendment 12

Proposal for a regulation

Recital 5 a (new)

Text proposed by the Commission

Amendment

(5a) Retraining workers affected by the pit closure plans should be provided for immediately and all the possibilities of regional, national and Union financing should be explored for that purpose.

Amendment 13

Proposal for a regulation

Recital 5 b (new)

Text proposed by the Commission

Amendment

(5b) The financing of environmental protection measures and costs relating to long-term pit closures will need to continue beyond 2014. A premature end to Member States' subsidies to the coal industry would lead to significant

environmental and financial destabilisation in the affected regions and would ultimately be much more costly than the phasing out of such subsidies.

Amendment 14

Proposal for a regulation

Recital 6

Text proposed by the Commission

(6) This Regulation marks the transition of the coal sector from sector-specific rules to the general State aid rules applicable to all sectors.

Amendment

deleted

Amendment 15

Proposal for a regulation

Recital 7

Text proposed by the Commission

(7) In order to minimise the distortion of competition in the internal market resulting from aid, such aid should *be degressive* and *strictly* limited to production units that are irrevocably planned for closure.

Amendment

(7) In order to minimise the distortion of competition in the internal market resulting from aid, such aid should *follow a downward trend* and *should be* limited to production units that are irrevocably planned for closure, *except where those units have become competitive by the scheduled date of closure.*

Amendment 16

Proposal for a regulation

Recital 7 a (new)

Text proposed by the Commission

Amendment

(7a) The rehabilitation of former coal mining sites requires a number of measures such as the removal of mining equipment from, and making safe, the mine, cleaning the site and disposing of waste water. The financing of such rehabilitation requires longer term planning.

Amendment 17

Proposal for a regulation Recital 8

Text proposed by the Commission

(8) In order to mitigate the negative environmental impact of aid to coal, the Member State should provide a plan of appropriate measures, for example in the field of energy efficiency, renewable energy or carbon capture and storage.

Amendment

deleted

Amendment 18

Proposal for a regulation Recital 8 a (new)

Text proposed by the Commission

Amendment

(8a) A minimum level of coal production, together with other measures, in particular to promote energy production from renewable sources, will help to maintain a proportion of indigenous primary energy sources, which will significantly boost the Union's energy security. Furthermore, a proportion of indigenous primary energy sources will serve to promote environmental objectives within the framework of sustainable development. Within the context of boosting the Union's indigenous energy sources in order to counterbalance its significant dependence on imports, consideration should be given to complementing indigenous non-fossil sources with fossil sources, coal being the sole source of indigenous fossil energy in some Member States.

Amendment 19

Proposal for a regulation Recital 8 b (new)

Text proposed by the Commission

Amendment

(8b) In networks of coal-fired power

plants, indigenous coal is likely to be replaced by imported coal, leading to substantial transport costs and a negative carbon footprint without in reality changing the amount of CO₂ emissions resulting from power generation.

Amendment 20

Proposal for a regulation Recital 8 c (new)

Text proposed by the Commission

Amendment

(8c) The conditions for coal mining vary in geological terms depending on the site, and in terms of social, safety and environmental standards (relating to subsidence and other environmental damage) depending on the political circumstances. The effect of those variations gives rise to competitive disadvantages, in particular between Union and imported coal, which has resulted in substantial restructuring measures in the Union coal industry involving a major reduction in activity over the last decades.

Amendment 21

Proposal for a regulation Recital 8 d (new)

Text proposed by the Commission

Amendment

(8d) A minimum level of production of subsidised coal will also help to maintain the prominent position of Union mining and clean coal technology, enabling that technology, in particular, to be transferred to the major coal-producing areas in third countries and contributing to a significant global reduction in pollutant and greenhouse gas emissions.

Amendment 22

Proposal for a regulation Recital 8 e (new)

Text proposed by the Commission

Amendment

(8e) Coal is used in the Union mainly for power generation and, to a lesser extent, for the production of coke for the steel industry. On environmental grounds, coal-fired power generation should cease as soon as possible in favour of sustainable power production. In the steel industry, on the other hand, coal is likely to remain indispensable for the foreseeable future. In view of diminishing oil deposits ('peak oil'), coal is likely to become increasingly important as a substitute raw material for the chemical industry. In the long term, therefore, continuing access to Union coal deposits with a view to maintaining, for technical reasons, a minimum level of coal production which does not distort competition should not be ruled out even if such continuing access necessitated a lengthy period of State aid.

Amendment 32

Proposal for a regulation Recital 9 a (new)

Text proposed by the Commission

Amendment

(9a) Undertakings should, in line with the "polluter pays" principle and the need for internalisation of external costs, be obliged to cover the costs of remedying any short-term and/or long-term environmental damage caused by their activities.

Amendment 23

Proposal for a regulation Recital 10

Text proposed by the Commission

Amendment

(10) In accomplishing its task, the **European** Commission should ensure that normal conditions of competition are

(10) In accomplishing its task, the Commission should ensure that normal conditions of competition are established,

established, maintained and complied with. With regard to more especially the electricity market, aid to the coal industry should not be such as to affect electricity producers' choice of sources of primary energy supply. Consequently, the prices and quantities of coal should be freely agreed between the contracting parties in the light of prevailing conditions on the world market.

maintained and complied with. With regard to more especially the electricity market, aid to the coal industry should not be such as to affect electricity producers' choice of sources of primary energy supply. Consequently, the prices and quantities of coal should be freely agreed between the contracting parties in the light of prevailing conditions on the world market. ***In view of the likely rise in energy prices, the Commission should carry out a regular review of the potential contribution of Union coal to energy security.***

Amendment 24

Proposal for a regulation

Article 2 – paragraph 2

Text proposed by the Commission

2. Aid shall cover ***only*** costs in connection with coal for the production of electricity, the combined production of heat and electricity, the production of coke ***and*** the fuelling of blast furnaces in the steel industry, where such use takes place in the Union.

Amendment

2. Aid shall cover costs in connection with coal for the production of electricity, the combined production of heat and electricity, the production of coke, the fuelling of blast furnaces in the steel industry ***and research and technology investment designed to reduce pollutant emissions from coal***, where such use takes place in the Union.

Amendment 25

Proposal for a regulation

Article 3 – paragraph 1 – point a

Text proposed by the Commission

(a) the operation of the production units concerned must form part of a closure plan the deadline of which does not extend beyond ***1 October 2014***;

Amendment

(a) the operation of the production units concerned must form part of a closure plan the deadline of which does not extend beyond ***31 December 2018***;

Amendment 26

Proposal for a regulation

Article 3 – paragraph 1 – point b

Text proposed by the Commission

Amendment

(b) the production units concerned must be closed definitively in accordance with the closure plan;

(b) the production units concerned must be closed definitively in accordance with the closure plan *unless they have become competitive by the date set out in that plan and the Union's energy needs require their continued existence*;

Amendment 37
Proposal for a regulation
Article 3 – paragraph 1 – point f

Text proposed by the Commission

Amendment

(f) the overall amount of closure aid granted by a Member State *for any particular undertaking* must follow a downward trend, *where the reduction between successive periods of fifteen months must not be less than 33 percent of the aid provided in the initial fifteen month period of the closure plan*;

(f) the overall amount of closure aid granted by a Member State must follow a downward trend;

Amendment 28

Proposal for a regulation
Article 3 – paragraph 1 – point h

Text proposed by the Commission

Amendment

(h) the Member State must provide a plan to take measures aimed at mitigating the environmental impact of the use of coal, for example in the field of energy efficiency, renewable energy or carbon capture and storage. The inclusion of measures constituting State aid within the meaning of Article 107 (1) in such a plan is without prejudice to the notification and standstill obligations imposed on the Member State with respect to these measures by Article 108 (3) TFEU, and to the compatibility of these measures with the internal market."

deleted

Amendment 29

Proposal for a regulation
Article 3 – paragraph 2

Text proposed by the Commission

2. If the production units to which aid is granted pursuant to paragraph 1 are not closed at the date fixed in the closure plan as authorised by the Commission, the Member State concerned shall recover all aid granted in respect of the whole period covered by the closure plan.

Amendment

2. If the production units to which aid is granted pursuant to paragraph 1 are not closed at the date fixed in the closure plan as authorised by the Commission ***or have not become competitive by that date***, the Member State concerned shall recover all aid granted in respect of the whole period covered by the closure plan.